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in Africa



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A review of Africa's housing finance markets

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The mission of the Centre for Affordable Housing Finance in Africa (CAHF) is to make Africa's housing finance markets work, with special attention to access to housing finance for the poor; through the dissemination of research and market intelligence, the provision of strategic support, and ongoing engagement in both the public and the private sector; supporting increased investment, cross-sector collaborations and a market-based approach. The overall goal of our work is to see an increase of investment in affordable housing and housing finance throughout Africa: more players and better products, with a specific focus on the poor. CAHF is a not-for-profit company. Our core funders are FSD Africa, and Agence Française de Développement (AfD).

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2019: Building the Investment Argument

Investor interest in affordable housing has grown considerably in the past ten years. A **rapidly urbanizing, young and growing middle class**, has suggested an important investment opportunity at the same time as opportunities in other sectors have declined. While conventional investors shifted to residential property in general, investors looking for impact opportunities took this further towards affordable housing. More recently, **conventional investors are also looking into the ‘affordable space’**.

The argument for affordable housing has long been a **social** one, framed in the context of key global agreements such as the **Sustainable Development Goals** (SDGs). More recently, it is also becoming an **economic** one, and increasingly, the public sector housing conversation is happening within central banks and finance ministries, as well as within the housing, planning and land ministries.

While these arguments are compelling, they provide an insufficient driver for conventional investors that have shareholders to report to and quarterly financials to publish.

The next frontier for the growth of affordable housing in Africa, therefore, is to **build the investment argument** – because this argument will ultimately shape the potential for affordable housing at the scale required. Over the past ten years, **we’ve seen an improvement in many of the metrics** framing national and local housing sectors. We have also seen the careful but progressive effort by the private sector to identify **niche market opportunities** along the value chain.

This effort must be closely monitored and shared, because the investment argument is found here. With information, **each successful investment begets further investment**, crowding in market players seeking new opportunities. Without information, each failed investment builds a stereotype that militates against further investment, and shifts investors’ sights elsewhere.

In 2019, **investors are desperate for information** about the affordable housing market, its opportunities and its risks. Their enthusiasm will dissipate if specific opportunities cannot be identified and quantified in sufficiently reliable ways. Current investment in affordable housing in Africa, while growing, is still grossly insufficient. Taking it to the next level will require a concerted effort to demonstrate what is possible to the investors who have real capital to place. The next ten years must be focused on this goal.

Foreword

We are thrilled to be celebrating the 10th anniversary edition of the Housing Finance in Africa Yearbook. First published in 2010 with just 15 countries included, the Yearbook has grown in scope and depth to contain 55 country and five regional profiles. For the third year, the publication is available in both French and English.

Targeted at housing finance practitioners, investors, developers, researchers and government officials, the 2019 Yearbook provides an up-to-date review of practice and developments in housing finance and delivery in Africa, reflecting the dynamic change and growth evident in the market of each country over the past year.

This year we have substantially revamped our data collection and curation processes, pushing ourselves and our authors to confront serious challenges in country with accessing numbers on housing and housing finance. The effort is part of a larger concerted campaign by CAHF to promote a Data Agenda for Africa which advocates for more transparent, credible and timely data on housing finance across the continent, as part of the critical market infrastructure required to expand affordable housing investment. As part of this campaign, we introduced greater support to our Yearbook authors this year, by holding a webinar to discuss the indicators included in the country data surveys, as well as advise on data collection processes and strategies. The webinar is part our larger goal of building the data collection and analysis capacity of a community of housing finance data practitioners across the continent. We have also introduced a short text box on access to housing finance data in each country and regional profile. While information is more readily available in some countries, in other instances the scarcity of information is reflected in the brevity of this box. Nevertheless, this view on the availability of housing finance data in each country will serve as a baseline as we pursue the Data Agenda at country level and regionally.

Throughout its ten-year span, the Yearbook has retained a focus on the lower end of the market. While it does provide a general overview of housing, housing finance, and property markets in each country, what makes this publication unique is its overt emphasis on affordable housing. These profiles focus on the critical need for housing and housing finance solutions that are explicitly targeted at the income profiles of the majority of the population, for whom most commercially-developed residential property is out of reach. In this respect, the Yearbook remains the only publication of this nature in Africa: no other source provides this type of updated information, focused on residential property, and targeted at the affordable market.

Part of our intention with this publication is to build a community of practice of housing finance experts in-country. This publication therefore includes research from over 42 contributors, spread across the continent and internationally. The profiles were written by the authors noted, and we wish to give them credit for their hard work in relatively short timeframes, often with limited data available. Sometimes we were not able to appoint in-country consultants and this presented problems as these consultants had to rely on internet searches and communication across numerous barriers (including language) and often with limited connectivity. We acknowledge that this was a difficult process for some and commend all on their effort. In some cases, timeframes did not allow us to engage with authors around last-minute editing decisions. Of course, we take responsibility for these ourselves, and hope to hear about any issues needing attention in next year's edition.

The publication is thus a work in progress, and input from readers on its usefulness, suggestions, corrections and additions, are all welcome. CAHF invites readers to provide comment and share their experiences on what they are doing in housing finance in Africa. We aim to make the Yearbook an inclusive, relevant and accurate source of on-the-ground intelligence on housing and housing finance markets.

At the same time, we recognize that Yearbook cannot include everything. For this reason, CAHF releases further information electronically throughout the year on our website – including articles on country developments and interactive dashboards allowing comparisons across countries. Please visit www.housingfinanceafrica.org for the most recent developments and research.

Ten years into this project, the general lack of reliable, available data in the region continues to stunt market growth and, too often, drives investment away. By providing a source of reliable market intelligence into the sector through the publication of the Yearbook, CAHF aims to directly confront this problem and, by doing so, boost the affordable housing and housing finance markets. We look forward to the next 10 years as we strengthen the data environment and build a community of housing finance / housing practitioners in Africa for greater investment in affordable housing for the poor.

Alison Tshangana and Susan Carey, Co-Editors
Centre for Affordable Housing Finance in Africa
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Abbreviations

AADL	National Agency for Housing Improvement and Development, Algeria	BCSTP	Central Bank of Sao Tome and Principe
AAHDE	Addis Ababa Housing Development Enterprise	BCWIS	Botswana Core Welfare Indicators Survey
ACF	African Capitalisation Fund, Malawi	BCV	Banco de Cabo Verde
ACSI	Amhara Credit & Savings Institution, Ethiopia	BDM	Banque de Developement du Mali
ACTB	A Call to Business, Sierra Leone	BEA	Banque El Ammane pour le Developpement de l'Habitat
AfCFTA	African Continental Free Trade Area Agreement	BEA	Banque Exterieur d'Algerie
AFD	Agence Française de Développement (French Development Agency)	BEAC	Banque des Etats d'Afrique Centrale (Bank of Central African States),
AfDB	African Development Bank	BESA	Banco Espirito Santo Angola
AFH	Agence Foncière d'Habitation', Tunisia	BFA	Banco de Fomento, Angola
AFRICOM	Africa Command, Djibouti	BFSA	Banking and Financial Services Act
AFT	Agenda for Transformation, Liberia	BFI	Banks and Financial Institutions
AGOA	African Growth and Opportunity Act	BGD	Gabonese Development Bank
AH	Amiscus Horizon company, The Gambia	BGF	Bank Financing and Management, Burundi
AIB	African Investment Bank	BHB	Benin Housing Bank
ALCB	African Local Currency Bond Fund	BHBF	Housing Bank of Burkina Faso (Banque de l'Habitat du Burkina Faso)
AMU	Arab Maghreb Union	BHC	Botswana Housing Corporation
AMT	Akiba Mashinani Trust	BHC	Bank for Housing and Construction, Ghana
ANALOGH	Agence Nationale d'Appui au Logement et a l'Habitat, Madagascar	BHCI	Housing Bank of Côte d'Ivoire
ANAMIF	Central Bank of the Republic of Guinea (BCRG) and the National Agency for Microfinance	BHM B	anque de l'Habitat du Mali (Mali Housing Bank)
ANAT	National Land Development Agency, Mauritania	BHN	La Banque De l'Habitat Du Niger
ANC	African National Congress, South Africa	BHR	Banque de l'Habitat du Rwanda (Rwanda Housing Bank)
APIMA	Angolan Association of Real Estate Professionals	BHS	Banque de l'Habitat du Senegal
ARCA	Autorité de Régulation et de Contrôle des Assurances, DRC.	BHT	Banque de l'Habitat du Tchad
ARRU	Agency for Urban Rehabilitation, Tunisia ASCAs Accumulated Savings and Credit Associations ASODEV Action pour la Solidarité et le Développement, DRC	BIAC	Banque Internationale pour l'Afrique au Congo
ASSOAL	Solidarity Actions of Support to Organisations Supporting Freedom, Cameroon	BIAT	Arab Bank of Tunisia
ATM	Automated Teller Machine	BIC	Banco Internacional de Crédito
AU	African Union	BICIA-B	Banque Internationale pour le Commerce, l'Industrie et l'Agriculture du Burkina, Burkina Faso
AU-STC no.8	African Union Specialized Technical Committee no.8 on Public Service, Local Government, Urban Development and Decentralization	BICIGUI	Banque Internationale pour le Commerce et l'Industrie de Guinée
BAD	Algerian Bank of Development	BID	Banque Islamique de Développement
BaDEx	Bonds and Derivatives Exchange	BIM	Banque Internationale du Mali
BADR	Banque de l'Agriculture et du Developpement Rural, Algeria	BIMR	Banque Indosuez Mer Rouge
BAI	Banco Africano de Investimento	BIP	Bank for Innovation and Partnership, BIP
BAIC	Banque Africaine pour l'investissement et le Commerce	BISTP	Banco Internacional de São Tomé e Príncipe
BANCOBU	Commercial Bank of Burundi	BNA	Banco Nacional de Angola
BASA	Banking Association of South Africa	BNA	Banque Nationale d'Algerie
BBCI	Burundi Bank for Commerce and Investment	BNDA	Banque Nationale de Developpement Agricole
BBD	Benin Development Bank	BNDE	National Bank for Economic Development, Burundi
BBS	Botswana Building Society	BNG	Building New Ground, South African housing programme
BCA	Banco Comercial do Atlântico	BNI	National Investment Bank, Core d' Ivoire
BCAS	Bank of Central African States	BNR	National Bank of Rwanda
BCB	Bank Credit Bujumbura, Burundi	BOA	Bank of Africa
BCC	Central Bank of Comoros	BOAD	Banque Ouest Africaine de Développement (West African Development Bank)
BCC	Congolese Central Bank	BoG	Bank of Ghana
BCDC	Banque Commerciale du Congo	BoM	Bank of Mauritius
BCDF	Bureau Communal du Domaine et du Foncier (Communal Domain and Land Bureaus)	BoN	Bank of Namibia
BCEAO	Banque Centrale des États de l' Afrique de l'Ouest (Central Bank of West African States)	BOS	Bureau of Statistics
BCM	Central Bank of Mauritania	BOT	Build, Operate and Transfer model
BCR	Bank Commerciale du Rwanda	BoT	Bank of Tanzania
BCRG	Central Bank of the Republic of Guinea	BoZ	Bank of Zambia
		Bpd	Barrels-per-day
		BRB	Bank of the Republic of Burundi
		BRD	Banque Rwandaise de Développement (Rwanda Development Bank)

BSB	Botswana Savings Bank	CMU	Couverture Maladie Universelle (universal health coverage)
BSCA	Sino-Congolese Bank for Africa	CMS	Credit Mutuel du Senegal
BSIC	Sahelo-Saharan Bank for Commerce and Investment	CNEC	Caisse Nationale d'Epargne et de Crédit de Djibouti
BSL	Bank of Sierra Leone	CNEL	Savings and Loans Bank, Tunisia
BSS	Bank of South Sudan	CNEP	Caisse National d'Épargne de Prévoyance (National Savings and Providence Fund – one of the state-owned banks), Algeria
BTCGA	Banco Totta Caixa General Angola	CNL	Caisse Nationale Du Logement, Algeria
BTB	Togolese Development Bank	CNSS	National Social Security Fund
BTIC	Banque Togolaise pour le Commerce et l'Industrie	CNT	Confederation Nigerienne du Travail
BVMT	Tunisian stock exchange	CNTB	National Commission on Land and Other Assets
CABS	Central African Building Society, Zimbabwe	CNTG	National Confederation of Guinea Workers
CAGR	Compound Annual Growth Rate	COBAC	Commission Bancaire d'Afrique Centrale (Central African Banking Commission)
CAMCCUL	Cameroon Cooperative Credit Union League	CoK	City of Kigali
CAPEC	Savings and Cooperative Union, Mauritania	CofO	Certificate of Occupancy, Nigeria
CAPMAS	Central Agency for Public Mobilization and Statistics	COMESA	Common Market for Eastern and Southern Africa
CAPOD	Centre d'Analyses des Politiques de Développement -	COSUMAF	Commission de Surveillance du Marché Financier de l'Afrique Centrale
CAR	Central African Republic	CPA	Comprehensive Peace Agreement, South Sudan
CBB	Construction and Business Bank, Ethiopia	CPEC	Caisse Populaire d'Epargne et de Crédit, Djibouti
CBE	Central Bank of Egypt	CPI	Corruption Perceptions Index
CBE	Commercial Bank of Eritrea	CPI	Construction Price Index
CBE	Commercial Bank of Ethiopia	CPI	Consumer Price Index
CBG	Central Bank of The Gambia	CPIA	Country Performance and Institutional Assessment, World Bank
CBK	Central Bank of Kenya	CPLP	Comunidade dos Países de Língua Portuguesa / Community of Portuguese Speaking Countries
CBL	Central Bank of Lesotho	CPS	Contribution Pension Scheme
CBL	Central Bank of Liberia	CRB	Credit Reference Bureau, Ghana, Malawi, South Sudan, Sierra Leone and Zambia
CBL	Central Bank of Libya	CREFOGA	Credit Foncier of Gabon
CBN	Central Bank of Nigeria	CREPMF	Conseil Regional de l'épargne publique et des marchés financiers (Regional Council of Savings Public and Financial Markets)
CBOS	Central Bank of Sudan	CRG	Central Bank of Guinea
CBR	Central Bank Rate	CRI	Collateral Replacement Indemnity
CBR	Correspondent Banking Relationships	CRRH	Caisse Regionale de Refinancement Hypothécaire (regional Mortgage Refinance Fund), WAEMU
CBS	Central Bank of Somalia	CRRH-UEMOA	Caisse Regional de Refinancement Hypothécaire-UEMOA
CCI	Centre for Community Initiatives, Tanzania	CRM	Retirement Fund of Mali
CCL	Centre for Housing Construction (Centre de la Construction et du Logement), Togo	CRRH	Caisse Régionale de Refinancement Hypothécaire, Guinea Bissau
CCODE	Centre for Community Organisation and Development, Malawi	CRS	Credit Reference System, Liberia
CEDA	Citizen Entrepreneurial Development Agency, Botswana	CRS	Corporate Social Responsibility Fund
CDMH	Compte de Mobilisation pour l'Habitat, Cote d'Ivoire	CRT	Togolese Pension Fund
CDN	Crédit du Niger (a commercial bank in Niger)	CSPM	Construction Stage Payment Mortgage, Sierra Leone
CDS	City Development Strategy	CTA	Construction technical assistance
CEGEIC	Centre for the Management of Cities (Le Centre de Gestion des Cités)	CVE	Cabo Verdean Escudo
CEMAC	Communauté Économique et Monétaire de l'Afrique Centrale	DAHSP	Decent and Affordable Housing Subsidy Programme
CENFRI	Centre for Financial Regulation and Inclusion	DBN	Development Bank of Namibia
CFA francs	Communauté Financière Africaine (currency in West Africa)	DBI	World Bank's Doing Business Indicators
CFM	Construction Finance Mortgage, Sierra Leone	DFI	Development Finance Institution
C-GIDD	Canback Global Income Distribution Database	DFID	Department for International Development
CGAP	Consultative Group to Assist the Poor	DFS	Decentralised Financial Systems
CHF	Common Humanitarian Fund	DID	Développement International Desjardins DIFTZ Djibouti International Free Trade Zone
CIA	Central Intelligence Agency	DISED	National Department of Statistics and Population Studies, Djibouti
CIASA	Microfinance Unit, Credit and Information Scoring Agency	DNHU	National Directorate for Housing and Urbanization
CIF	Climate Investment Fund, Madagascar	DRC	Democratic Republic of Congo
CIF	Land registration certificate, Djibouti	DTI	Debt to Income ratio
CIS	Collective Investment Schemes	DUAT	Direito de Uso de Aproveitamento da Terra (right to use and benefit from land), Mozambique
CLIFF	Community Led Infrastructure Funding Facility		
CMA	Common Monetary Area		
CMCA	Crédit Mutuel de Centrafrique		
CMH	Companhia Mocambicana de Hidrocarbonetos		
CMP	Common Market Protocol		

EAC	East African Community	FHSE	Foundation for Rural Housing, Uganda
EAC-FSDRP	EAC Financial Sector Development and Regionalisation Project	FINCA	Foundation for International Community Assistance
EAMU	East African Community Monetary Union	FIP	Finance and Investment
EBS	Electronic Banking Services company	FY	Fiscal Year
ECB	European Central Bank	FLISP	Finance Linked Individual Subsidy Programme, South Africa
ECF	Enhanced Credit Facility	FMBN	Federal Mortgage Bank of Nigeria
ECF	Extended Credit Facility	FMI	Fonds Monétaire International, Chad
ECOWAS	Economic Community of West African States	FNB	First National Bank
ECR	Egyptian Collateral Registry	FNFI	National Inclusive Finance Fund (Fonds National de la Finance Inclusive), Togo
EDH	Enterprise Development Holdings	FNH	Fonds National de l'Habitat, Niger
EDPRS	Economic Development and Poverty Reduction Strategy, Rwanda	FNHU	National Fund for Habitat and Urban Planning, Guinea
EEDC	Egypt Economic Development Conference	FNM	National Microfinance Fund, Congo
EFINA	Enhancing Financial Innovation & Access	Forex	Foreign exchange
EFSA	Egyptian Financial Supervisory Authority	FPHS	Fonds de Promotion de l'Habitat Social, Chad
EFSRA	Eswatini Financial Services Regulatory Authority	FPHU	Fund for the Promotion of Urban Housing, Burundi
EGP	Egyptian Pound	FRA	Financial Regulatory Authority, Egypt
EGX	Egyptian Stock Exchange	FSC	Financial Sector Charter, in South Africa and Namibia
EHFC	Egyptian Housing Finance Company	FSDH	Special Fund for Housing Development (Fonds Special de Developement de l'Habitat), Togo
EIB	European Investment Bank, Madagascar	FSDIP	Financial Sector Development Implementation Plan
EITI	Extractive Industries Transparency Initiative	FSDP	Financial Sector Development Program, Rwanda
EIU	Economic Intelligence Unit	FSH	Fonds de Soutien à l'Habitat (Fund for Housing Support)
EL	Employee Loan, Eritrea	FSP	Financial Service Providers, Niger
EMCCA	Economic and Monetary Community of Central Africa,	FSRA	Financial Services Regulatory Authority
eMI	Engineering Ministries, Congo	FSVs	Forced Sale Values
EMOP	Modular and Permanent Household Survey, Mali	FTA	Free Trade Area
EMRC	Egyptian Mortgage Refinance Company	FUCEC	Faîtière des Unités Coopératives d'Epargne et de Crédit, Togo
EMSL	Ecobank Micro Finance Institution, Sierra Leone	GARI	Fonds Africain de Garantie des Investissements Privés en Afrique de l'Ouest
ENDE	National Strategy for Development	GBS	Gambia Bureau of Statistics
EPA	Economic Partnership Agreement	GDP	Gross domestic product
EPS	Expanded Polystyrene	GEHS	Government Employees Housing Scheme, South Africa
EPZ	Export Processing Zones	GELIS	Ghana Enterprise Land Information
ERGP	Economic Recovery Growth Plan, Nigeria	GH¢	Ghanaian Cedi
ERN	Eritrean Nakfa	GHL	Ghana Home Loans
ESCOM	Electricity Supply Corporation of Malawi	GICA	Groupe Industriel des Ciments d'Algérie
ESP	Emerging Senegal Plan	GIPF	Government Institutions Pension Fund
EU	European Union	GIMW	Guaranteed Interprofessional Minimum Wage
EUR	Euro	GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Society for International Cooperation)
FADEH	Fund for Housing Asset Development, Angola	Global	Findex Global Financial Inclusion Database
FBS	Finance Building Society	GLS	Government Loan Scheme
FCA	Foreign Currency Accounts	GNDI	Gross National Disposable Income
FCFA	Franc des Colonies Françaises d'Afrique, Chad	GNI	Gross National Income
FDH	Housing Fund, Djibouti	GNC	General National Congress, Libya
FDI	Foreign Direct Investment	GOCI	Government of Côte d'Ivoire
Fdj	Djibouti Franc	GoG	Government of Guinea
FEDEP	Federal Urban Poor	GoG	Government of Ghana
FES	Swaziland National Fire and Emergency Services	GoM	Government of Morocco
FFH	Housing Development Fund	GoTG	Government of The Gambia
FGCMPI	Real Estate Development Guarantee Fund, Algeria	GRET	Groupe de Recherches et d'Échanges Technologiques, Mauritania
FGH	Mortgage Guarantee Fund	GREDA	Ghana Real Estate Developers Association
FGHM	Fonds de Garantie Hypothécaire du Mali (Mali Mortgage Guarantee Fund)	GRI	Global Real Estate Institute
FGL	Fonds de Garantie pour le Logement, Gabon	GSF	Guarantee and Subsidy Fund, Egypt
FGP	Fonds de Garantie des Prêts, Chad	GSS	Ghana Statistical Service
FGS	Federal Government of Somalia	GTP	Growth and Transformation Plan, Ethiopia
FHA	Federal Housing Authority, Nigeria	GVA	Gross Value Add
FHC	Federal Housing Corporation		
FHF	Family Homes Fund		

HBC	Housing Bank of Chad	INPS	National Institute of Social Welfare, Mali
HBL	Habib Bank Limited	INS	Institut National de la Statistique du Niger,
HBS	Household Budget Survey	INSS	National Social Security Institute, DRC
HCBE	Housing and Commerce Bank of Eritrea	INSS	National Social Security Institution, Burundi
HCF	Housing Finance Company, Seychelles	INSTAT	Institut National de la Statistique de Madagascar (National Institute of Statistics of Madagascar)
HDA	Housing Development Agency, South Africa	IOM	International Organization for Migration
HDI	Human Development Index	IOR-ARC	Indian Ocean Rim Association for Regional Cooperation
HDR	Human Development Report	IOSCO	International Organisation of Securities Commissions
HFB	Housing Finance Bank, Uganda	IPS	Instalment Purchase Scheme
HFC	Home Finance Company of the Gambia Limited	IRS	Integrated Resort Scheme, Mauritius
HFC	Home Finance Company, Sierra Leone	ISKAN	National Land Development, Housing Development and Real Estate Promotion and Management Corporation, Mauritania
HFC	Housing Finance Company Limited, Seychelles	KBA	Kenya Bankers Association
HFC	Housing Finance Company	KBA-HPI	Kenya Bankers Association's Housing Price Index
HFCU	Housing Finance Company of Uganda	KBRR	Kenya Banks' Reference Rate
HfH	Habitat for Humanity	KCB	Kenya Commercial Bank
HfHI	Habitat for Humanity International	KfW	Kreditanstalt für Wiederaufbau (German Reconstruction Loan Corporation)
HFHL	Habitat for Humanity Lesotho	KMRC	Kenya Mortgage Refinancing Company
HfHU	Habitat for Humanity, Uganda	KNBS	Kenya National Bureau of Statistics
HFP	Housing Finance Project	KSHDF	Khartoum State Housing and Development Fund
HIB	Housing and Infrastructure Board, Libya	KYC	Know Your Customer
HIFSA	Old Mutual's Housing Impact Fund, South Africa	LAA	Land Administration Authority
HIV/AIDS	Human Immunodeficiency Virus / Acquired Immune Deficiency Syndrome	LAP	Land Administration Project, Ghana
HMF	Housing Micro-Finance	LAPCAS	Land Administration, Procedures and Systems, Botswana
HMFF	Housing Micro-Finance Fund	LAVIMS	Land Administration Valuation and Information Management System
HOFINET	Housing Finance Information Network	LBDI	Liberian Bank for Development and Investment
HSB	Housing and Savings Bank, Ethiopia	LDC	Least Developed Country
HSDB	Human Settlements Development Bank, South Africa	LEDFC	Liberia Enterprises Development Finance Company
HRC	Human Rights Council	LFS	Labour Force Survey, Liberia
HRW	Human Rights Watch	LGF	Loan Guarantee Fund
HUD	Sub-Committee on Human Settlement and Urban Development, Lesotho	LHLDC	Lesotho Housing and Land Development Corporation
IAL	Irrigated Agricultural Loan, Eritrea	LIC	Low Income Country
IAS	International Accounting Standards	LIS	Lands Information system
IBB	International Business Bank	LISGIS	Institute of Statistics and Geo-Information Services, Liberia
IBF	Interest Bonus Fund	LLA	Liberia Land Authority
IBS	International Bank of Somalia	LLO	Local Land Offices, Madagascar
ICF	Investment Climate Facility	LNBT	National Laboratory and Public Works, Gabon
ICIS	Improved Credit Information Systems, Carbo Verde	LNG	Liquified Natural Gas
ICT	Information and Communications Technology	LPA	Commercial housing, Algeria
IDA	International Development Association	LPB	Lesotho Post Bank
IDB	Islamic Development Bank	LPL	Public rental housing, Algeria
IDBZ	Infrastructure Development Bank of Zimbabwe	LSC	Land, Services and Citizenship, Ghana
IDP	Internally Displaced Person	LSZ	Law Society of Zimbabwe
IFAD	International Fund for Agricultural Development	LT	Land Title
IFC	International Finance Corporation	LTV	Loan-To-Value (ratio)
IFRS	International Financial Reporting Standards	LUA	Land Use Act No. 6 of 1978, Nigeria
IGAD	Intergovernmental Authority on Development	LUSE	Lusaka Stock Exchange
IGC	International Growth Centre	LWF	Lutheran World Federation
IHDP	Integrated Housing Development Programme, Ethiopia	MASOWE	Maseru South West
IHP	Institutional Housing Project, Swaziland	MATDUH	Ministère de l'Aménagement du Territoire, du Développement de l'Habitat et de l'Urbanisme, Chad
IHPS	Integrated Household Panel Survey, Malawi	MBL	Micro Business Loan
IHS	International Housing Solutions	MCA	Millennium Challenge Account, Lesotho
IIED	International Institute for Economic Development	MCB	Mauritius Commercial Bank
ILMIS	Integrated Land Management Information System	MCC	Millennium Challenge Corporation, Carbo Verde
IMF	International Monetary Fund	MCC	Millennium Challenge Corporation, Sierra Leone
INE	National Statistics Institute, Angola		

MCIB	Public Credit Bureau, Mauritius	NBBL	Norwegian Federation of Co-operative Housing Associations
MDG	Millennium Development Goal	NBE	National Bank of Ethiopia
MDGS III	Malawi Growth and Development Strategy	NBS	Nigeria Bureau of Statistics
MDI	Microfinance Deposit-taking Institution	NBS	National Bureau of Statistics
MENA	Middle East and North Africa Region	NBS	National Building Society, Zimbabwe
MFB	Microfinance Banking	NBS	New Building Society, Malawi
MFC	Mortgage Finance Company	NBM	National Bank of Malawi
MFE	Microfinance Establishments	NCPI	National Consumer Price Index
MFF	Mortgage Finance Fund	NCR	National Credit Regulator
MFI	Microfinance Institution	NDB	National Development Bank, Botswana
MFSDS	Financial Sector Development Strategy 2013–2022, Mozambique	NDP	National Development Plan
MGC	Matekane Group of Companies	NDP4	4th National Development Plan, Namibia
MHC	Malawi Housing Corporation	NDP11	11th National Development Plan, Botswana
MHC	Mauritius Housing Company	NEF	National Empowerment Foundation, Mauritius
MHDP	Mass Housing Development Programme	NEMA	National Environmental Management Authority, Kenya
MHID	Ministry for Housing and Infrastructure Development, Zambia	NESDP	National Economic and Social Development Plan, Burkina Faso
MHU	Ministry of Housing and Urban Development, Algeria	NFHR	National Fund for Housing and Reconstruction
MHU	Ministry of Housing and Utilities, Libya	NGO	Non-Governmental Organisation
MIDF	Mortgage Interest Draw Back Fund	NHA	National Housing Authority, Zambia
MIH	Ministry of Infrastructure and Housing	NHA	National Housing Authority, Liberia
MINDAF	Ministry of State Property and Land Tenure, Cameroon	NHAC	National Housing Advisory Committee
MINDUH	Ministry of Urban Development and Housing, Cameroon	NHAG	Namibian Housing Action Group
MININFRA	Rwanda Ministry of Infrastructure	NHBRC	National Home Builders Registration Council, South Africa
MIX	Microfinance Information Exchange	NHBT	National Housing Bond Trust, Zambia
MLF	Mortgage Liquid Facility	NHC	National Housing Corporation, Kenya and Tanzania
MLSP	Mass Land Servicing Programme	NHCC	National Housing and Construction Company
MLWE	Ministry of Lands, Water and the Environment, Eritrea	NHDC	National Housing Development Company, Mauritius
MMA	Mobile Money Agent	NHE	National Housing Enterprise, Namibia
MMC	Maseru Municipal Council	NHF	National Housing Fund, Gabon
MMF	Money Market Fund	NHF	National Housing Fund, Nigeria
MMM	Maison Marocaine Moderne	NHFC	National Housing Finance Corporation
MoHS	Ministry of Housing and Settlements, Algeria	NHMS	National Housing and Mortgage Scheme, Ghana
MoL	Ministry of Lands	NHP	National Housing Programme, Egypt
MOLG/MOLGC	Ministry of Local Government and Chieftainship, Lesotho	NHS	National Housing Strategy
MoPED	Ministry of Planning and Economic Development, Sierra Leone	NHSDP	National Housing Sector Development Policy
MOU	Memorandum of Understanding	NiDCOM	Nigerians in Diaspora Commission
MPD	Movement for Democracy	NIDP	National Indicative Development Plan
MPR	Monetary Policy Rate	NIESV	Nigerian Institute of Estate Surveyors and Valuers
MPS	Monetary Policy Statement	NIMP	National Infrastructure Master Plan, Gabon
MPS	Mouvement Patriotique du Salut, Chad	NIPA	National Investment Promotion Agency, Djibouti
MRLGHD	Ministry of Regional and Local Government, Housing and Rural Development	NIPC	Nigeria Investment Promotion Commission
MSB	Malawi Savings Bank	NIPOST	Nigeria Postal Services
MSME	Micro, Small and Medium-sized Enterprises	NIRSAL	Nirsal Microfinance Bank, Nigeria
MSMEDF	Micro Small and Medium Enterprises Development Fund, Nigeria	NLC	National Land Commission Kenya
MTB	Money Transfer Business	NMB	National Microfinance Bank, Tanzania
MTEF	Medium Term Expenditure Framework	NMGC	Nigerian Mortgage Guarantee Company
MTO	Money Transfer Operators	NMRC	Nigerian Mortgage Refinance Corporation
MTSP	Money Transfer Service Provider	NOCAL	National Oil Company of Liberia
MWFL	Mortgage Warehouse Funding Limited	NOCIBE	Nouvelle Cimenterie du Bénin
NACHU	National Cooperative Housing Union, Kenya	NPL	Non-Performing Loan
NAMFISA	Namibia Financial Institution Supervisory Authority	NREC	National Real Estate Company
NAPSA	National Pension Scheme Authority, Zambia	NRIS	National Registration and Identification System
NASSIT	National Social Security and Insurance Trust, Sierra Leone	NSDP	National Strategic Development Plan, Lesotho
NASSCORP	National Social Security and Welfare Corporation	NSA	Namibia Statistics Agency
NBFI	Non-Bank Financial Institution	NSIA	Nigeria Sovereign Investment Authority
NBFIRA	Non-Banking Financial Institution Authority, Botswana, Ghana	NSSA	National Social Security Authority, Zimbabwe

NSSF	National Social and Security Fund, Uganda	PTI	Payment-To-Income ratio
NST	National Strategy for Transformation, Rwanda	PURSEE	Emergency Project for the Rehabilitation of Electricity and Water sectors, Guineau Bissau
NUA	New Urban Agenda	PUS-BF	Programme d'urgence pour le Sahel, Burkina Faso
NUCA	New Urban Communities Authority, Egypt	RAF	Reorganisation Agraire et Fonciere
OAD	Banque Ouest Africaine de Développement (West African Development Bank)	R-ARCSS	Revitalized Agreement on the Resolution of Conflict in South Sudan
OBM	Opportunity Bank of Malawi	RBM	Reserve Bank of Malawi
ODA	Official Development Assistance	RBZ	Reserve Bank of Zimbabwe
OECD	Organisation for Economic Cooperation and Development	RCB	Rokel Commercial Bank, Sierra Leone
OHADA	Organisation for the Harmonisation of Business Law in Africa	RCPB	Réseau des Caisses Populaires du Burkina
OIBM	Opportunity International Bank of Malawi	RDP	Reconstruction and Development Programme, South Africa
OL	Oxen Loan, Eritrea	REALL	Real Equity for All (formerly Homeless International)
OMH	Office Malien de l'Habitat (Mali Housing Agency)	REC	Regional Economic Community
OMV	Open Market Value	RECCU	Renaissance Cooperative Credit Unions, Cameroon
OPEC	Organization of the Petroleum Exporting Countries	REDAN	Real Estate Development Association of Nigeria
OPIC	Overseas Private Investment Corporation, South Africa	REIT	Real Estate Investment Trust
PABS	Pan African Building Society	REPI	Real Estate Price Index, Morocco
PACIE	Industrial and Energy Competitiveness Support Programme	RHA	Rwanda Housing Authority
PAGE	Programme to Accelerate Growth and Employment, The Gambia	RHB	Rwanda Housing Bank
PAICV	African Party for the Independence of Cabo Verde	RHLF	Rural Housing Loan Fund, South Africa
PAIFAR- B	Financial Inclusion in Burundi	RI Index	Roland Igbinoba House Price Index
PAPD	Pro-Poor Agenda for Prosperity and Development, Liberia	RISDP	Regional Indicative Strategic Development Plan (SADC)
PCCI	Prestige Ciment Côte d'Ivoire	RNHC	National Network of Inhabitants of Cameroon
PCG	Partial Credit Guarantee Fund, Carbo Verde	RNP	National Postal Service
PCI	Policy Coordination Instrument, Carbo Verde	ROA	Return on Assets
PCU	Project Coordination Unit	ROE	Return on Equity
PDES	Economic Social Development Plan, Niger	ROSCA	Rotating, Savings and Credit Associations
PDU	Urban Development Programme, Mauritania	RSNDP	Revised Sixth National Development
PEBEC	Presidential Enabling Business Environment Council, Nigeria	RSP	Royal Swaziland Police
PEDS	The Sustainable Development Strategic Plan 2017-2021, Carbo Verde	RSSB	Rwanda Social Security Board
PHC	Population and Housing Census	RTGS	Real Time Gross Settlement
PMB	Primary Mortgage Banks	RWA	Risk Weighted Assets
PMC	Property Management Corporation, Seychelles	SACCO	Savings and Credit Co-operative
PMI	Primary Mortgage Institution	SACU	South African Customs Union
PMS	Patriotic Movement of Salvation	SADC	Southern African Development Community
PNAT	National Land Use Plan	SALHOC	Sierra Leone Housing Corporation
PNEI	National Pact for Industrial Emergence, Morocco	SANEF	Shared Agent Network Expansion Facilities, Nigeria
PND	Plan National de development, Togo	SAPES	Scheme to Attract Professionals for Emerging Sectors, Mauritius
PND	Plan National de Development, Cote d'ivoire	SARB	South African Reserve Bank
PND	National Development Plan, Chad	SBL	Small Business Loan, Eritrea
PNUH	National Urbanism and Housing Programme, Angola	SBM	State Bank of Mauritius
PNRLR	National Programme for the Resorbing of Rudimentary Lodging	SBS	Swaziland Building Society
POHI	Public Officers Housing Initiative	SCAPP	Strategy for Accelerated Growth and Shared Prosperity
PoS	Point of Sale	SCORE	Somali Core Economic Institutions and Opportunities Program
PPC	Pretoria Portland Cement	SDFN	Shack Dwellers Federation of Namibia
PPHPZ	Peoples' Process on Housing and Poverty in Zambia	SDGs	Sustainable Development Goals
PPP	Public-Private Partnership	SDI	Shack / Slum Dwellers International
PPP	Purchasing Power Parity	SEC	Securities and Exchange Commission, Ghana
PPPS	Average annual household income using expenditure	SEM	Stock Exchange of Mauritius
PRS	Permanent Residence Scheme, Mauritius	SEZs	Special Economic Zones, Congo Republic
PSGE	Plan Stratégique Gabon Emergent Vision 2025	SHA	Smart Homes Africa
PSI	Policy Support Instrument	SHC	State Housing Company, Ghana
PSM	Patriotic Salvation Movement	SHDC	Seychelles Housing Development Corporation
PSMD	Public Service Management Division	SHF	Social Housing Fund and Mortgage Finance Support, Egypt
PSPF	Public Service Pension Fund, Swaziland	SHHA	Self Help Housing Agency, Botswana
PSUP	Participatory Slum Upgrading Programme, Carbo Verde	SIDA	Swedish International Development Cooperation Agency
		SiHA	Single Housing Agency, Botswana

SIP	Société Immobilière Publique (National Real Estate Company), Burundi	SSX	Swaziland Stock Exchange
SIPIIM	Société Ivoirienne de Promotion Immobilière	STP	Sao Tome and Principe
SLB	Standard Lesotho Bank Limited	Sulsdec	Sustainable Urban Land and Shelter Development Consultants Limited
SLCB	Sierra Leone Commercial Bank	SWAPO	Southwest Africa Political Organisation
SLB	Standard Lesotho Bank	TF	Titre Foncier, Chad
SLIEPA	Sierra Leone Investment and Export Promotion Agency	TIPEEG	Targeted Intervention Programme for Employment and Economic Growth, Namibia
SMB	State Bank of Mauritius	TMB	Trust Merchant Bank, DRC
SMCP	Savings and Micro-Credit Programme, Eritrea	TMC	Transitional Military Council
SME	Small and Medium-sized Enterprise	TMRC	Tanzania Mortgage Refinancing Company
SMIG	Salaire Minimum Interprofessionnel Garanti, Chad	TOP	Temporary Occupation certificate holders, Djibouti
SNDP	Somali National Development Plan	TUHF	Trust for Urban Housing Finance
SNEC	National Water Supply Company of Cameroon	UAE	United Arab Emirates
SNC	Société Nigerienne de Cimenterie, Niger	UCA	Uganda Co-operative Alliance
SNEN	Syndicat National des Enseignants du Niger	UDP	Urban Development Project
SNHB	Swaziland National Housing Board	UEAC	Union Economique de l'Afrique Central (Central African Economic Union)
SNHIS	Sistema Nacional de Habitacao de Interesse Social (National System of Housing for Social Interests)	UEMOA	West African Economic Monetary Union
SnHLM	National Society of Low-Rent Housing	UN	United Nations
SNI	National Building Society, Gabon	UNCDF	United Nations Capital Development Fund
SNI	Société Nationale Immobilière, Gabon	UNCHS	United Nations Centre for Human Settlements
SNIT	Société Nationale Immobilière de Tunisie	UNDP	United Nations Development Programme
SNL	Swazi Nation Land	UNECA	United Nations Economic Commission for Africa
SNMG	Salaire National Minimum Garantit, Algeria	UN-Habitat	United Nations Human Settlements Programme
SNPF	Swaziland National Provident Fund	UNHRC	United Nations High Refugee Commissariat
SNPSF	National Post and Financial Services Institution	UNOPS	United Nations Office for Project Services
SNT	The Société des transports de Tunis	UNICEF	United Nations Children's Fund
SOCOFIN	Société Congolaise Financière	UNSMIL	United Nations Support Mission in Libya
SOCOGIB	Société de Construction et de Gestion Immobilière du Burkina	USAID	United States Agency for International Development
SOCOGIM	Société de Construction et de Gestion Immobilière, Benin	USD (US\$)	United States Dollar
SOCOGIM	Real Estate Construction and Management Company Mauritania	UTB	Union Togolaise de Banque
SOEs	State-Owned Enterprises	VAT	Value Added Tax
SOFIA	Société Financière Africaine de Crédit	VSB	Ville Sans Bidonvilles
SOFIDE	Société Financière de Développement, DRC	WAEMU	West African Economic and Monetary Union
SONA	State Insurance company, Democratic Republic of Congo	WALR	Weighted Average Lending Rates
SONAPI	Société Nationale de l'Aménagement et de la Promotion Immobilier (National Society for Planning and Real Estate Development), Guinea	WAMZ	West African Monetary Zone
SONUCI	Société Nationale d'Urbanisme et de Construction Immobilière, Niger	WB	The World Bank
SOPOFRIM	Société de Promotion Foncière et Immobilière, Chad	WCF	Workmen's Compensation Fund
SOPROFIM	Land and Real Estate Promotion Corporation	WCFCB	Workers' Compensation Fund Control Board
SORAZ	Société de Raffinage de Zinder, Niger	WFP	World Food Programme
SPI	Société de Promotion Immobilière, Mali	WHC	Watumishi Housing Company
SPLM	South People's Liberation Movement, South Sudan	WHPI	Women's Housing Plan Initiative, Nigeria
SPROLS	Société de Promotion des Logements Sociaux, Tunisia	ZAHF	Zimbabwe Association for Housing Finance
SRA	Swaziland Revenue Authority	ZAMFI	Zimbabwe Association of Microfinance Institutions
SREA	Somalia Real Estate Association	ZAMCO	Zimbabwe Asset Management Corporation
SREP	Scaling Up Renewable Energy in Low Income Countries Programme, Madagascar	ZHPFF	Zimbabwe Homeless and Poor People's Federation
SSA	Sub-Saharan Africa	ZIMASSET	Zimbabwe Agenda for Sustainable Socio-Economic transformation
SSAL	Small Seasonal Agricultural Loan, Eritrea	ZIMSTAT	Zimbabwe National Statistics Agency
SSFR	Social Security Fund of Rwanda	ZINAHCO	Zimbabwe National Association of Housing Cooperatives
SSHFC	Social Security and Housing Finance Corporation, Gambia	ZNBS	Zambia National Building Society
SSNIT	Social Security and National Insurance Trust	ZSIC	Zambia State Insurance Corporation
SSLC	South Sudan Land Commission		
SSMDF	South Sudan Microfinance Development Facility		
SSNIT	Social Security and National Insurance Trust		
SSP	Sector Strategic Plan		

Housing Finance in Africa: Building the Investment Argument

Author: Kecia Rust

Investor interest in affordable housing has grown considerably in the past ten years. A rapidly urbanizing, young and growing middle class, has suggested an important investment opportunity at the same time as opportunities in other sectors have declined. While conventional investors began to explore residential property in general, investors looking for impact opportunities have taken this further towards affordable housing, supported by development finance institutions wishing to leverage their interest. More recently, conventional investors are also looking down market into what they call the 'affordable space'. Their interest has become particularly evident in the past five or so years, as the myriad of property conferences increasingly include or explicitly focus on affordable housing.

The argument for affordable housing has long been a social one, highlighting the massive need, and framed in the context of key global agreements such as the Sustainable Development Goals (SDGs). More recently, it is also becoming an economic one. The public sector is recognizing the link between housing and growth, and that not only can good housing contribute to the twin goals of economic growth and poverty alleviation, but that the opposite is also true: poor housing can undermine economic growth and exacerbate poverty.¹ Increasingly, therefore, the public sector housing conversation is happening within central banks and finance ministries, as well as within the housing, planning and land ministries.

Meanwhile, housing backlogs persist and cities are struggling under the pressure of informal, household-level, privately-financed efforts to meet housing needs. While we track investment activity, we can see that only a fraction goes into residential real estate.² Investors still favour the seemingly bottomless consumer-focused sectors (including food and beverages, healthcare and pharmaceuticals, and retail), agriculture and agribusiness, manufacturing and industries, financial services, and green energy / clean technology. In East, West and Southern Africa, real estate and construction feature far lower down on the priority list for the private equity sector – rising, but still very low down.³

The next frontier for the growth of affordable housing in Africa, therefore, is to build the investment argument – because this argument will ultimately shape the potential for affordable housing at the scale required. Over the past ten years, we've seen an improvement in many of the metrics framing national and local housing sectors: in many jurisdictions, cement prices have come down, administrative processes have become more efficient, land is being titled and tenure regularized, efforts have been made to address liquidity in mortgage markets, and policy has aligned itself in favour of affordable housing. Most importantly, perhaps, is the careful but progressive effort by the private sector – individual companies and households themselves – to identify niche market opportunities along the value chain, in some cases despite the lack of an overall enabling environment.

This effort must be closely monitored and shared, because the investment argument is found here. With information, each successful investment begets further investment, crowding in market players seeking new opportunities. Without information, each failed investment builds a stereotype that militates against further investment, and shifts investors' sights elsewhere. In 2019, investors are desperate for information about the affordable housing market, its

opportunities and its risks. Very many have bought into the impact investment argument for housing – even while seeking competitive financial returns – and increasingly they note their contribution towards the SDGs, while they report their progress against ESG (environmental, social, and corporate governance) targets. This enthusiasm, ripe for the picking, will dissipate if specific opportunities cannot be identified and quantified in sufficiently reliable ways. We can see that current investment in affordable housing in Africa, while growing, is still grossly insufficient.

Taking it to the next level will require a concerted effort to demonstrate what is possible to the investors who have real capital to place. The next ten years must be focused on this goal.



A ten-year review

CAHF began its review of African housing finance markets ten years ago, in 2010, when we published the first ever Yearbook on housing finance in Africa, "a review of some of Africa's housing finance markets". In that first edition we profiled fifteen countries, curating existing data from mostly secondary sources to highlight market potential. In the years since then, the Yearbook has grown, to 28 country profiles in 2011, 35 the following year, 48 in 2015, 54 in 2017 and now 55 countries and territories, and 5 regions in 2019, our 10th anniversary edition. This is the third year that we're also publishing the Yearbook in French. What started out as a 78-page book in 2010 is now almost 300 pages in 2019.

Over these ten years, the Yearbook has come to be known as the primary source of information on housing in Africa. While we are delighted with the recognition, we also note that this is a sorry accolade: that a publication with only four pages per country is the primary source of information is a poor indictment on the state of information in the sector. It is something that CAHF continues to struggle with, as we seek to encourage investors to enter very difficult market environments.

¹ Lall, S.V., Henderson, J.V., and Venebles, A. J. (2017). "Africa's Cities: Opening Doors to the World." World Bank, Washington, DC. License: Creative Commons Attribution CC BY 3.0.

² See CAHF's Housing Investment Landscape series of reports: <http://housingfinanceafrica.org/projects/landscapes-housing-investment-africa/> (Accessed 20 October 2019).

³ Deloitte (2019). 2018 Deloitte Africa Private Equity Confidence Survey. https://www2.deloitte.com/content/dam/Deloitte/za/Documents/finance/za_Deloitte-Africa-Private-Equity-Confidence-Survey-2018.pdf (Accessed 20 October 2019).



15 countries
No regions

28 countries
1 region

35 countries
4 regions

40 countries
4 regions

43 countries
4 regions



48 countries
5 regions

51 countries
5 regions

54 countries
5 regions
French edition

54 countries
5 regions
French edition

55 countries
5 regions
French edition

Tracking cement prices

In 2010 we did our first-ever survey of cement prices, asking colleagues across the continent for the retail price of a 50kg bag of cement in US\$. In that year, cement was most expensive in Malawi (US\$18), and cheapest in Mauritius (US\$6). In 2016, the price of a bag in South Sudan was US\$50 – explaining why so few houses are built with cement in that country. In 2019, the very cheapest price for a bag of cement comes from Egypt, where 50kg is sold for about US\$4, likely supported by subsidy. While prices have fluctuated widely, in 2019 they seem to be collecting under US\$9 per bag. Cement prices in US\$ are also an indicator for the broader question of macroeconomic (and political) stability. Huge variations in price have been seen in Eritrea, Sudan, South Sudan, and the DRC. Cement prices also provide commentary about the wider infrastructure: poor road networks in Malawi and Sudan lead to high costs; and declining cement costs in Rwanda and Nigeria are likely due to investment in domestic cement manufacturing plants.

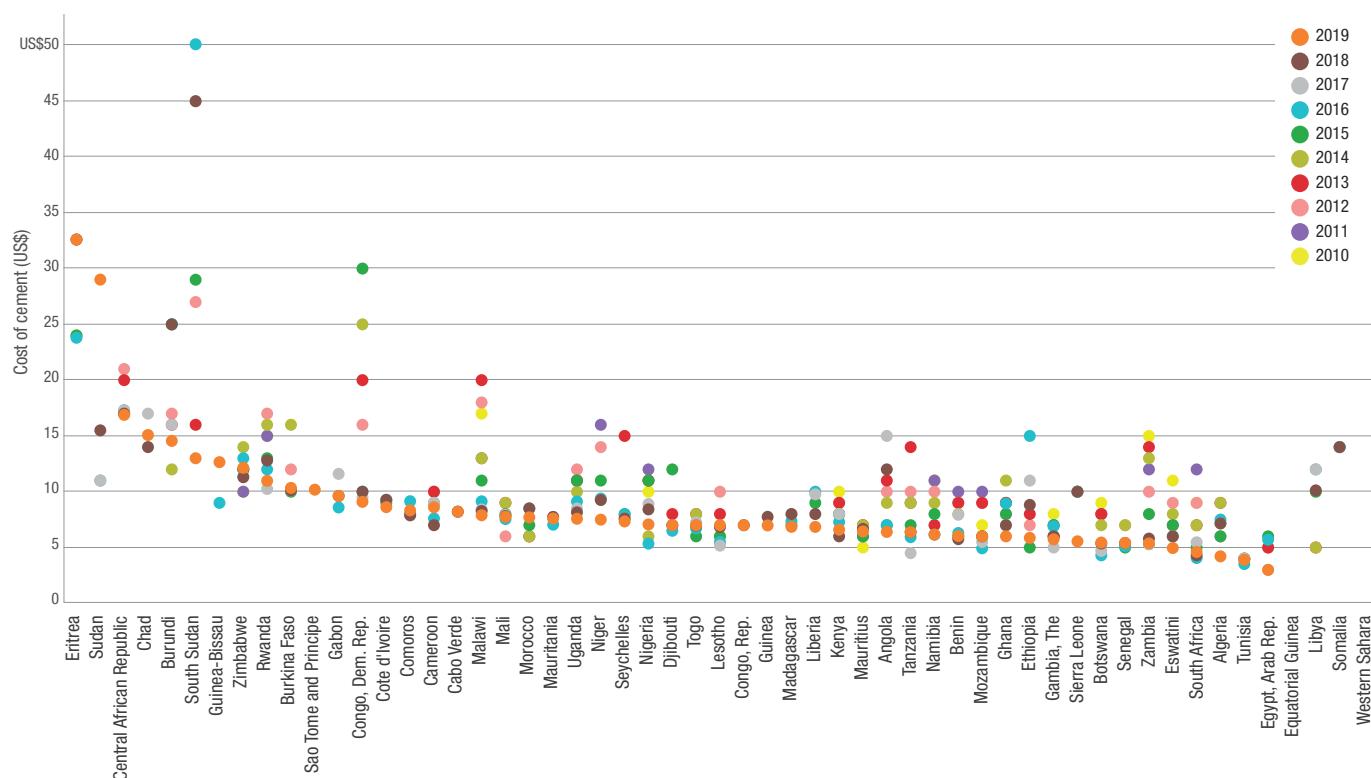
Monitoring government attention

As affordable housing has become a more critically considered sector, we've seen a shift in government attention to the things that should make their housing markets grow. The World Bank's Doing Business Indicators provide a useful proxy for the ease of property development. Their main indicators, the number of days and cost of registering a commercial property, quantify the relative ease or difficulty with which property registration might also occur in the residential market.

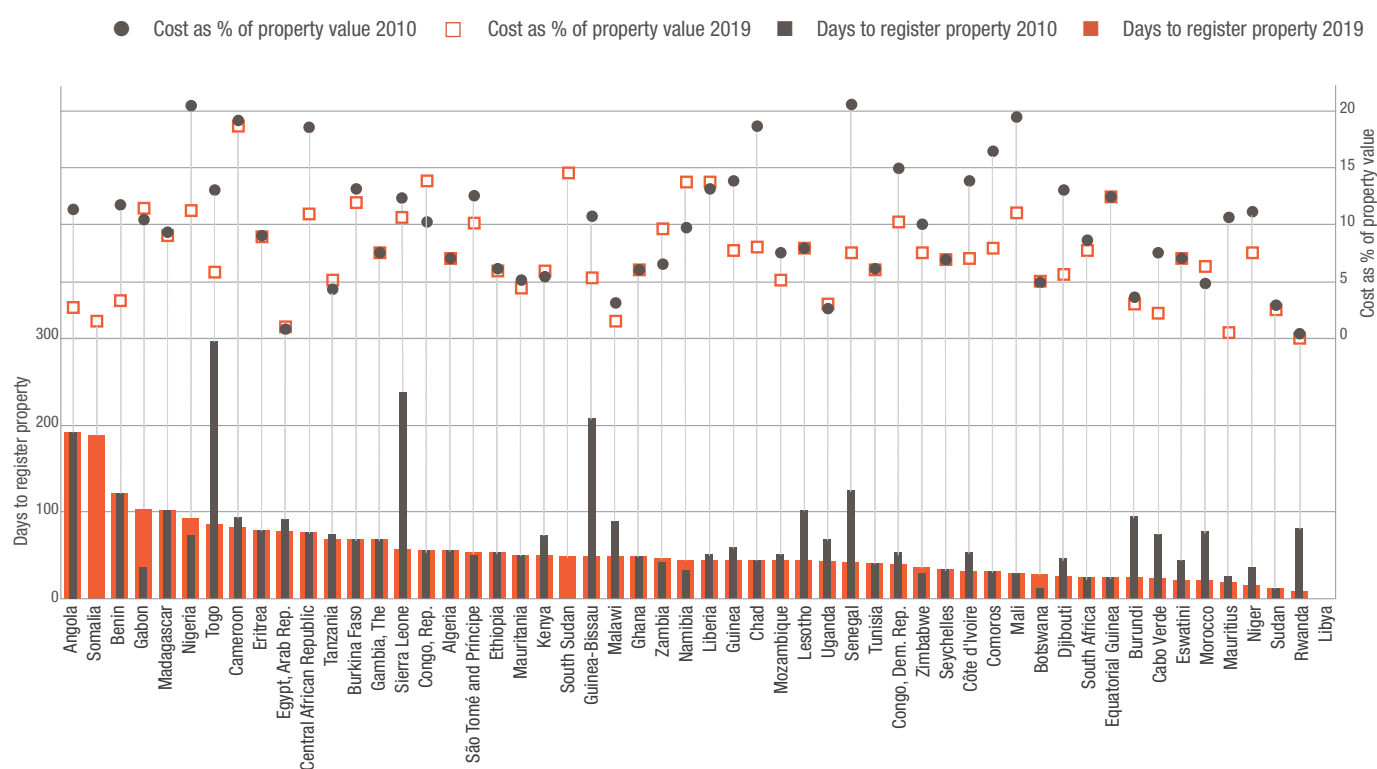
In some countries, there has been considerable change in the efficiencies associated with property registration. Between 2010 and 2019, Togo, Sierra Leone, Guinea-Bissau, Malawi, Lesotho, Senegal, Burundi, Cabo Verde, Morocco and Rwanda have all reduced the number of days it takes to register property. In Angola, Benin, Nigeria, Togo, Central African Republic, Guinea-Bissau, Guinea, Chad, Senegal, the DRC, Côte d'Ivoire, Comoros, Mali, Djibouti, Cabo Verde, Mauritius and Niger, the cost as a percentage of property value has also come down by at least 5 percentage points. In Senegal, the cost of registering property as a percentage of the property value came down by about 12 percentage points. Some markets became less efficient, however: in Gabon, the number of days to register property more than doubled between 2010 and 2019, to about 100 days. In Zambia, Namibia, the Congo Republic, and Morocco, registering property got more expensive.

PRICE OF A 50KG BAG OF CEMENT, 2010 – 2019 (US\$)

Source: CAHF Research, October 2019



NUMBER OF DAYS, AND COST OF REGISTERING A COMMERCIAL PROPERTY: 2010 vs 2019

Source: World Bank Doing Business Indicators <http://www.doingbusiness.org/>

Understanding housing affordability

Housing affordability is a function of three things: household income, the price of the house, and the terms of the finance.

Across Africa, the confluence of low urban household incomes, and high mortgage interest rates and short tenors (where these exist) or no finance at all, results in very low housing affordability. There are very few countries where the cheapest newly built house by a private sector developer serves the majority of the population.

In Nigeria, the Millard Fuller Foundation has developed a 32m², one bedroom semi-detached unit for US\$8 040 – the cheapest house in Africa (see box). If this property were available for sale across the continent, financed by local mortgages, what percentage of the urban population might afford to enter the property market? The answer varies by country: 53 percent of urban Kenyans, versus only seven percent of urban Tanzanians. Even in Nigeria, only 27 percent of the urban population can afford this house. A US\$8 040 house is a good start, but clearly it is not enough.

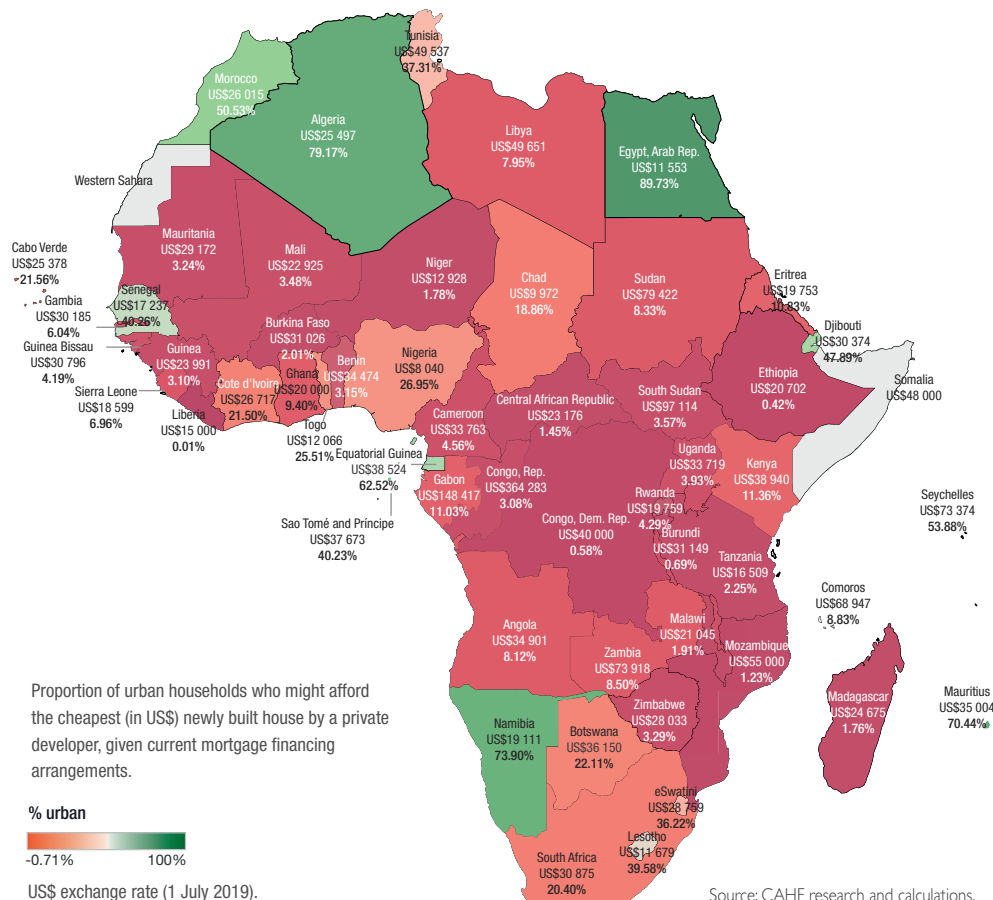
The challenge is therefore also about improved macroeconomic conditions that reduce the cost (and increase the availability) of mortgage finance, and thereby enable a wider population to access affordable housing. While finance subsidies might address affordability in the short term, these are unlikely to be sustainable.

The affordable housing challenge is also about creating the economic, policy and regulatory conditions for the supply of non-mortgage housing finance that can support incremental housing processes. In very many places, this is all that households will be able to afford.

The calculations in the maps say nothing about scale: The Millard Fuller Foundation's project comprised 400 units – this, in a country with a purported housing backlog of 22 million units.¹

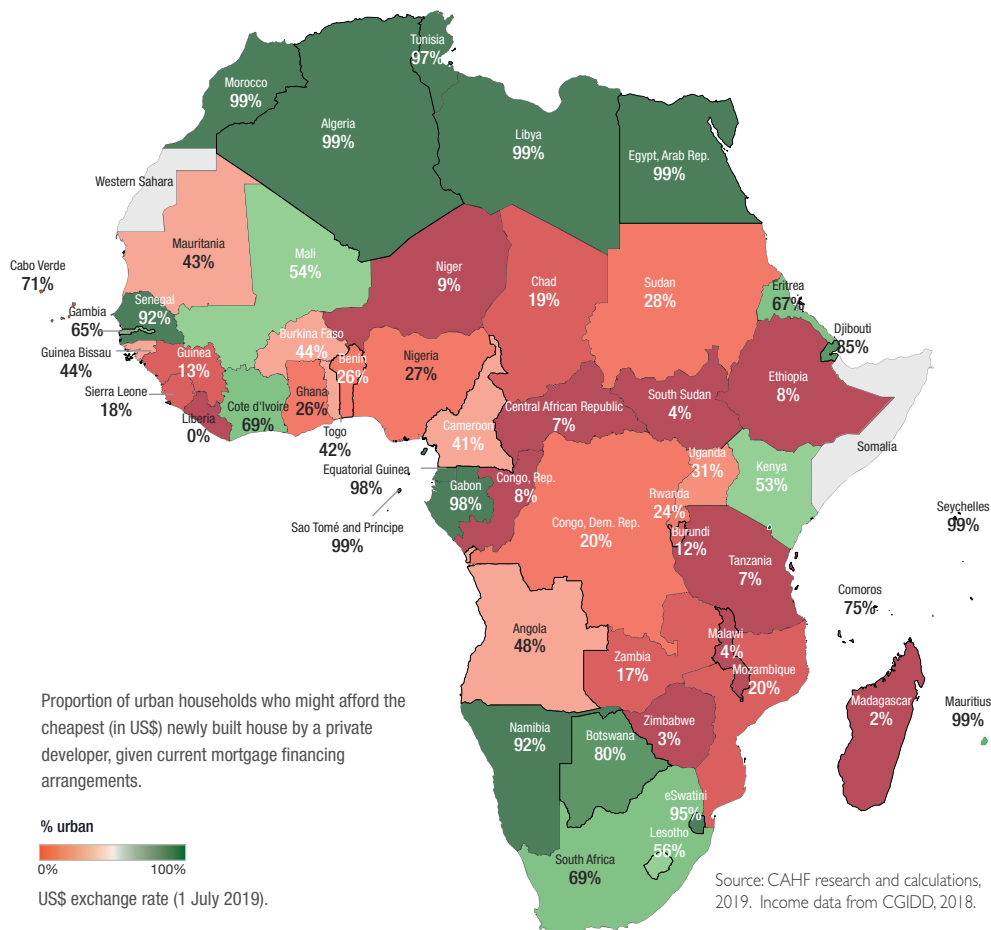
¹ As reported by the Office of the High Commissioner for Human Rights (2019). 'Special Rapporteur on adequate housing as a component of the right to an adequate standard of living, and on the right to non-discrimination in this context. 23 September 2019. <https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=25033&LangID=E/>

PERCENT URBAN HOUSEHOLDS WHO CAN AFFORD THE CHEAPEST NEWLY BUILT HOUSE (2019)



Source: CAHF research and calculations, 2019. Income data from CGIDD, 2018.

PERCENT URBAN HOUSEHOLDS WHO CAN AFFORD A US\$8 040 HOUSE (2019)



Source: CAHF research and calculations, 2019. Income data from CGIDD, 2018.



The cheapest house in Africa

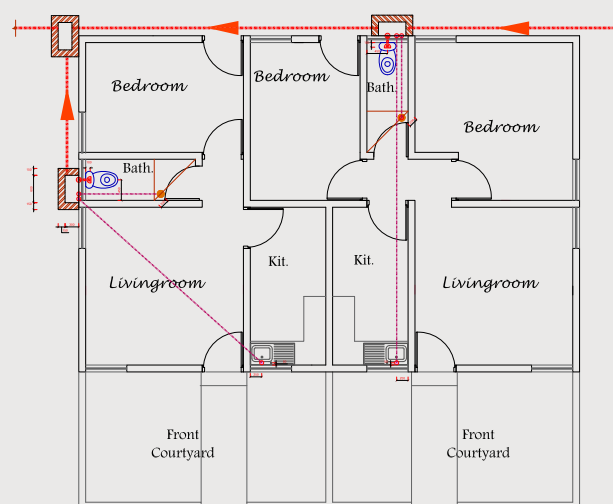
The cheapest house in Africa is found in Luvu-Madaki, in Nasarawa State, close to the Nigerian capital of Abuja. Built by the Millard Fuller Foundation (MFF), the 32m² one-bedroom semi-detached units sell for US\$8040, through the Family Homes Fund (FHF) who bulk-purchased the project from MFF.

The 400 unit project includes 200 one-bedroom semi-detached units, and 200 two-bedroom semi-detached units in blocks of two units each (1 no. 1-BR and 1 no. 2-BR), all built in 2018. One modified block was built in 2019. Each unit is finished externally with a rough cement tyrolene finish with coloured panels above and below the window openings. Internal finishes consist of a cement screed floor; painted internal walls, a PVC ceiling, and a tiled wet room and kitchen. Electric wiring is run through conduit pipes in the wall. Electric and plumbing fittings are also provided. The roofing is longspan corrugated aluminium on a wooden structure, and the windows are made of glass louver panes on a wooden frame.

The MFF also managed the infrastructure provision, bringing in electric power themselves, carrying this to the site through high tension cables, stepped down via a transformer to a low tension network spread across the estate. Water reticulation is also provided on site, and includes water boreholes feeding into ground and overhead tanks. Solid waste is run into group septic tanks. The internal roads are not tarred but are provided with storm water drains. These services and this approach is standard in the estates that MFF builds.

The sales price of US\$8 040 covers all costs including the construction of the unit, infrastructure, land, overhead and other costs, and includes a modest profit element of 20 percent. To date, no subsidies have been involved in their pricing.

The 400 units were financed by milestone payments from FHF. The first milestone was financed upfront by MFF from its own equity, raised through profits accruing from the sale of an earlier batch of homes (212 units) financed



entirely by Reall in 2016. Off-take financing is provided by FHF, who took over the homes in August 2018 as part of their plan to deliver up to half a million homes over the next five years. FHF's Help-to-Own product targets first time home buyers who do not own property, and who can provide a minimum deposit of 10 percent of the purchase price. The borrower then gets a 50 percent mortgage from a mortgage lender at the regular rates, while FHF provides a 40 percent loan with no repayment obligation for the first five years. In the sixth year, payment to FHF begins at a subsidised interest rate of 3 percent, which then grows over the term of the loan to 15 percent in the 20th year.

In addition to the above, MFF provided a US\$4 580 expandable studio 'shell-finish' apartment in 2016. This is still available for US\$5 550 although none were built in 2019. MFF has a pipeline of further projects for which they are seeking funding. The major constraint that MFF has been facing is in identifying a credible source of off-take finance, to ensure a ready and effective demand for their products so they can create a sustainable pipeline and deliver to scale.

² Unless otherwise stated, the information in this box has been provided by Sam Oda, CEO of the Millard Fuller Foundation, by email correspondence (15 October 2019), as well as from the Millard Fuller Foundation website – see <https://www.mffhousing.com/index.php/our-projects/gallery/4-grandlulu-phase-two> (Accessed 17 October 2019).

³ Family Homes Fund website (2019). <https://fhf.com.ng/help-to-own/> (Accessed 17 October 2019).

Quantifying affordability

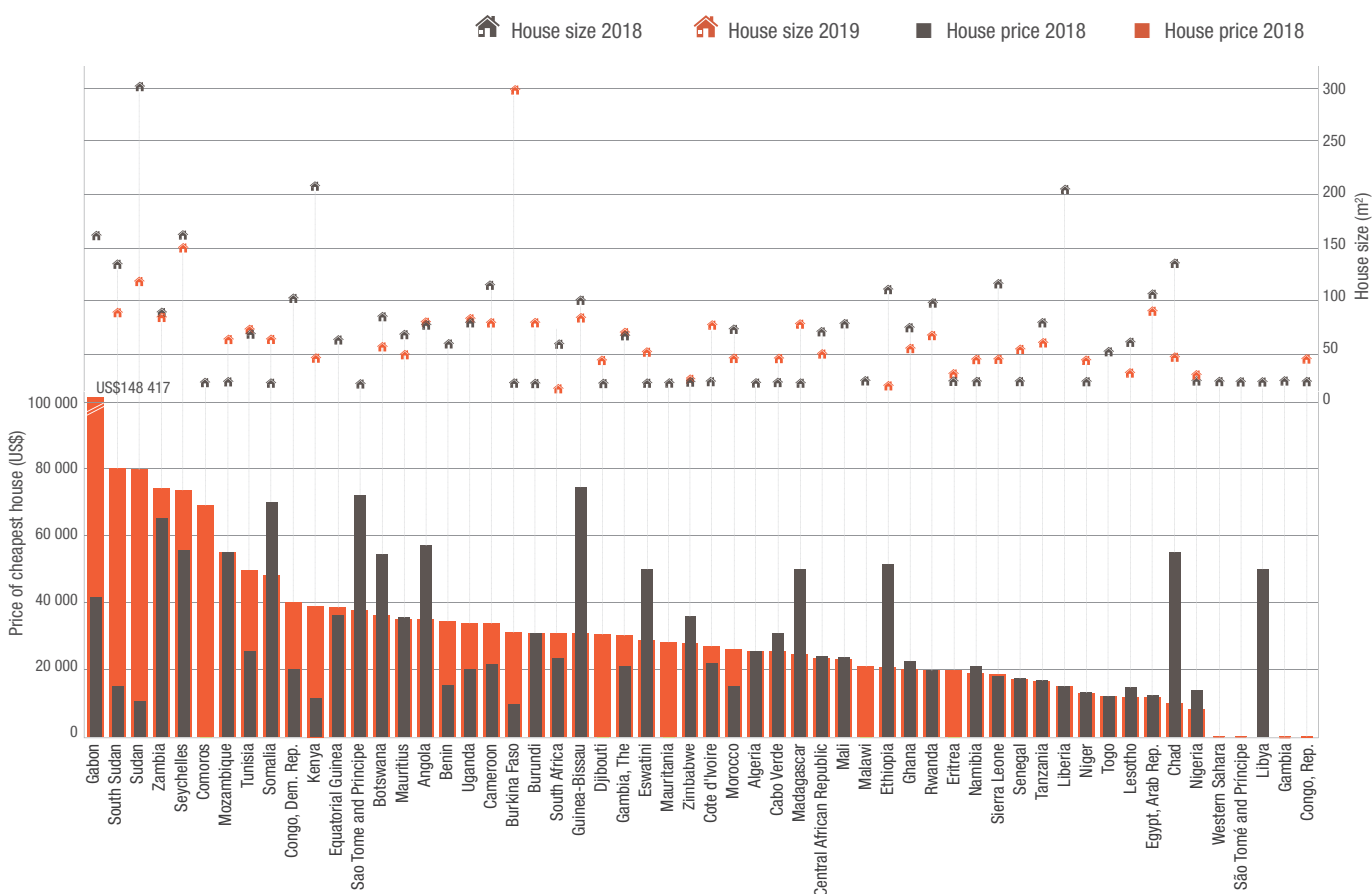
CAHF's flagship indicator has been the cost of the cheapest, newly built house, built by a private sector developer. This year, at US\$8 040, the cheapest newly built house is in Nigeria, built by the Millard Fuller Foundation (see box). The most expensive house, at US\$90 000, is found in South Sudan. These are indicative statistics: we ask in-country authors to tell us what is the cheapest house that is available on market. It is not the cheapest house that *can* be built, but rather the cheapest house that is *being* built by private sector developers.

Over the years, the costs have varied considerably. The most expensive houses ever built were priced at US\$200 000, in Angola (2015 and 2016) and Guinea-Bissau (2018). In 2017, Madagascar was the most expensive with a house at about US\$145 000.

In 2019, only 13 countries have houses priced at below US\$20 000; and 14 countries have houses prices between US\$20 000 - \$30 000. Half of all countries, however have their cheapest newly built house priced above US\$30 000. This is clearly not affordable. To investigate the relationship of size to cost, we measure house size at the same time. While a very many are smaller than 50m², the entry-level homes in a significant number of countries are larger; between 50m² – 100m².

PRICE OF THE CHEAPEST, NEWLY BUILT HOUSE BY A FORMAL DEVELOPER: 2018 AND 2019

Source: CAHF Research, October 2019



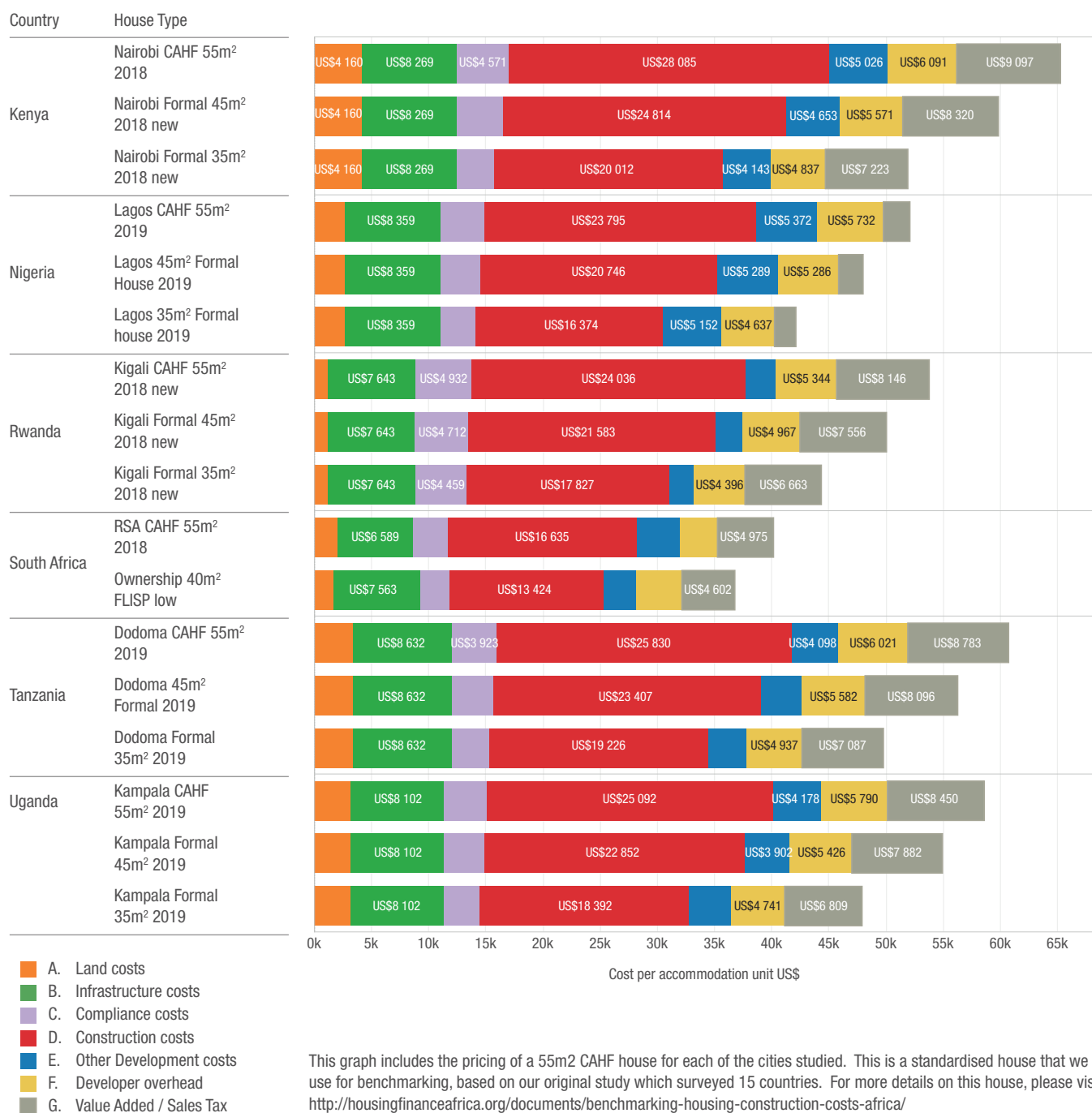
Unpacking housing construction costs

The size of a house does impact on the cost, but only so much. In 2015 we sought to quantify the cost of constructing a basic 55m² house in a development of 20 units, in 30 cities across 15 countries.⁴ This work has been updated and in this past year, we considered a range of different house types, specifically in Kenya, Nigeria, Rwanda, South Africa, Tanzania and Uganda. The difference in price between 55m², 45m² and 35m² houses is obvious and expected – though it is worth noting that the cost difference between the 35m² and 45m² houses is greater than the difference between the 45m² and 55m² houses, as the level of finish also changes. This is something that developers should consider further as they explore options for better targeting their housing production.

⁴ For a detailed overview of the study methodology see <http://housingfinanceafrica.org/documents/using-cahfs-housing-cost-benchmarking-methodology-to-analyse-housing-costs-in-fifteen-african-countries/>. Also see the dashboards with data from all 15 countries: <http://housingfinanceafrica.org/dashboards/benchmarking-housing-construction-costs-africa/> and <http://housingfinanceafrica.org/dashboards/brick-level-benchmarking-housing-construction-costs-africa/> (All websites accessed 17 October 2019).

HOUSING CONSTRUCTION COST BENCHMARKING:VARIOUS COUNTRIES, 2018 – 2019

Source: CAHF Research, 2018, 2019



Of the cities surveyed, Nairobi was the most expensive in which to build the 55m² house in 2018,⁵ followed by Dar es Salaam, and Kampala.⁶ The 55m² house was least expensive in South Africa.⁷ Key differences relate to the price of land (double in Kenya compared with South Africa), and developer mark-up (also double) – which may be an indication of development efficiencies and developers hedging their margin against the risk of construction.

The construction cost (red bar) for a 55m² house also varies from a low of US\$16 635 in South Africa to a high of US\$28 085 in Kenya. Considering the composition of the construction cost, the proportional contribution of labour costs to the total housing cost varies from a low of 10 percent in Rwanda to a high of 22 percent in Nigeria. Manufactured inputs vary from 32 percent in Nigeria to 38 percent of total cost in Rwanda. Another significant cost differential is the tax paid. Whereas Nigeria and South Africa have the lowest tax rates, Kenya, Tanzania and Uganda all have significantly higher tax burdens on housing cost.⁸

⁵ Gardner, D., Pienaar, P., Lockwood, K. and Maina, M. (2019). Assessing Kenya's Affordable Housing Market. <http://housingfinanceafrica.org/documents/assessing-kenyas-affordable-housing-market/> (Accessed 17 October 2019).

⁶ Gardner, D., Pienaar, P., and Lockwood, K. (2019). Assessing Rwanda's Affordable Housing Sector. <http://housingfinanceafrica.org/documents/assessing-rwandas-affordable-housing-sector/> (Accessed 17 October 2019).

⁷ Lockwood, K. (2019). Estimated Contribution of Housing Construction and Residential Rental Activities to the South African Economy in 2017. <http://housingfinanceafrica.org/documents/estimated-contribution-of-housing-construction-and-residential-rental-activities-to-the-south-african-economy-in-2017/> (Accessed 17 October 2019).

⁸ Email correspondence with David Gardner, 17 October 2019.

Profiling access to affordable finance

A critical piece of the puzzle is access to affordable housing finance. Mortgage rates above 15 percent and offered at tenors below ten years are unhelpful and do little to enhance affordability. Beyond the factors that liquidity facilities address, macroeconomic factors such as the pricing of Treasury Bill rates, inflation, the availability of long term capital, the strength of capital markets and so on, are behind a lender's ability to make the mortgage work.⁹ In 2019, the prevailing mortgage rate for Ghana, Guinea, Zambia, Mozambique, Nigeria, and South Sudan – above 25 percent – means that mortgage finance is not assisting with affordability and is

unlikely to be a significant feature in the economy. This is reflected in the mortgage to GDP rates in those countries (all below one percent).

Some mortgage markets are beginning to work, however. In South Africa, mortgage lenders are beginning to recognise the opportunity of an entry-level market that leverages off the resale potential of government-subsidised housing stock. In South Africa, while the mortgage market itself has been strong, it has focused on the high end of the market. More recent activity is beginning to extend

Country	Value of residential mortgages outstanding US\$	Number of mortgages outstanding	Mortgage to GDP	Number of mortgage providers	Prevailing mortgage rate	Average mortgage term in years	Average downpayment on a mortgage if required
South Africa	\$67 129 860 779	1 700 436	19.56%	14	12%	20	15%
Morocco	\$22 789 431 927	170 425	5.50%	24	8%	20	30%
Tunisia	\$3 926 999 584	–	9.90%	23	8%	25	20%
Namibia	\$3 568 462 293	73 396	24.57%	5	13%	20	20%
Kenya	\$2 172 837 342	26 187	2.50%	31	14%	12	10%
Mauritius	\$1 934 561 710	–	–	21	19%	25	10%
Ethiopia	\$1 308 562 837	214 417	1.60%	1	18%	18	23%
Nigeria	\$1 099 448 280	113 069	0.30%	35	25%	20	20%
Sudan	\$937 549 882	6 250	2.30%	15	14%	10	60%
Ghana	\$747 327 206	–	0.14%	8	34%	15	20%
Zimbabwe	\$529 867 115	12 550	1.71%	15	12%	16	20%
Cabo Verde	\$355 270 347	–	20.90%	–	15%	20	20%
Zambia	\$263 307 940	8 000	0.98%	9	29%	15	10%
Eswatini	\$247 733 241	–	5.60%	5	10%	20	10%
Tanzania	\$183 091 130	4 996	0.32%	32	19%	20	10%
Senegal	\$138 892 280	110 101	0.58%	–	8%	20	–
Congo, Dem. Rep.	\$106 000 000	–	0.22%	6	14%	25	–
Djibouti	\$84 558 538	–	4.30%	–	7%	20	20%
Burundi	\$76 821 995	–	2.60%	5	–	10	30%
Seychelles	\$69 280 109	–	4.30%	10	11%	20	–
Cote d'Ivoire	\$65 736 447	696	0.15%	30	8%	10	25%
Malawi	\$59 584 868	–	0.84%	4	20%	20	15%
Algeria	\$31 696 525	–	0.02%	–	10%	20	20%
Egypt, Arab Rep.	\$26 389 222	–	0.01%	4	7%	15	15%
Niger	\$23 959 188	–	0.26%	5	7%	9	–
Mali	\$10 524 864	452	0.07%	51	9%	10	–
Sierra Leone	\$10 221 464	292	0.26%	1	23%	15	20%
South Sudan	\$6 933 637	821	0.30%	2	25%	20	55%
Liberia	\$2 508 015	65	0.08%	1	13%	10	30%
Botswana	\$1 173 699	–	0.01%	9	8%	10	10%
Lesotho	\$750 866	16	0.03%	3	12%	19	20%
Gambia, The	\$510 231	49	0.03%	1	17%	15	40%
Guinea	–	80	–	–	33%	12	20%
Mozambique	–	–	–	17	28%	25	10%
Madagascar	–	–	–	7	20%	18	20%
Cameroon	–	–	–	–	20%	10	20%
Uganda	–	–	–	5	20%	20	20%
Congo, Rep.	–	–	–	–	20%	12	–
Rwanda	–	–	–	16	18%	15	20%
Angola	–	–	–	–	16%	20	22%
Central African Republic	–	355 618	–	2	15%	10	–
Equatorial Guinea	–	–	–	–	15%	20	50%
Chad	–	–	–	1	12%	15	20%
Comoros	–	–	–	7	11%	10	20%
Guinea-Bissau	–	–	–	–	11%	15	11%
Somalia	–	–	–	3	10%	20	20%
Eritrea	–	–	–	1	10%	25	–
Mauritania	–	326 264	–	–	8%	10	35%
Togo	–	–	–	–	7%	15	–
Sao Tome and Principe	–	–	–	1	7%	20	50%
Libya	–	–	–	–	6%	30	–
Gabon	–	–	–	16	3%	20	25%
Benin	–	–	–	–	–	15	–
Burkina Faso	–	–	–	15	–	15	–
Gambia	–	–	–	–	–	–	–
Western Sahara	–	–	–	–	–	–	–

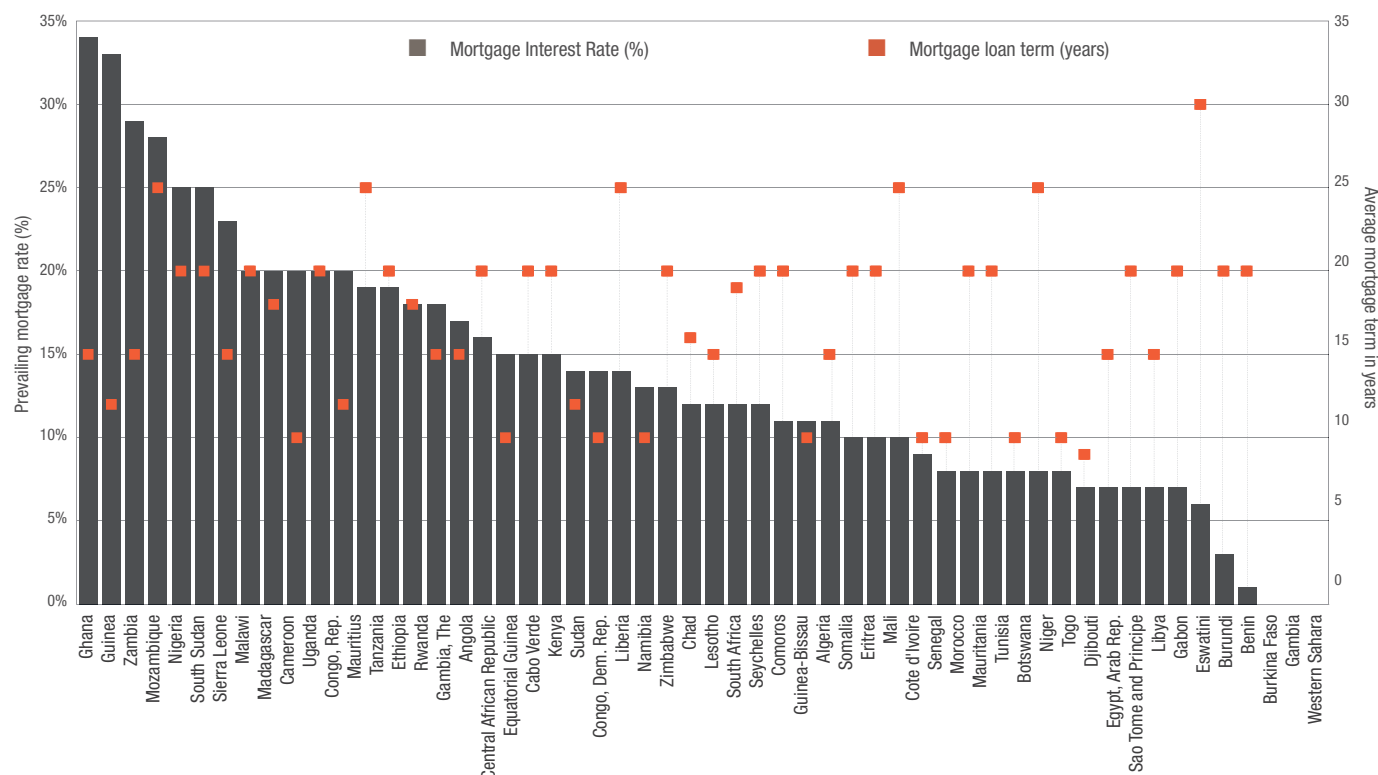
⁹ For a useful analysis of this, see Fuchs, M (2018). Working Paper I: Lowering the high interest rate cost of housing finance in Africa. <http://housingfinanceafrica.org/documents/working-paper-lowering-the-high-interest-rate-cost-of-housing-finance-in-africa/> (Accessed 17 October 2019).

down market and lenders are beginning to compete for the business of first-time homebuyers.¹⁰ Morocco's mortgage market is the second largest, with US\$22 billion outstanding. Comprising 170 425 outstanding mortgages, this suggests the market targets middle and upper middle income earners. In Kenya, the establishment of the KMRC in early 2019 promises to support that mortgage

market, with a particular focus (it has been said) on the role of SACCOs in supplying housing financing. Although likely subsidised, eighteen countries report mortgage rates at 10 percent and below. Another 21 have mortgage rates between 10-20 percent. Most countries report tenors of 15 years or longer.

PREVAILING MORTGAGE INTEREST RATE AND TERM

Source: CAHF Research, 2018, 2019



Understanding the impact of housing on the economy

All of this activity – new housing construction and its letting over time, enabled by finance – has a profound impact on the economy. This is something we're coming to understand better as we calculate the Housing Economic Value Chain in greater detail.¹¹ In a report published this year, it was found that residential construction activity in South Africa, by both formal and informal contractors, produced housing valued at US\$5.3 billion in 2017 including a total value added of US\$2 billion.¹² In Kenya, the value added by residential construction was US\$1.4 billion;¹³ and in Rwanda, value added was US\$243 million.¹⁴ This activity contributed 2.7 percent

to the South African GDP in 2017, 4.2 percent to the Kenyan GDP in 2017, and 8.6 percent to the Rwandan GDP in 2017. Housing also creates jobs. In Kenya, we estimate that total employment in residential construction in 2017 was more than 484 000 full time jobs (noting that over 90 percent of this was informal).¹⁵ In South Africa, it is estimated that 732 000 persons are employed in the housing sector. An estimate of housing sector jobs for Rwanda and Uganda cannot be calculated with the available data.

	GDP (US\$ million)	Total value added by residential construction (US\$ million)	Residential construction gross value added plus intermediate inputs as % of GDP	Direct impact output multiplier*	Total value added by residential rental (US\$ millions)	Residential rental gross value added plus intermediate inputs as % of GDP	Estimated total employment in residential construction and rental activities
South Africa (2017)	234 409	1 998	2.7%	3.23	3 414	2.8%	731 732
Kenya (2017)	79 271	1 446	4.2%	2.28	1 054	2.6%	484 078
Rwanda (2017)	9 135	243	8.6%	2.86	56	1.2%	?
Nigeria (2017)	376 361	5 624	2.6%	1.72	8 571	4.4%	1 210 591
Uganda (2017)	27 114	554	6.6%	3.33	565	4.0%	?

*NOTE: These multipliers have not taken account of leakages associated with imported intermediate inputs. Imports of intermediate inputs will reduce the size of the direct impact output multiplier.

¹⁰ For a discussion on South Africa's mortgage market see Melzer, I. (2018). Bringing mortgage markets to life in South Africa. <http://housingfinanceafrica.org/documents/bringing-life-to-mortgage-markets-in-south-africa/> (Accessed 19 October 2019). Also see CAHF's dashboard on mortgage lending in South Africa, which segments loan origination in the neighbourhoods of South Africa's eight major metros: <http://housingfinanceafrica.org/documents/mortgage-lending-in-south-africa/> (Accessed 21 October 2019).

¹¹ For all of CAHF's work in this area, visit <http://housingfinanceafrica.org/projects/housing-and-the-economy/>

¹² Gardner, D. and Lockwood, K. (2019). Quantifying South Africa's housing economic value chain in 2017 <http://housingfinanceafrica.org/documents/quantifying-south-africas-housing-economic-value-chain-in-2017/> (Accessed 19 October 2019), and email correspondence from Keith Lockwood, 23 October 2019.

¹³ Gardner, D. Lockwood, K., Pienaar, J., and Maina, M. (2019). Assessing Kenya's Affordable Housing Market. April 2019. <http://housingfinanceafrica.org/documents/assessing-kenyas-affordable-housing-market/> (Accessed 19 October 2019).

¹⁴ Gardner, D., Lockwood, K., and Pienaar, J. (2019). Assessing Rwanda's Affordable Housing Sector. March 2019. <http://housingfinanceafrica.org/documents/assessing-rwandas-affordable-housing-sector/> (Accessed 19 October 2019), and email correspondence from Keith Lockwood, 23 October 2019.

¹⁵ Gardner, D. Lockwood, K., Pienaar, J., and Maina, M. (2019). Assessing Kenya's Affordable Housing Market. April 2019. <http://housingfinanceafrica.org/documents/assessing-kenyas-affordable-housing-market/> (Accessed 19 October 2019). Pg. 12, and email correspondence from Keith Lockwood, 23 October 2019.

An investigation into the impact that housing construction and rental has on the economy is a worthwhile exercise, both to understand the particular country concerned, as well as to create a basis for benchmarking and thereby better understanding the structure of country housing economies. For example, reflecting on the performance of the rental market in Kenya, Gardner et al note:

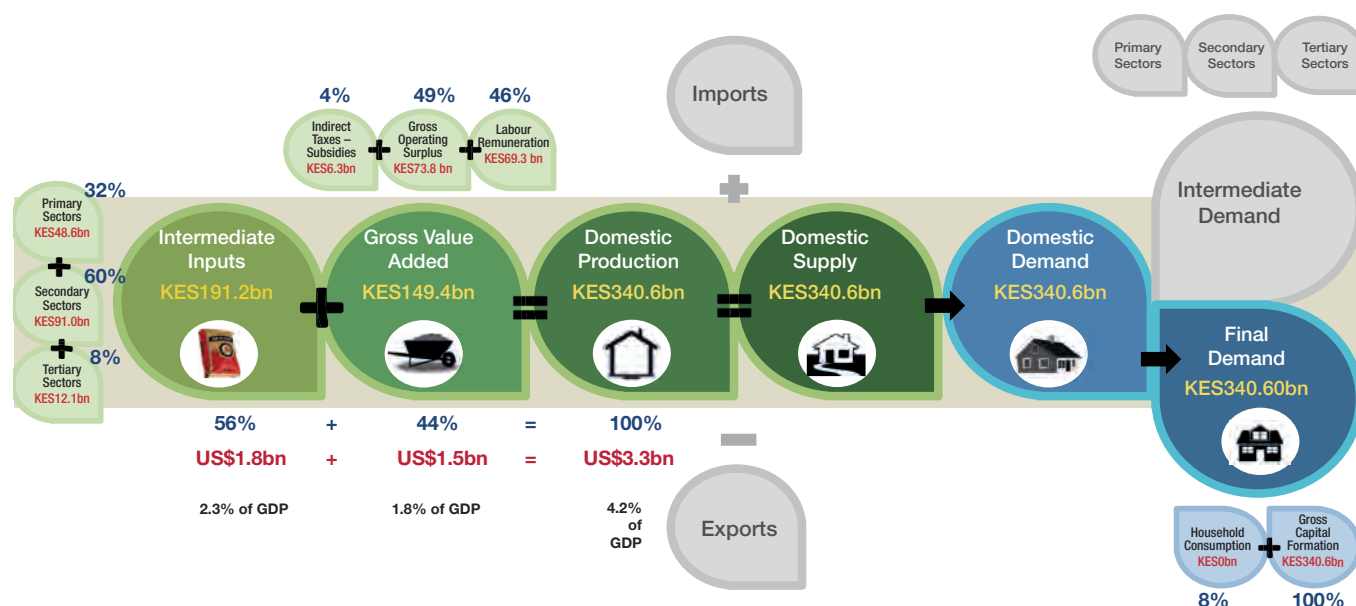
When compared with housing rental markets in some other countries (most notably South Africa and Nigeria), the rental market in Kenya is substantially smaller in scale and has more limited linkages to other sectors of the economy. Whereas housing rental activity in South Africa is roughly equivalent in value to housing construction (with 37 percent of households renting in 2011), in Kenya it appears to be only 30 percent of the size of construction value, with 36 percent of Kenyans renting their properties. This suggests that the rents paid in Kenya are generally substantially lower than in South Africa (due in part to much lower levels of urbanisation), and/or that the actual value of rental income is higher than reflected in available data from official sources.

More significantly, the contribution of intermediate inputs to total output is only 12 percent in Kenya, compared with 48 percent in South Africa and 35 percent in Nigeria. This suggests that housing rental products in Kenya are less sophisticated and that housing rental currently has a much smaller direct impact multiplier than similar activities in countries such as Nigeria and South Africa. Viewed positively, this could be interpreted as providing substantial potential for future growth and development – particularly within the context of rapid urbanisation and rising urban incomes.¹⁶

The data and the analysis highlight the structural factors that support or constrain specific segments of a housing sector and influence its targeting and performance. Over time, as policy makers become more familiar with the approach, they can use the analysis to find the specific niche or niches where an intervention might have best effect.

KENYA RESIDENTIAL CONSTRUCTION VALUE CHAIN 2017¹⁷

Source: CAHF Research, 2017



Note: Differences in values and percentages due to rounding. KES values were converted to US\$ values using an exchange rate of KES101.5/US\$1.

The analysis also highlights potential. Kenya's Housing Economic Value Chain has been considered in light of that country's Affordable Housing Programme, which promises to build 500 000 affordable houses over the next five years. The analysis suggests that if the 'Big Four' agenda achieves this target, this could more than double the direct contribution (gross value added of housing construction plus intermediate inputs from upstream suppliers) of housing construction to GDP. The formalisation and acceleration of existing housing delivery will also support a substantial increase in the number of formal jobs in housing construction and bring total employment in housing construction in Kenya to more than 650 000.¹⁸ Kenya's plan to deliver housing is clearly also a significant strategy to deliver jobs and economic growth. This is an important message for governments across the continent.

¹⁶ Gardner, D, Lockwood, K, Pienaar, J, and Maina, M. (2019). Assessing Kenya's Affordable Housing Market. April 2019. <http://housingfinanceafrica.org/documents/assessing-kenyas-affordable-housing-market/> (Accessed 19 October 2019). Pg. 13.

¹⁷ Email correspondence from Keith Lockwood, 22 October 2019.

¹⁸ Email correspondence from Keith Lockwood, 23 October 2019.

Linking housing into the SDGs

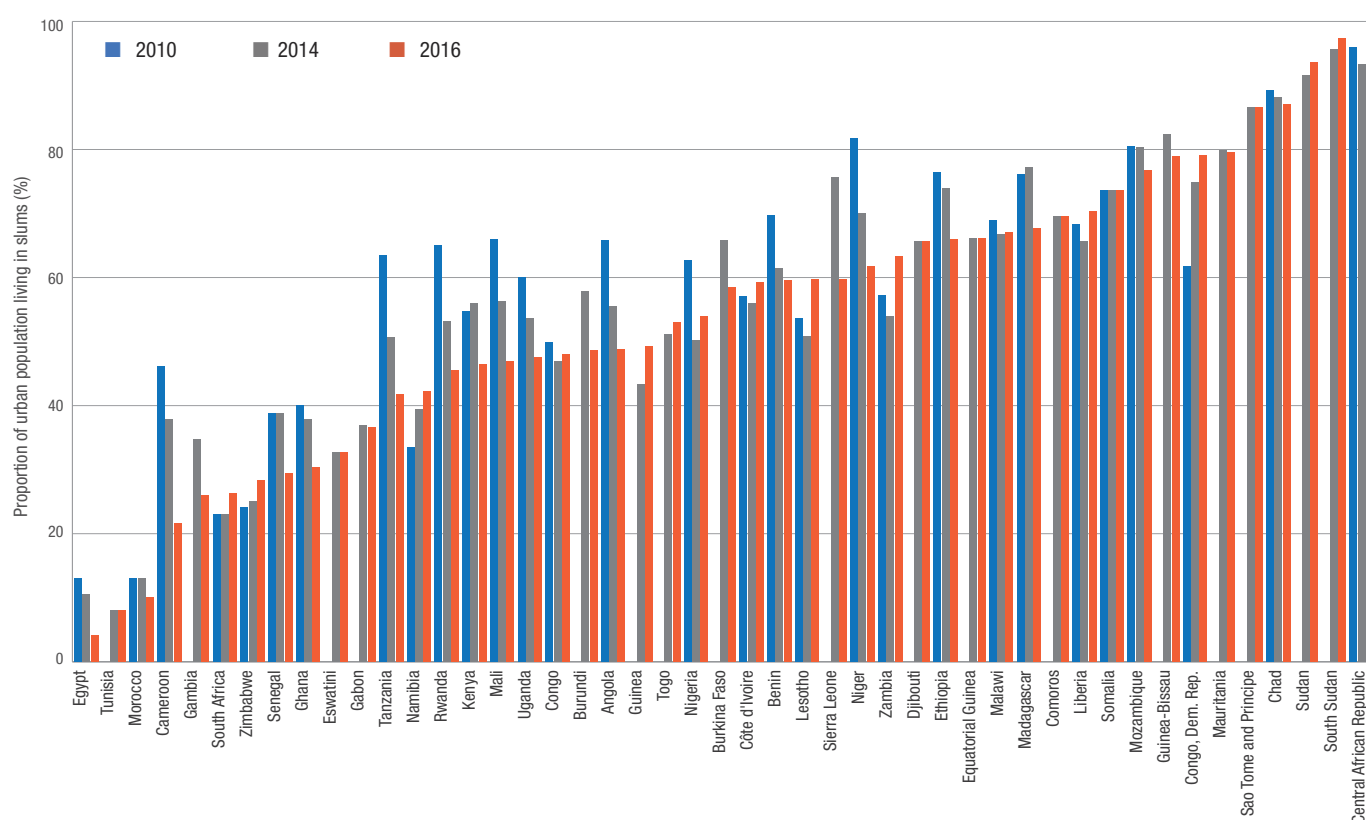
Interestingly, while governments are beginning to consider housing in economic terms, investors are looking back at the social argument, and many are beginning to highlight the impact of their investments on the SDGs.¹⁹ The SDGs comprise 17 goals and 169 targets agreed by the signatories of the 2030 Agenda on Sustainable Development. Goal 11 focuses explicitly on sustainable cities and communities, and target 11.1.1 measures the percent of the urban population living in slums, informal settlements or inadequate housing.²⁰

For target 11.1.1, the six years between 2010 and 2016 has shown some progress in a number of countries: Cameroon, Senegal, Ghana, Tanzania, Rwanda, Mali, Uganda,

Angola, Benin, Niger, Ethiopia, and Madagascar all saw the proportion of their urban populations living in slums drop by more than ten percentage points between 2010 and 2016. In others, such as the DRC, Zambia, Sierra Leone, South Africa, Nigeria²¹ and Guinea, the percentage of households living in slums appears to have increased, in some cases considerably. Still, in 2016 (the most recent year for which data is available), just over half of all countries in Africa had more than half of their urban populations living in slums. Efforts to support affordable housing are likely to have a significant, positive impact. This attracts investors seeking to demonstrate their ESG (environmental, social, and corporate governance) credentials.

PROPORTION OF URBAN POPULATION LIVING IN SLUMS (%) IN AFRICA, 2010, 2014, 2016

Source: GUO-Global Urban Observatory, UN-Habitat, 2019



Understanding investor intentions

And yet, housing still makes up a very small slice of the investment pie. In a review of the landscape of housing investment across Africa, we've identified that across the breadth of investments that are made into various African sectors, housing is a minority sector, often quantified under 'other'. Of what does go into affordable housing, the bulk is still coming from the DFI sector, or from investors somehow linked to government. Even private equity investors operating in Africa source much of their funding from the DFI sector and from governments. Purely commercial investors seeking real returns are in the minority.

Measured by capital deployed over the last ten years, the largest investors in Southern Africa have been DFIs (AfDB, EIB, OPIC, IFC, World Bank), government agencies, some pension funds and banks and Chinese companies. The AfDB has invested the most (US\$1.2 billion), mostly through debt instruments. Rabobank was the largest private sector investor; when it bought a 45.59 percent stake in Zambia National Commercial Bank with a US\$632 million investment. Three Chinese companies (CITIC, Henan Guoju and Sinomach) provided both equity and debt to a value of US\$1.5 billion, investing in housing delivery and its financing,

¹⁹ See, for example, Old Mutual's 2019 report on responsible investing: <http://www2.oldmutual.co.za/docs/default-source/omig-insights/2019-responsible-investment-report1.pdf?sfvrsn=4> (Accessed 20 October 2019).

²⁰ UN-Habitat (2016) defines a slum household as one that "lacks one or more of the following: durable housing, sufficient living space, easy access to safe water, access to adequate sanitation and security of tenure." (Security of tenure is not yet included in the measurement, however, due to insufficient comparable data.) Inadequate housing is measured using affordability, where a household is "considered as having inadequate housing if the net monthly expenditure on housing costs exceeds 30 percent of the total monthly income of the household". See: UN Habitat (2016). SDG Goal 11 Monitoring Framework: A Guide to Assist National and Local Governments to Monitor and Report on SDG Goal 11 Indicators. <https://unhabitat.org/wp-content/uploads/2016/02/SDG-Goal%2011%20Monitoring%20Framework%202025-02-16.pdf> (Accessed 19 October 2019). Pgs. 14-15.

²¹ This is a point that the UN Special Rapporteur on Adequate Housing made recently in her assessment of Nigeria's housing sector, where she noted a housing sector in crisis, with development efforts focusing on housing for the wealthy squeezing the poor into more vulnerable housing situations. See: The Office of the High Commissioner for Human Rights (2019). Special Rapporteur on adequate housing as a component of the right to an adequate standard of living, and on the right to non-discrimination in this context. 23 September 2019. <https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=25033&LangID=E/> (Accessed 20 Oct 2019).

much of this in Angola.²² In West Africa, the most significant investment in the past ten years was a US\$130 million investment by the World Bank into the creation of the West African mortgage liquidity facility, the Caisse Regionale de Refinancement du Credit Hypothecaire de l'UEMOA (CRRH-UEMOA). The CRRH has attracted significant DFI capital, also through the West African Development Bank, BOAD. The French Development Agency, AfD, has provided funding to ARIZ, which guarantees loans to MSMEs and MFLs, although it is not clear if this was used in support of housing microfinance.²³

There is also interesting activity in new investment spaces. Real Estate Investment Trusts (REITs), often the domain of commercial property investors, are very slowly starting to develop residential portfolios, and some of these are focusing explicitly on the affordable market. The most activity can be found in South Africa, where Indulplace's portfolio of 9 933 units and Transcend Property's portfolio of 4 767 units both focus on affordable rental accommodation.²⁴ In other countries, take-up has been less enthusiastic. In Kenya, Stanlib Fahari is the only listed REIT (with a focus on commercial property), although regulations were in place in 2013. Rwanda has an established REITs framework but still has no listed REITs. Rwanda's National Pension Fund (RSSB) has been contemplating the establishment of a REIT, but is yet to list a vehicle. The lack of appetite for REITs in Rwanda might be due to the lack of tax exemptions – this is something to explore. In Zambia, REIZ is the only listed REIT, which is invested in both commercial and residential properties.²⁵ Nevertheless, a key barrier in all contexts is the absence of clear real estate track records – not because real estate investments are new, but because their performance has not been systematically tracked.

While the quantum of investment needs to be increased, there is a very real opportunity to take current investor experience and document it with detail and rigour, in support of the investment argument that the affordable housing sector so badly needs. This is especially so in the blended finance space, where the standard investment approach needs to shift from the norms applied to infrastructure funding where there is an existing understanding of which market risk capital will cover. In the particular context of social infrastructure investments that include housing, investors are actively looking for tools and frameworks that establish how to blend the mix of capital. This would help create speed in the delivery of housing transactions and free up more opportunities for consideration. In the scramble to do the deals and implement the funded interventions, however, the need for careful documentation, data collection and analysis, and indeed, tool development, is overlooked. This is a real problem: if investors cannot accurately, quickly and consistently quantify their risk, they will continue to rely upon DFI and government supports to make their investments. This may not be sustainable: the need is so great, and across so many sectors, it is entirely possible that attention on affordable housing may again shift away to another sector. Just when we're beginning to feel a groundswell of interest in this under-developed sector, we must think about securing market efficiencies in order to sustain this focused attention.

Assessing the Information Infrastructure

The lack of regular and reliable data on key indicators that would frame our understanding of the housing sector and its potential in particular local contexts continues to be a serious constraint to investment. Where NGOs and DFIs may be happy to go on trust – trust that the enormity of the housing challenge means that anything they do is worthwhile – this is not a sufficient driver for conventional investors that have shareholders to report to and quarterly financials to publish.

In 2007, when initial proposals for CAHF were contemplated, a literature review was commissioned by the FinMark Trust on housing finance development in Sub-Saharan Africa. The report explicitly noted limited availability of data and research, and that “the most rigorous analysis of various countries housing sectors’ come from donor agents that use off-shore consultants to assess the local situation.” The paper goes on to argue that “the most recent and thorough country assessments reside with the governments and the development agents that fund them and are generally not in the public domain.”²⁶

In the thirteen years since then, much has changed. As CAHF has grown, so has the library of research and data on housing finance, much of which is shared through our website. At the same time, domestic data sources have become much more diverse, and accessible, with governments publishing data through their national statistical offices, in their Central Bank annual reports, and in the reports of other departments at national and sometimes also local level. Most countries also have national statistical services that undertake regular household surveys, many of which are relevant to housing. In some cases, agencies have adopted explicit data collection objectives. The Nigeria Mortgage Refinance Company, for example, has established a Housing Market Information Portal where it promises to provide data on the Nigerian housing market.²⁷ Private data sources are also becoming more available: online property websites provide a useful indication of market dynamics, much like the Sunday section of local newspapers did in the past. Residential property analysts are also making their work available online. Lightstone in South Africa and Cytonn Real Estate in Kenya are just two examples. DFIs and development organisations such as the African Development Bank, the World Bank, IFC, UN Habitat, UNICEF, Habitat for Humanity International and others also collect and publish data, much of which can be aligned with housing investors’ information needs.

Still, there are huge gaps. This year's effort to produce the 2019 Yearbook gave special attention to data collection. Before appointing our country authors, we did background research on the data publicly available in each country and provided each country author with a list of references. We also collected basic secondary data – macroeconomic statistics, some industry data – from international sources such as the World Bank, UN Habitat, and others. This effort notwithstanding, we have emerged from the exercise with many countries where “n/a” has been placed in the data field. We have countries for which we have been able to establish the total size of the book of outstanding mortgages (provided by the Central Bank), but not the total number of mortgages outstanding. Given this, it is probably not surprising that we struggled to find the number of mortgages classified as non-performing. Very few countries collect data on the other forms of housing lending

²² Wood, D. (2019). Housing Investment Landscapes: Southern Africa Development Community. <http://housingfinanceafrica.org/documents/housing-investment-landscapes-southern-african-development-community-sadcf/> (Accessed 20 October 2019).

²³ Grelet, L. (2019). Housing Investment Landscapes: West African Economic and Monetary Union (WAEMU) Regional Report. http://housingfinanceafrica.org/app/uploads/West-Africa-Report_Hill_FinalReport_May2019_1.pdf (Accessed 20 October 2019).

²⁴ Indulplace (2019). Specialist Management to Drive Indulplace Performance: Focus remains on diversified residential portfolio strategy.

http://www.indulplace.co.za/downloads/2019/press/Indulplace_Interim_Results_%20Press%20Release.pdf and Transcend Residential Property Fund (2019) Unaudited Condensed Interim Financial Statements for the Six Months ended 30 June 2019. <https://transcendproperty.co.za/wp-content/uploads/2019/08/Transcend-2019-Interim-results.pdf> (Both accessed 21 October 2019).

²⁵ Altair (forthcoming). Exploring the potential for the development of a residential REITs market in Africa, with a focus on Morocco, Ghana, Nigeria, Kenya, Rwanda, Tanzania, Uganda and Zambia. Research commissioned by CAHF.

²⁶ Tomlinson, M (2007). A Literature Review on Housing Finance Development in Sub-Saharan Africa. <http://housingfinanceafrica.org/documents/a-literature-review-of-housing-finance-development-in-sub-saharan-africa/> Pg. 35. (Accessed 20 October 2019).

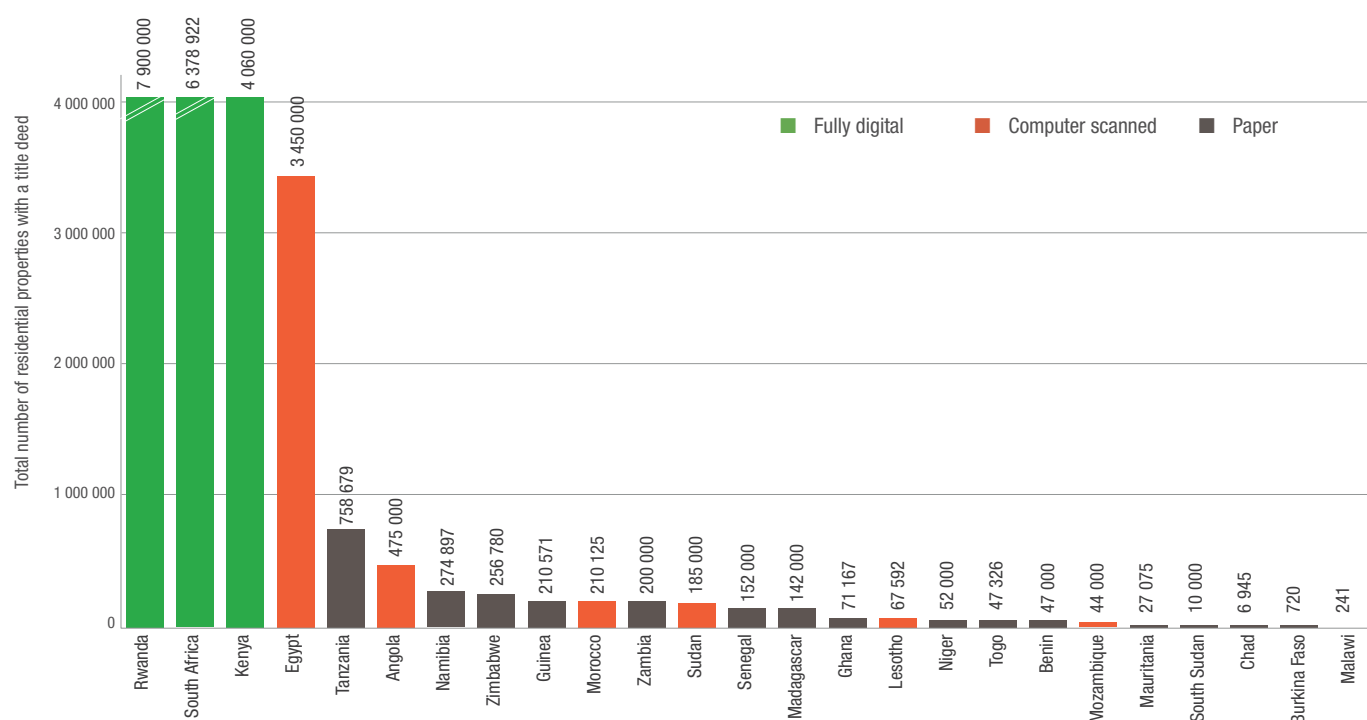
²⁷ See <https://hmp.nmrc.com.ng/nmrc/> (Accessed 20 October 2019).

– construction loans, microfinance loans. While the World Bank's Doing Business Indicators can tell us about the status of the deeds registry in the country, we could find the total number of title deeds for only 25 countries.²⁸ Because of this, we

also couldn't collect data on property market performance: the number of new residential transactions, the number of resale transactions, and the number of transactions financed with a mortgage bond.

TOTAL NUMBER OF RESIDENTIAL PROPERTIES WITH A TITLE DEED AND TYPE OF DEEDS REGISTRY

Source: CAHF Research, October 2019, and World Bank Doing Business Indicators



Note: Rwanda title deeds data refers to the full number of title deeds in the country and not residential.

For some countries, we struggled to access basic policy information, such as the minimum size of a residential plot in square meters. In others, we struggled to get administrative data that provides an indication of market efficiencies, such as the number of approved building permit applications, or the number of properties that are rated in the main city. Industry data, such as the number of formal estate agents, or private developers, was also hard to get, highlighting that in many countries the housing sector is not well organized. A surprising number of countries do not appear to track housing completions, and do not have a data point that clarifies how many houses there are in the country – this is also true for a segment of the South African market, where the total number of subsidised houses built by the government since 1994 cannot be determined with certainty.²⁹

Some countries have better data than others. In a few countries, the Central Bank publishes real estate and lending data. In Kenya, mortgage data is published annually. In Morocco, Tunisia and South Africa, data is published monthly and quarterly. The Tanzania Mortgage Refinance Company publishes a quarterly review of mortgage data in that country. Very many governments publish no housing-specific data, however. It is surprising that there is also very little private sector data. Many of

our country authors expressed frustration with the unwillingness of companies to share their data, citing competitive reasons. Where industry bodies do exist – the Kenya Property Developers Association, for example, or the Banking Association of South Africa, or the Ghana Real Estate Developers Association – it is surprising that they too provide very little or no data.

This Yearbook is testament to the fact that the more we know, the more we understand how little we really know. One challenge is that the data that we are able to collect is invariably aggregated to the national level. Very little data is available at the city, neighbourhood or even project level. This means that we lose the ability to understand local nuance – nuance that may make or break a development. Data is also often provided as an aggregated average across the market, rather than by market segment. In highly unequal societies this is a particular challenge – the potential opportunity in the affordable market segment gets lost in the averages skewed by high income housing sector activity. And then there is the question of data reliability and consistency, in terms of the definitions applied, the method and frequency of collection, and the ability to compare across jurisdictions – all important factors if we are to promote increased investment in this sector.

²⁸ Perhaps this is explained by the state of the deeds registries: while all countries have some sort of deeds registry, only four are fully digital, a further fifteen are computerized, and the remaining (35) exist on paper.

²⁹ For a discussion on this with relation to South Africa, see Melzer, I. and Garbers, C. (2019). From Counting Houses to Making Houses Count: Publicly Available Administrative Data on Subsidised Housing. <http://housingfinanceafrica.org/documents/from-counting-houses-to-making-houses-count-publicly-available-administrative-data-on-subsidised-housing/> (Accessed 21 October 2019).

A Data Agenda for Africa

CAHF believes that market intelligence and good, reliable, consistent data is fundamental market infrastructure for the housing finance sector. In providing market intelligence that makes the case for investment in underserved markets, we can support a better policy environment and increased private sector activity in affordable housing markets. In this way, we catalyse scale interventions. This is an effort that must apply across the continent, and be on the minds of all stakeholders.

Working with partners and colleagues across the continent, CAHF's Data Agenda for Africa therefore seeks to meet five objectives:

1. Collect, assess and curate available data (public, private and deal-specific) relevant to increased investment in affordable housing across Africa.
2. Identify data gaps that inhibit market activity and close key data gaps by:
 - Encouraging data owners to make existing data available or improve quality /coverage of data they collect
 - Commissioning partners to gather additional data (primary data)
3. Integrate, optimise and expand our set of knowledge products & data tools to produce a set of key data outputs that are widely used.
4. Build the capacity of partner institutions to analyse data and engage with data-driven outputs.
5. Promote the importance of accessible, credible data as a catalyst in the affordable housing market.

Our ability to pursue these objectives is significantly enhanced in the current context where technological advances, from blockchain to marketplace applications to drone photography, are creating new data sources never before imagined. As deeds registries become digital, this too will create new data with which to understand property markets. And then, there is the regular effort of all stakeholders, which offer an array of administrative data worthy of our attention. Our ability to maximise these opportunities, however, will depend on the overall framework we design and the standards we uphold, as well as the active participation of the parties. This is our Data Agenda for Africa.

Looking forward

The development of sustainable and vibrant financial frameworks for housing, which explicitly address the contexts of local markets and the households who live in them, is about both the technical specifications of the approach, and the process that is followed to build market confidence and encourage the participation of the parties, in both the public and the private sectors. Looking forward, Africa's affordable housing sector needs attention in four broad areas:

1. **Housing is a long term, complex effort which requires capital that is patient in terms of time, the target and objective.** Investors, whether public, private, DFI, or households themselves, have different return expectations and risk appetites. Their investments may be equity, debt, or grant. Blended finance is the effort of combining the most productive arrangement of capital from the various sources, in a way that delivers the funding needed to undertake the initiative. While blended finance has been tested in other sectors, it hasn't yet developed a track record in housing, with only a few deals offering promise. There is an opportunity to create a framework for thinking about blending finance with subsidies and other supports to achieve acceptable returns, and setting a precedent for future investors by testing this in a few sites.
2. **The development of mechanisms to enable the investment of local capital.** Given the particularly volatile nature of developing economies, affordable housing finance can really only be achieved if capital is local, drawn from local capital markets, and in local currency. This will require the development of local capital markets, and attention to policy and legislative barriers to local investment in housing. Local pension funds should be obvious investors, but the concept of affordable housing is a stretch for their investment committees. There is a need for pilot initiatives to test the participation of local capital in particular housing contexts.
3. **The concurrent application of different financial mechanisms along the housing value chain.** It is insufficient to apply capital to only one link in the housing delivery value chain – this approach puts the investment at risk of failure when other broken links undermine delivery. Investors require a bird's eye view of the entire housing ecosystem and a way to require or apply interventions along the value chain. Support for sector development will be an important component– for example, if a microlender makes a housing microloan available, can they be certain that there is a builder with the technical capacity to build quality accommodation? This is an area in which Habitat for Humanity, iBUILD Global and Reall have been involved. Integrating a value chain approach with a consideration of where capital is best applied, is an important area of focus.
4. **The presentation of data, market analytics, thought leadership and market tracking** necessary to bring the parties along. As investors consider their options, they rely on market data that is both timely and trustworthy, speaks directly to their concerns and interests, and highlights where further opportunities might lie. A large part of the effort to establish sustainable and inclusive financial frameworks is demonstrating that these frameworks can offer competitive returns. This will require the development of market development-focused key performance indicators, and then an insistence on transparency in performance and impact analyses. An investment into information infrastructure that is explicitly targeted at this market niche will go a long way to mainstreaming affordable housing as an investment target.

These four factors are not necessarily new or unique: they are the basic building blocks of any sector. What is unique is their application to the question of affordable housing in Africa, where so long this market segment has been seen to be the domain of the state. As we move into the next decade of market tracking through the Housing Finance in Africa Yearbook, our focus must be on the depth and rigour necessary to support good investment decisions in affordable housing. Building the "information infrastructure" will enable the evidence-based development of products, services, policies and regulations, which can support financially sustainable interventions in affordable housing, and ultimately, more effective housing markets that meet the diverse needs of all residents.

An explanation of the approach used to compare housing affordability in different African countries

The task of comparing housing affordability across different African countries is made more difficult because the cost of houses, and the incomes used to pay for them, are usually denominated in the local currency of the countries included in the analysis. For this reason, previous editions of this Yearbook converted relevant elements of the affordability calculations into a single, internationally-accepted currency – the United States dollar – using prevailing market exchange rates. However, some countries have fixed or pegged official exchange rate systems that operate in conjunction with parallel or “black market” rates that often provide a more accurate reflection of economic fundamentals. For example, at the start of 2018, Angola had an official exchange rate of approximately Kz 165/US\$ and a parallel market rate of more than Kz400/US\$. Those importers able to import at the official rate had a substantial advantage over those that had to use the parallel market.

In addition, exchange rate movements are seldom consistent with inflation differentials, and market exchange rates tend to be far more volatile over time than both house prices and incomes expressed in local currency terms. This is especially true of countries – of which there are a number of examples in Africa – with comparatively narrow export bases whose currencies are unduly affected by the prevailing prices of their primary export commodities on international markets. Nigeria is a good example of this. Between May 2016 and May 2017, the Naira weakened against the US dollar by more than 58 percent, but over the same period inflation in Nigeria was more than 16 percent while in the United States it was less than 2 percent. To reflect relative purchasing power, the Naira should only have weakened against the US dollar by approximately 14 percent. If house prices in Nigeria moved in tandem with consumer prices over this period, they would have increased by 16.3 percent in local currency, but in US dollar terms they would have dropped by 27 percent. In the subsequent twelve months (May 2017 to May 2018), the Naira weakened by a further 14 percent against the US dollar while the inflation differential between the two countries dropped to just under 9 percent. In local currency terms, house prices would have increased by 11.6 percent if they matched CPI inflation, but in US dollar terms they would have dropped by a further 2 percent.

Because of the distortions that the use of prevailing market exchange rates can give rise to, it was decided to convert the affordability calculations in this Yearbook into **international purchasing power parity (PPP) dollars**. A PPP dollar is a notional currency that reflects the rate at which the currency of one country would have to be converted into that of another country to buy the same amount of goods and services in each country. Consistent use of PPP dollars over time will not only significantly reduce the volatility that was inherent in the previous US\$-based calculations, but will also provide a more accurate reflection of the relative affordability of housing in each of the African countries included in the analysis – both in a particular year, and over time. Comparing the relative affordability of housing across different African countries will also be more accurate and meaningful.

The housing affordability calculations in this Yearbook make use of the average costs of an affordable housing unit in each country, prevailing minimum downpayment requirements and mortgage rates, typical mortgage terms and the distribution of household incomes in both urban and rural areas. The house costs, downpayment and household incomes are all valued in PPP dollars using exchange rates calculated by the World Bank.

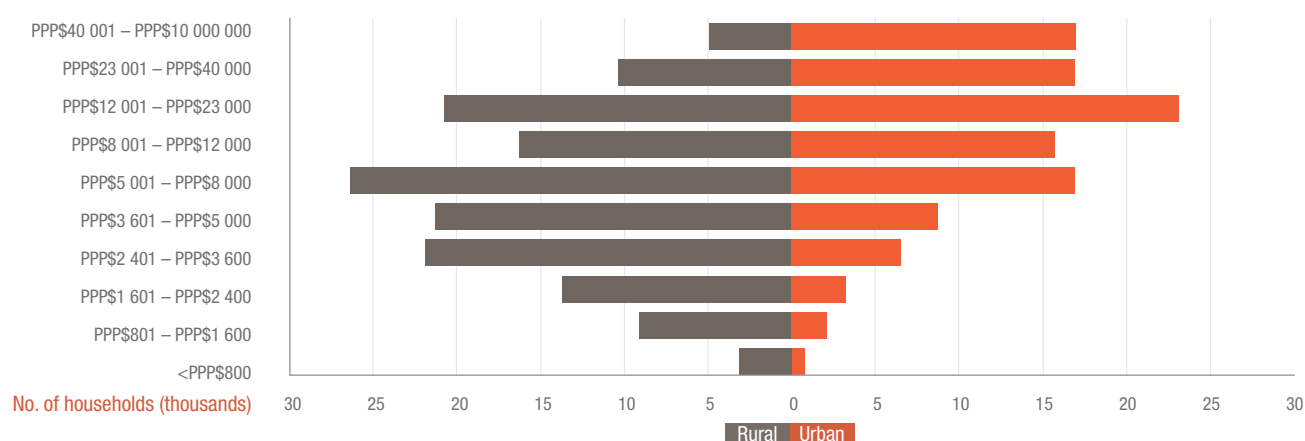
A further refinement in this Yearbook is that the estimates of household income are based on declared household *expenditure* (or consumption), rather than declared incomes. Household expenditure data takes account of informal income and is generally regarded as a more accurate measure because survey respondents are less inclined to undercount their expenditure than they are their incomes. Note that affordability calculations based on household consumption *may not* translate into mortgage access. Lenders still need to learn how to underwrite for informal incomes and are more likely to determine mortgage affordability on the basis of formal wage income.

CAHF uses the Canback Global Income Distribution Database (CGIDD) to calculate the affordability graphs in this Yearbook. For more information, or to download the data directly, visit www.cgidd.com

Keith Lockwood

AFRICA

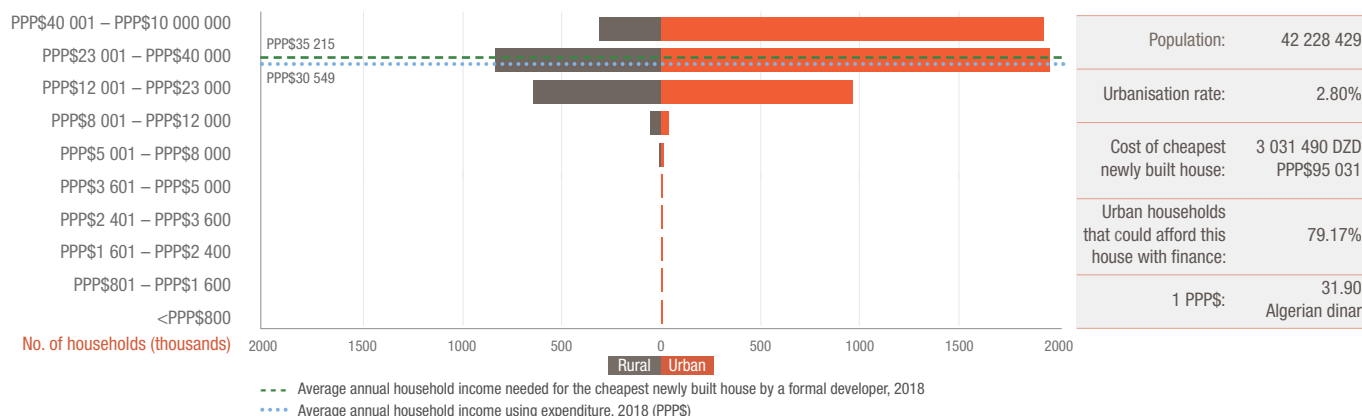
Annual income profile for rural and urban households based on consumption (PPP\$), 2018



The price of the cheapest newly built house by a private developer is reflected in the following graphs in PPP\$, to enable cross-country comparisons. Local currency costs are reflected in the country profiles.

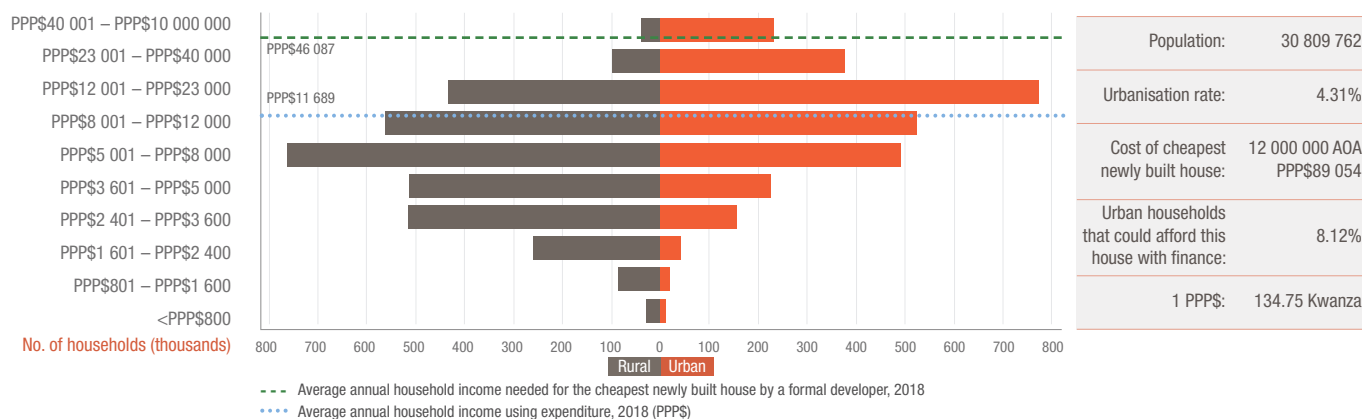
ALGERIA

Annual income profile for rural and urban households based on consumption (PPP\$)



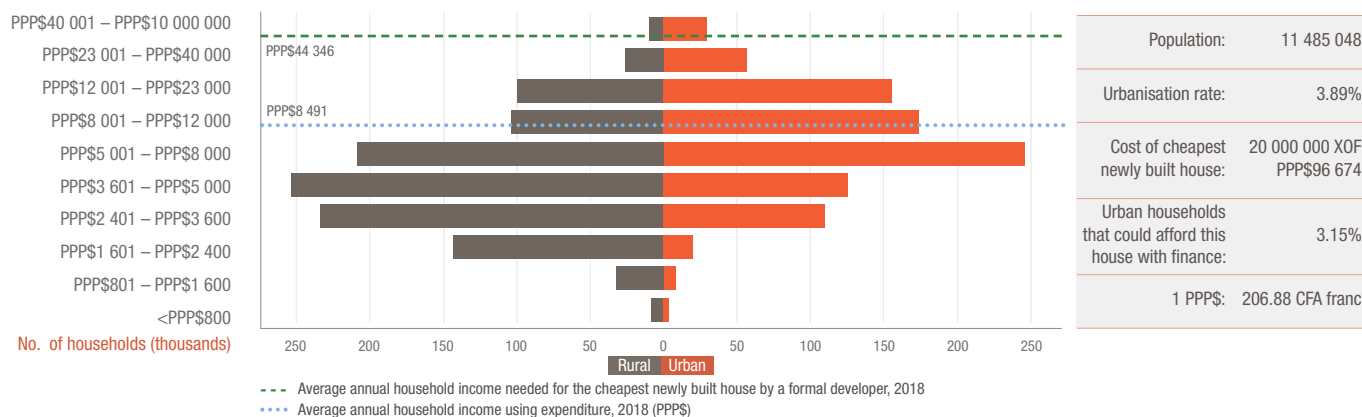
ANGOLA

Annual income profile for rural and urban households based on consumption (PPP\$)



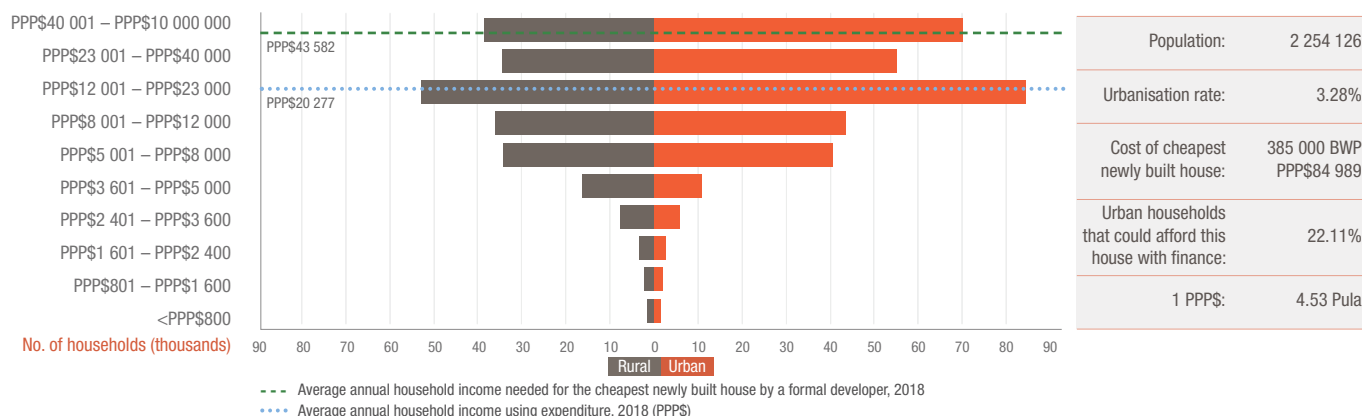
BENIN

Annual income profile for rural and urban households based on consumption (PPP\$)



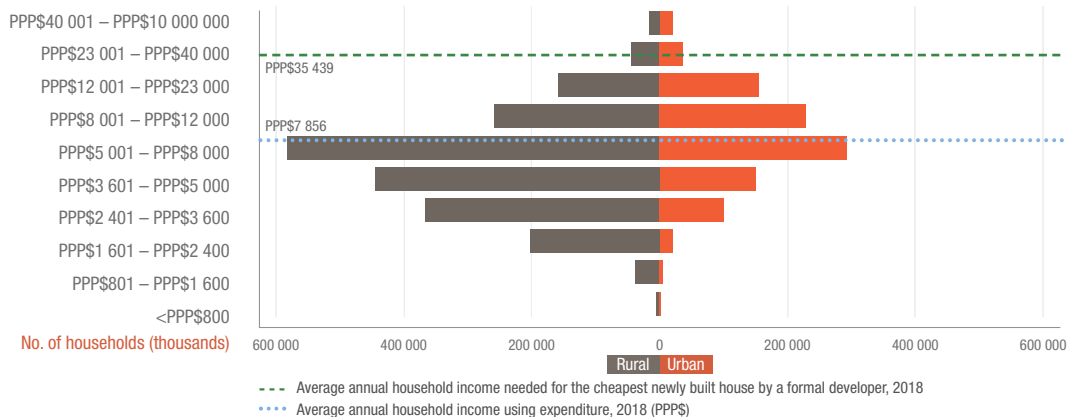
BOTSWANA

Annual income profile for rural and urban households based on consumption (PPP\$)



BURKINA FASO

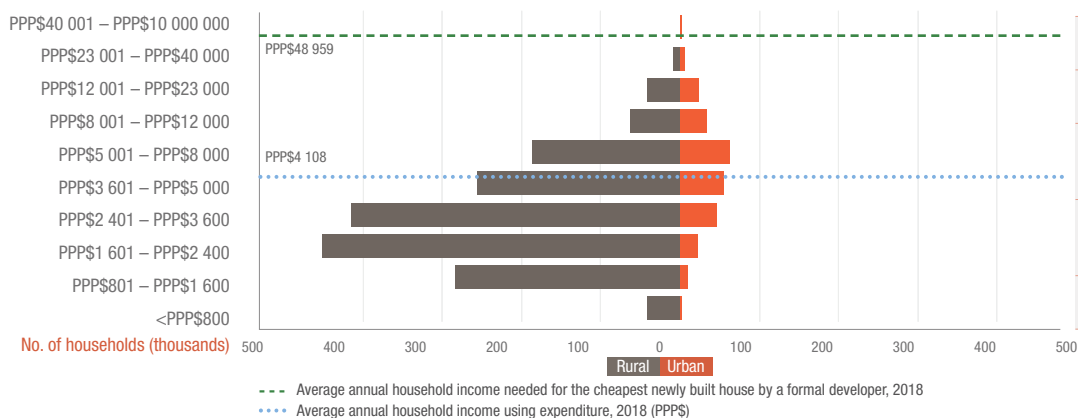
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	19 751 535
Urbanisation rate:	4.98%
Cost of cheapest newly built house:	18 000 000 XOF PPP\$87 493
Urban households that could afford this house with finance:	2.01%
1 PPP\$:	205.73 CFA franc

BURUNDI

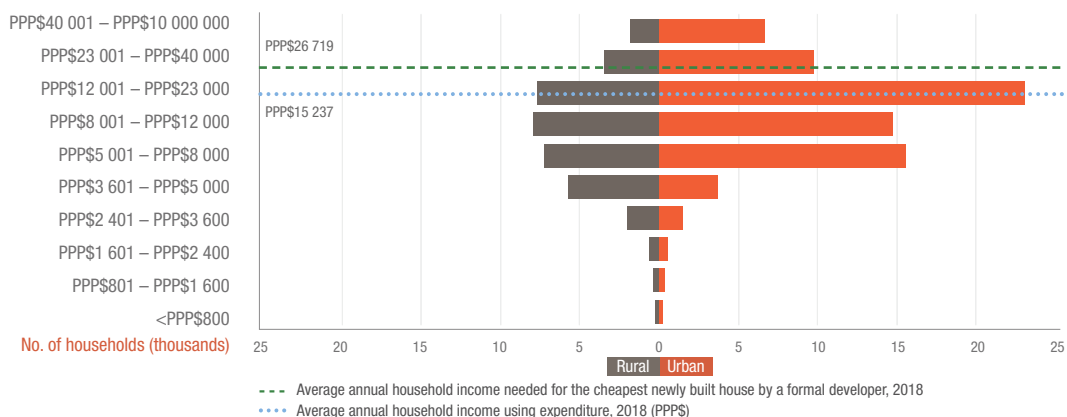
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	11 175 378
Urbanisation rate:	5.70%
Cost of cheapest newly built house:	57 505 000 BIF PPP\$86 985
Urban households that could afford this house with finance:	0.69%
1 PPP\$:	661.09 Burundi franc

CABO VERDE

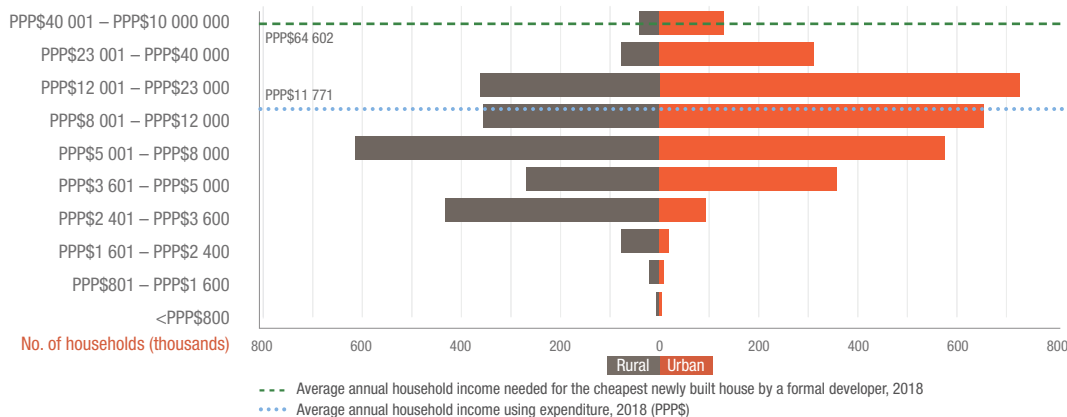
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	543 767
Urbanisation rate:	1.88%
Cost of cheapest newly built house:	2 475 000 CVE PPP\$54 360
Urban households that could afford this house with finance:	21.56%
1 PPP\$:	45.53 Cape Verdean Escudo

CAMEROON

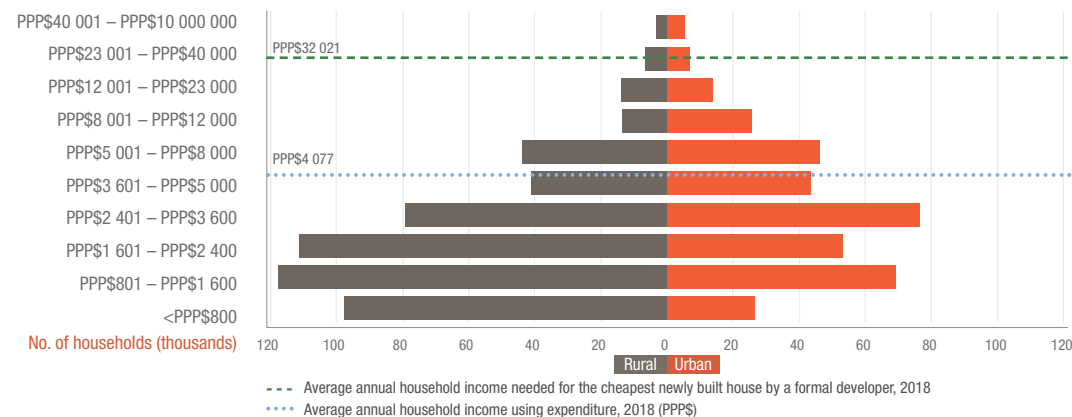
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	25 216 237
Urbanisation rate:	3.68%
Cost of cheapest newly built house:	19 587 750 XAF PPP\$87 053
Urban households that could afford this house with finance:	4.56%
1 PPP\$:	225.01 CFA franc

CENTRAL AFRICAN REPUBLIC

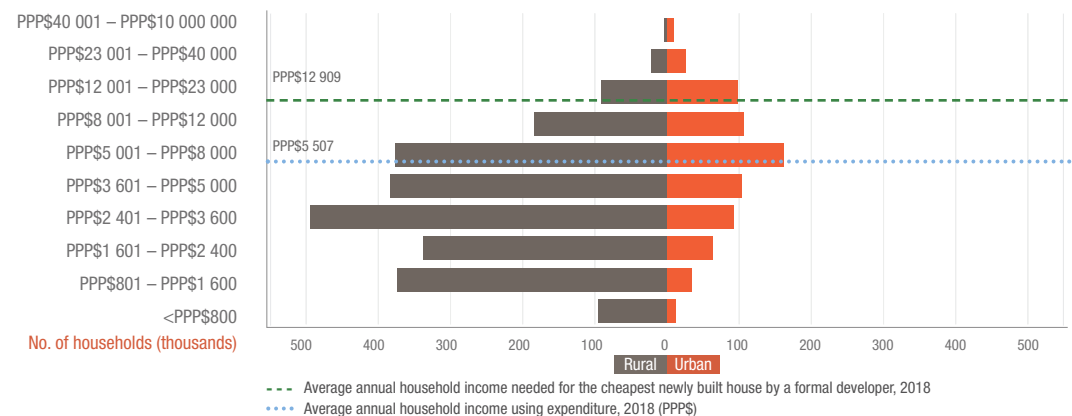
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	4 666 377
Urbanisation rate:	2.45%
Cost of cheapest newly built house:	13 445 760 XAF PPP\$41 349
Urban households that could afford this house with finance:	1.45%
1 PPP\$:	325.18 CFA franc

CHAD

Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	15 477 751
Urbanisation rate:	3.90%
Cost of cheapest newly built house:	5 785 091 XAF PPP\$28 010
Urban households that could afford this house with finance:	18.86%
1 PPP\$:	206.54 CFA franc

COMOROS

Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	832 322
Urbanisation rate:	2.87%
Cost of cheapest newly built house:	30 000 000 KMF PPP\$140 819
Urban households that could afford this house with finance:	8.83%
1 PPP\$:	213.04 Comorian franc

CONGO REPUBLIC

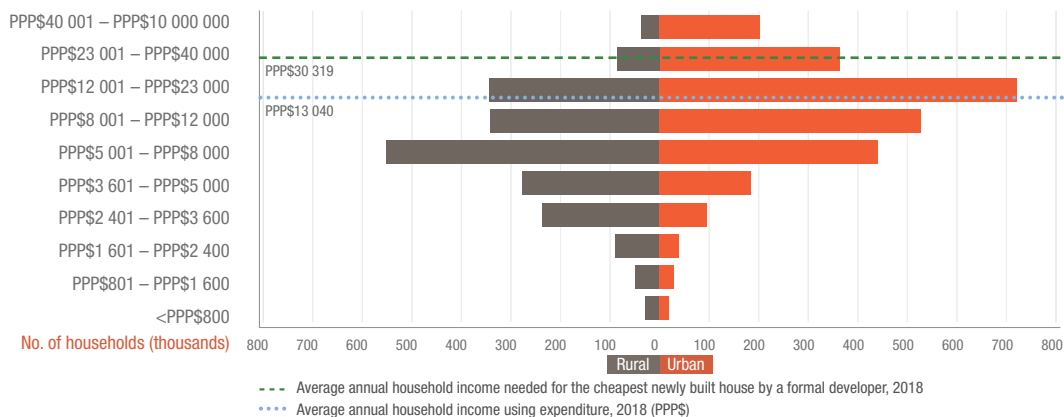
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	5 244 363
Urbanisation rate:	3.27%
Cost of cheapest newly built house:	211 339 710 XAF PPP\$1 001 563
Urban households that could afford this house with finance:	3.08%
1 PPP\$:	211.01 Congolesse franc

COTE D'IVOIRE

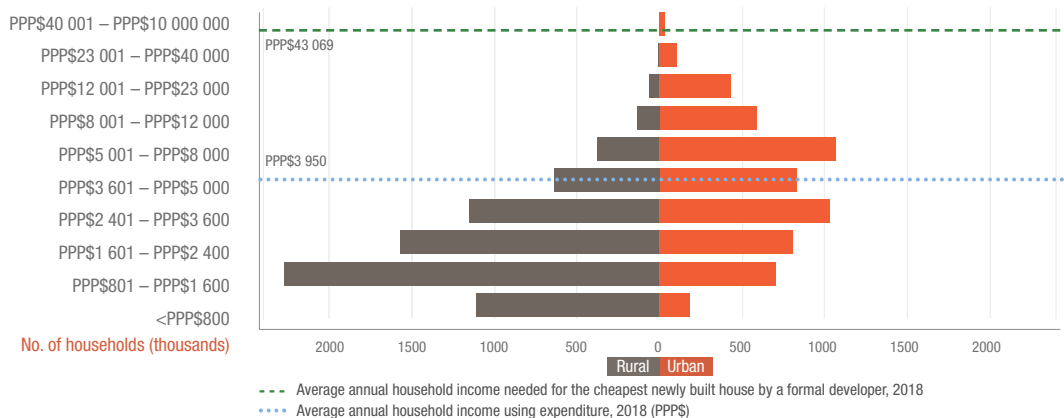
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	25 069 229
Urbanisation rate:	3.45%
Cost of cheapest newly built house:	15 500 000 CFA PPP\$68 279
Urban households that could afford this house with finance:	21.50%
1 PPP\$:	227.01 CFA franc

DEMOCRATIC REPUBLIC OF CONGO

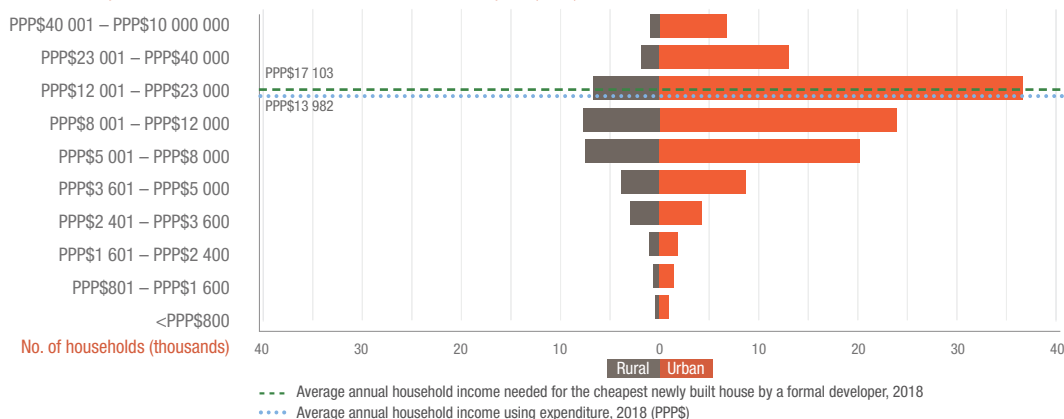
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	84 068 091
Urbanisation rate:	4.54%
Cost of cheapest newly built house:	65 997 901 CDF PPP\$67 376
Urban households that could afford this house with finance:	0.58%
1 PPP\$:	979.55 Congolese franc

DJIBOUTI

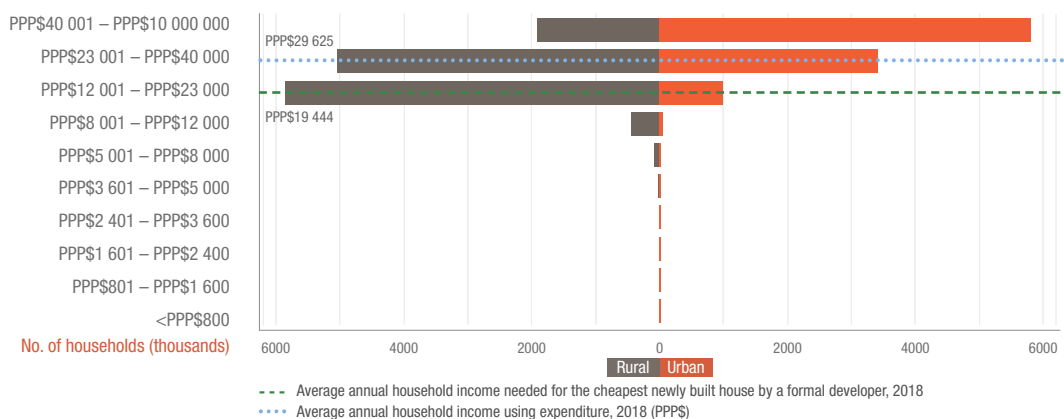
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	958 920
Urbanisation rate:	1.72%
Cost of cheapest newly built house:	5 400 000 DJF PPP\$57 447
Urban households that could afford this house with finance:	47.89%
1 PPP\$:	94.0 Djiboutian franc

EGYPT, ARAB REP.

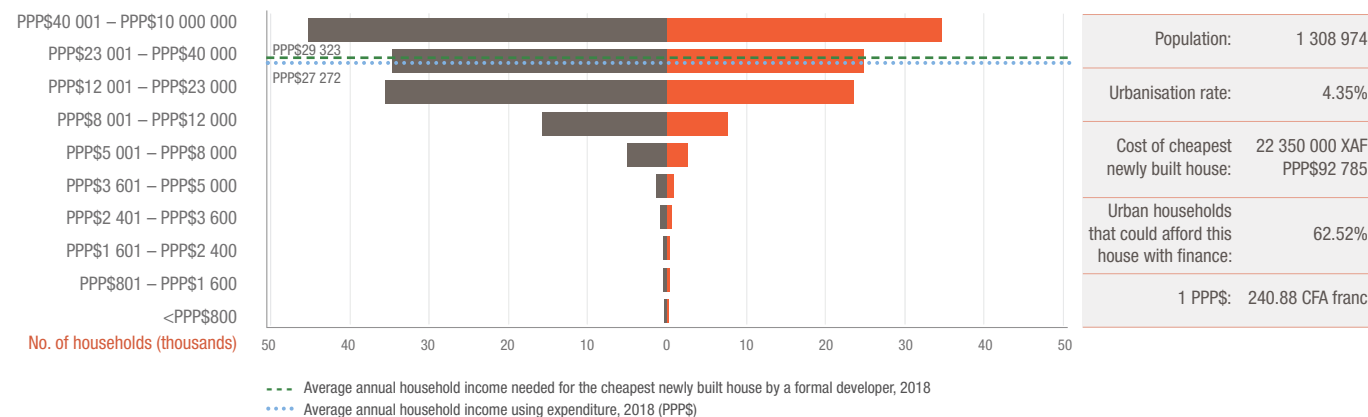
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	98 423 595
Urbanisation rate:	2.03%
Cost of cheapest newly built house:	193 000 EGP PPP\$53 022
Urban households that could afford this house with finance:	89.73%
1 PPP\$:	3.64 Egyptian pound

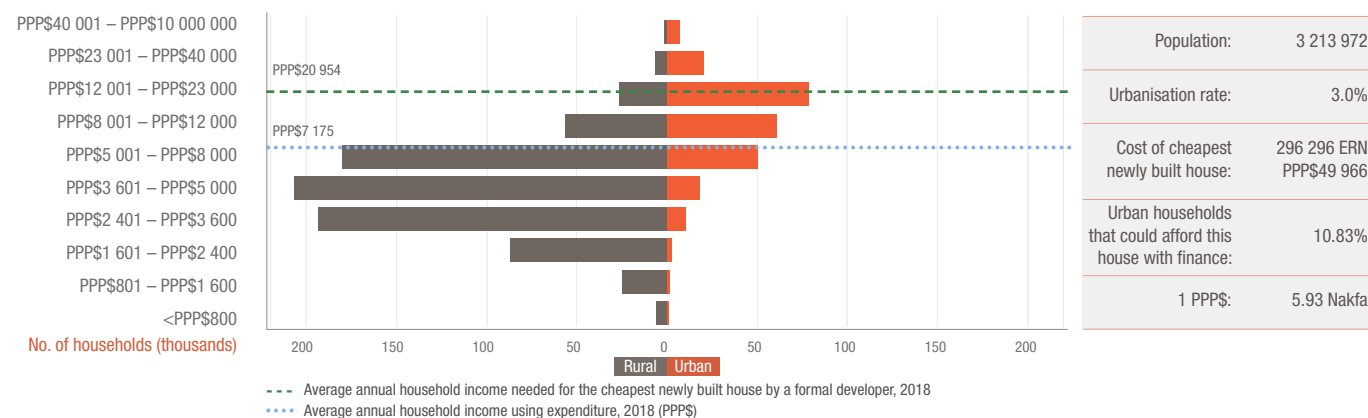
EQUATORIAL GUINEA

Annual income profile for rural and urban households based on consumption (PPPs)



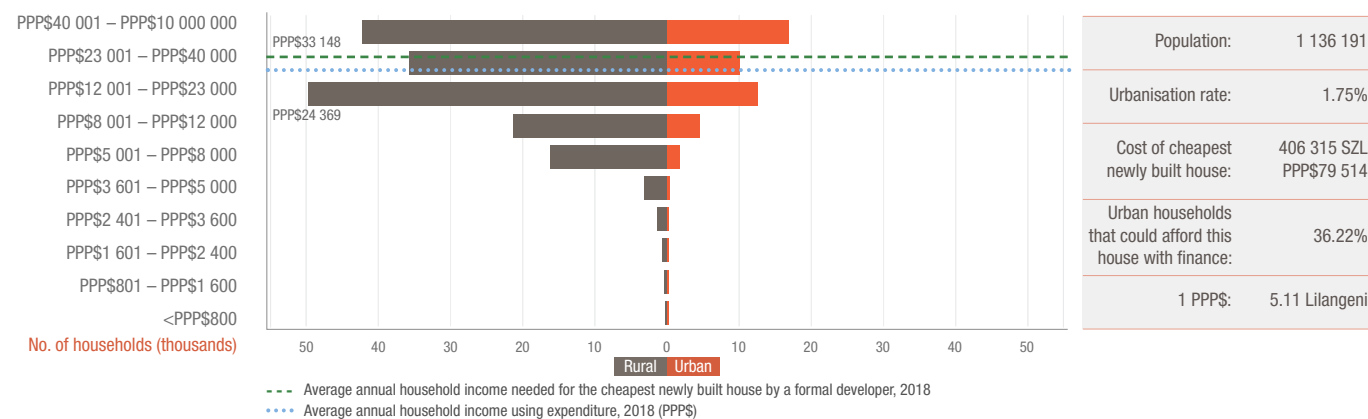
ERITREA

Annual income profile for rural and urban households based on consumption (PPPs)



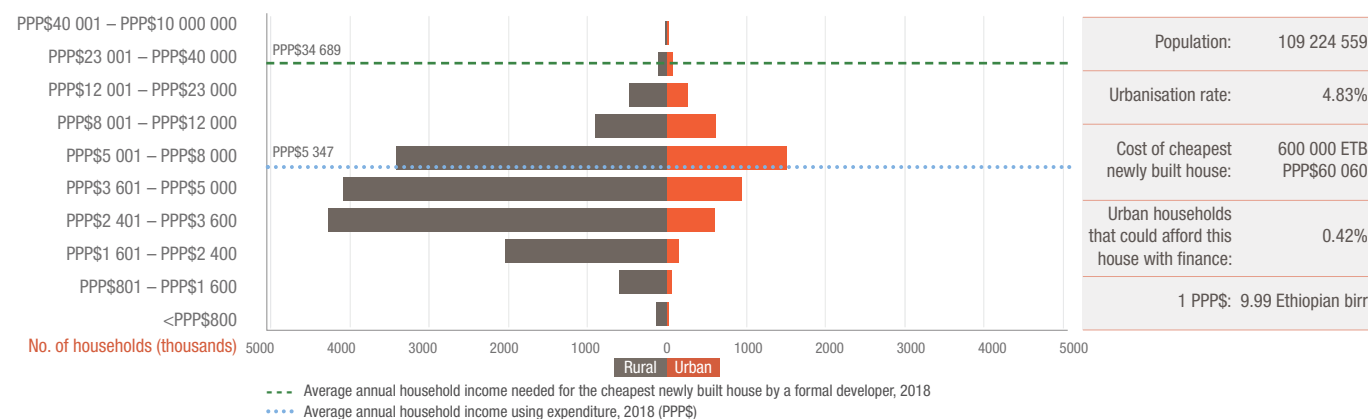
ESWATINI

Annual income profile for rural and urban households based on consumption (PPPs)



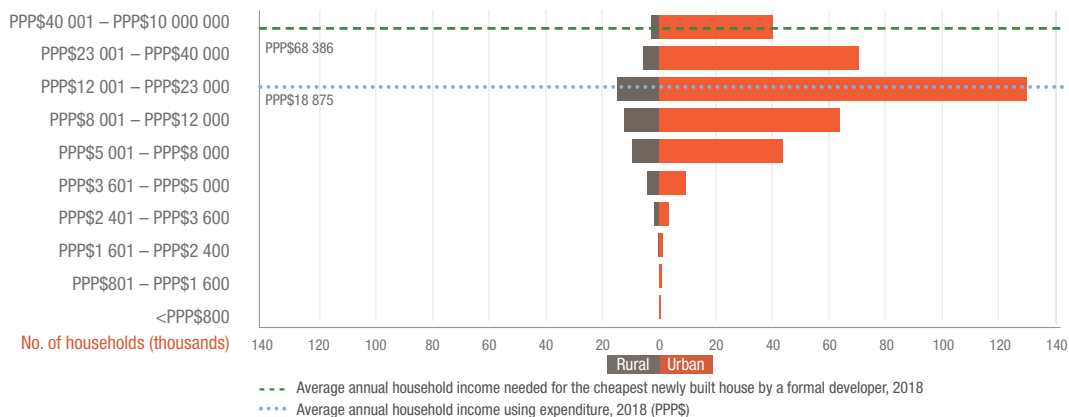
ETHIOPIA

Annual income profile for rural and urban households based on consumption (PPPs)



GABON

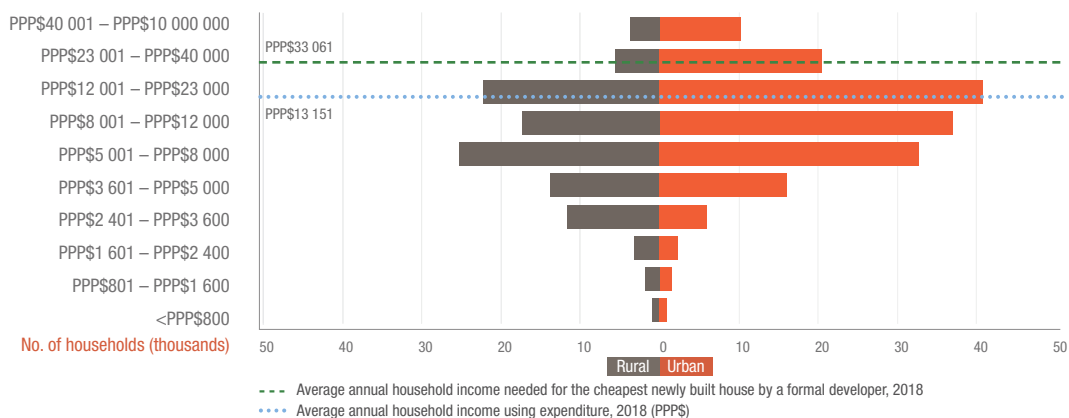
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	2 119 275
Urbanisation rate:	3.04%
Cost of cheapest newly built house:	86 104 320 CFA PPP\$345 634
Urban households that could afford this house with finance:	11.03%
1 PPP\$:	249.12 CFA franc

GAMBIA, THE

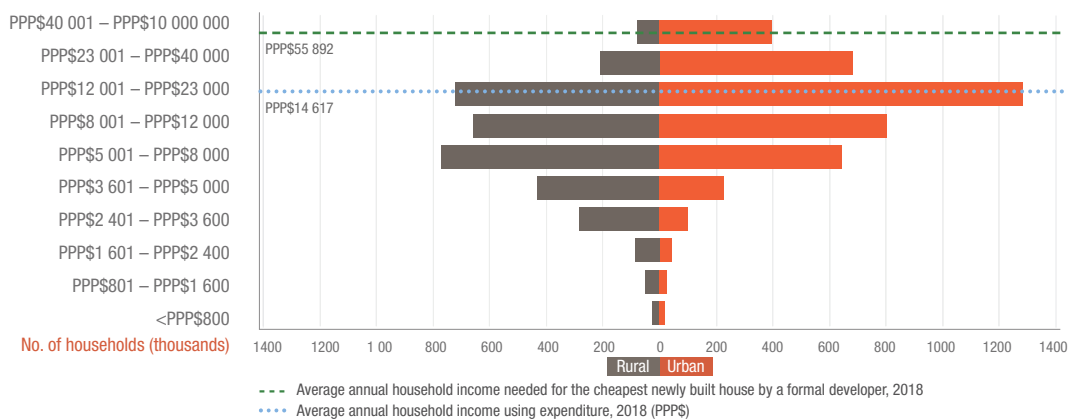
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	2 280 102
Urbanisation rate:	4.05%
Cost of cheapest newly built house:	1 500 000 GMD PPP\$74 590
Urban households that could afford this house with finance:	6.04%
1 PPP\$:	20.11 Dalasi

GHANA

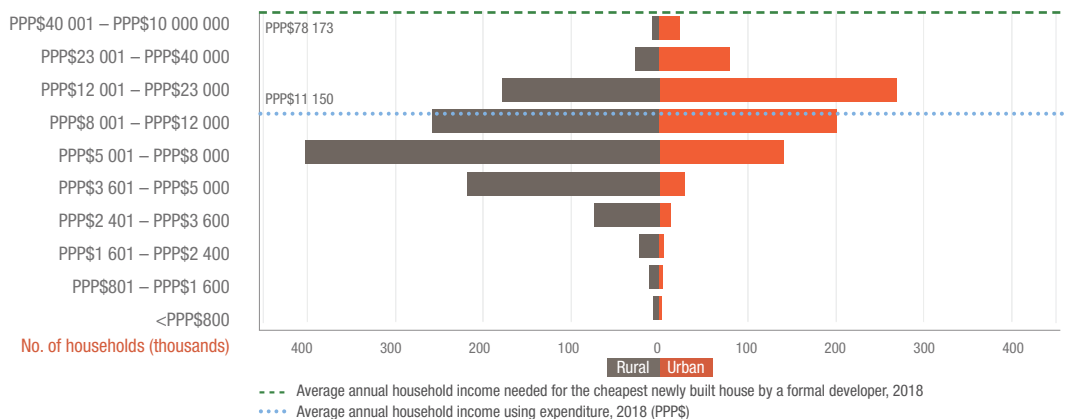
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	29 767 108
Urbanisation rate:	3.36%
Cost of cheapest newly built house:	108 704 GHS PPP\$51 035
Urban households that could afford this house with finance:	9.40%
1 PPP\$:	2.13 Ghanaian cedi

GUINEA

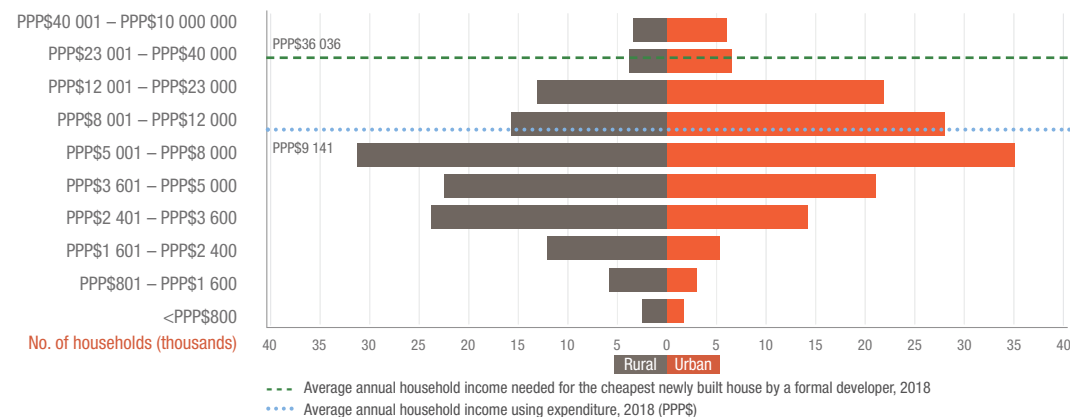
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	12 414 318
Urbanisation rate:	3.80%
Cost of cheapest newly built house:	220 000 000 GNF PPP\$72 539
Urban households that could afford this house with finance:	3.10%
1 PPP\$:	3 032.86 Guinean franc

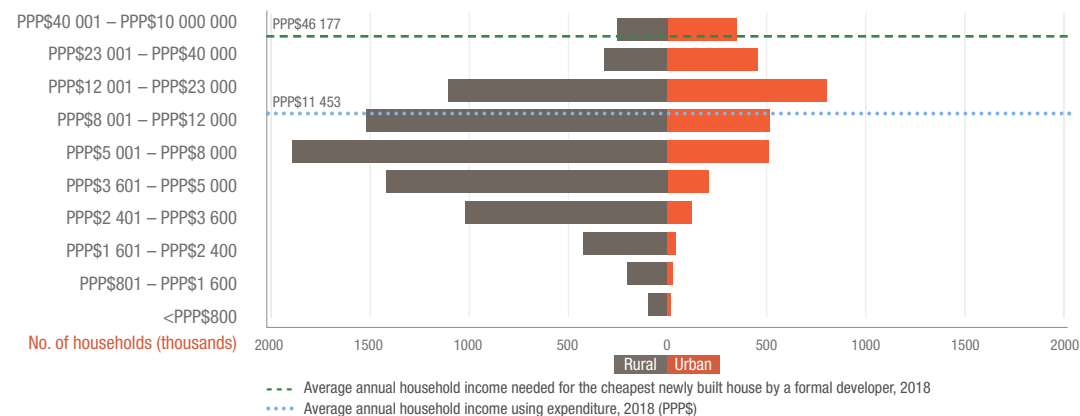
GUINEA-BISSAU

Annual income profile for rural and urban households based on consumption (PPPs)



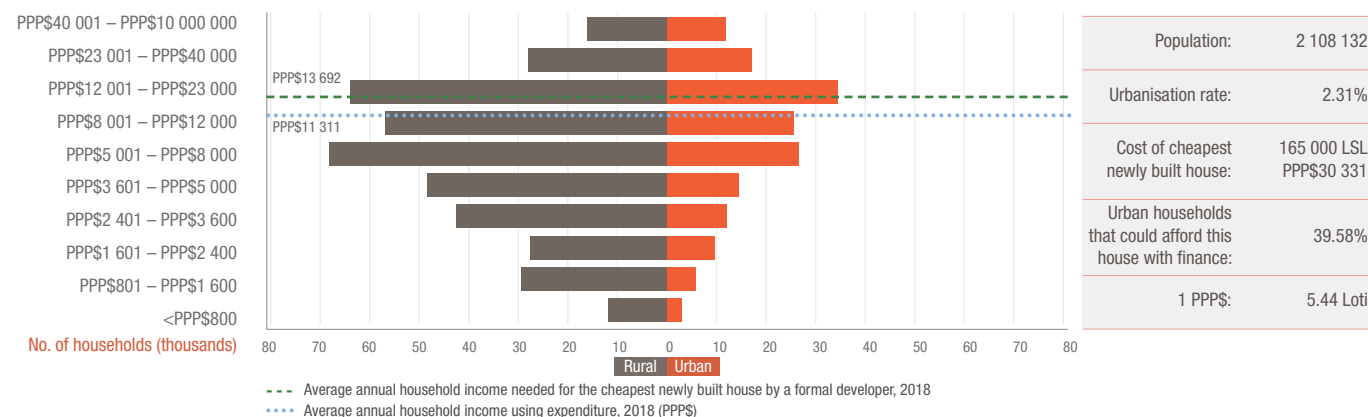
KENYA

Annual income profile for rural and urban households based on consumption (PPPs)



LESOTHO

Annual income profile for rural and urban households based on consumption (PPPs)



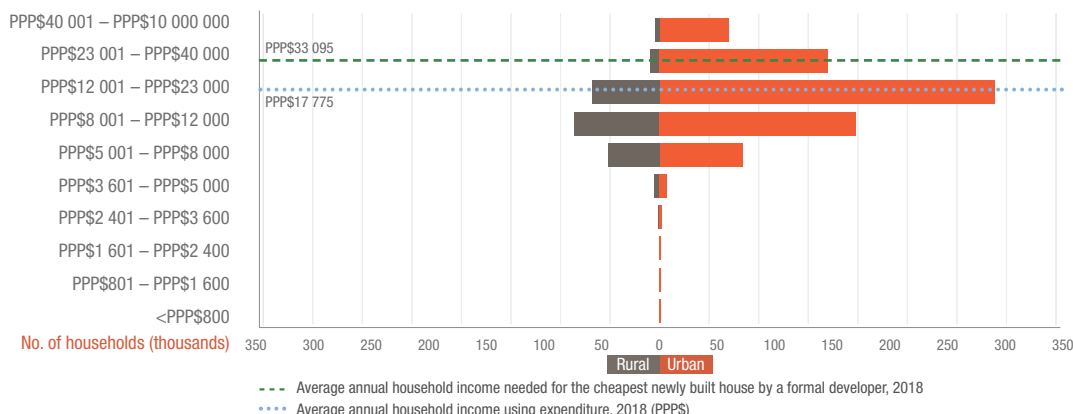
LIBERIA

Annual income profile for rural and urban households based on consumption (PPPs)



LIBYA

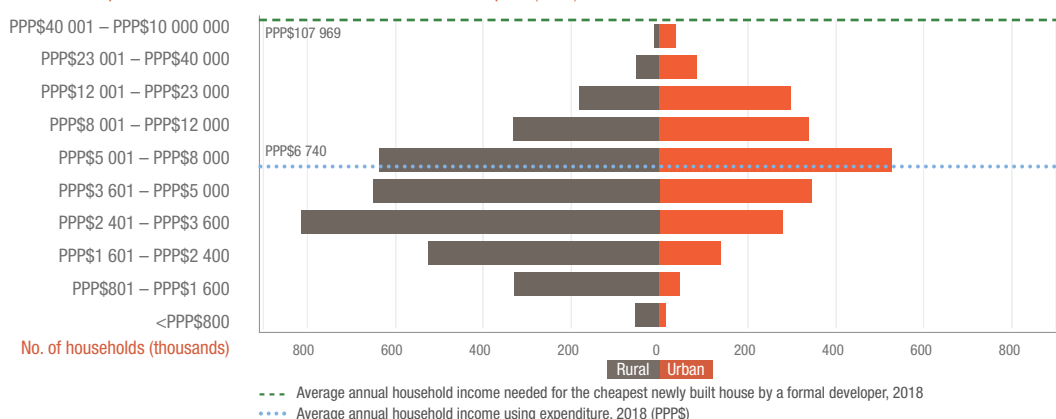
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	6 678 567
Urbanisation rate:	1.83%
Cost of cheapest newly built house:	69 000 LYD PPP\$115 000
Urban households that could afford this house with finance:	7.95%
1 PPP\$:	0.48 Libyan dinar

MADAGASCAR

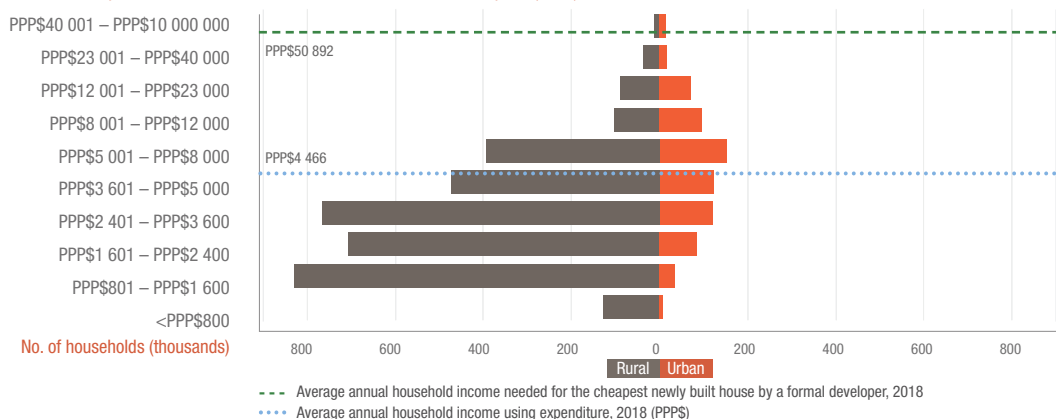
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	26 262 368
Urbanisation rate:	4.48%
Cost of cheapest newly built house:	90 000 000 MGA PPP\$95 740
Urban households that could afford this house with finance:	1.76%
1 PPP\$:	940.05 Malagasy ariary

MALAWI

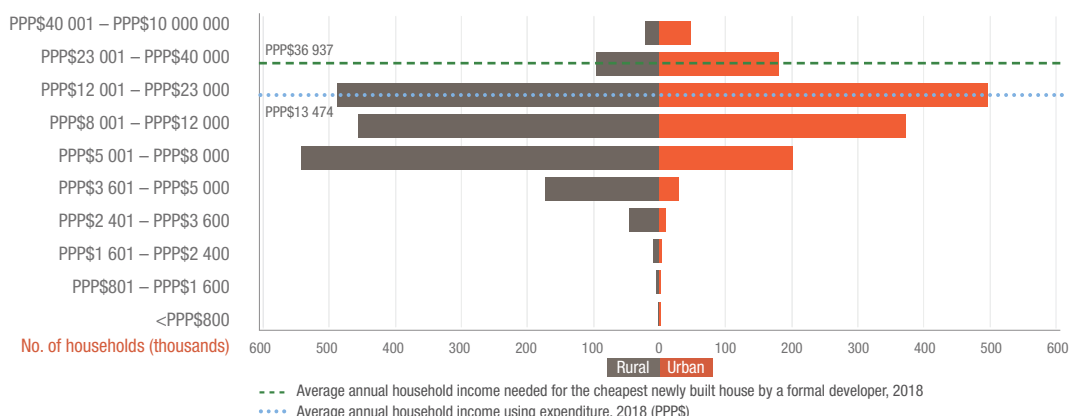
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	18 143 315
Urbanisation rate:	3.97%
Cost of cheapest newly built house:	16 000 000 MWK PPP\$73 425
Urban households that could afford this house with finance:	1.91%
1 PPP\$:	217.91 Malawian kwacha

MALI

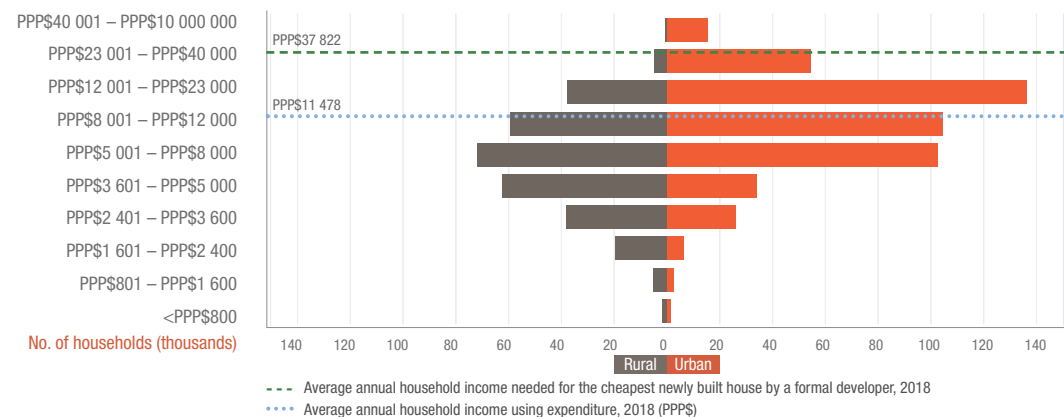
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	19 077 690
Urbanisation rate:	4.88%
Cost of cheapest newly built house:	13 300 000 XOF PPP\$61 401
Urban households that could afford this house with finance:	3.48%
1 PPP\$:	216.61 CFA franc

MAURITANIA

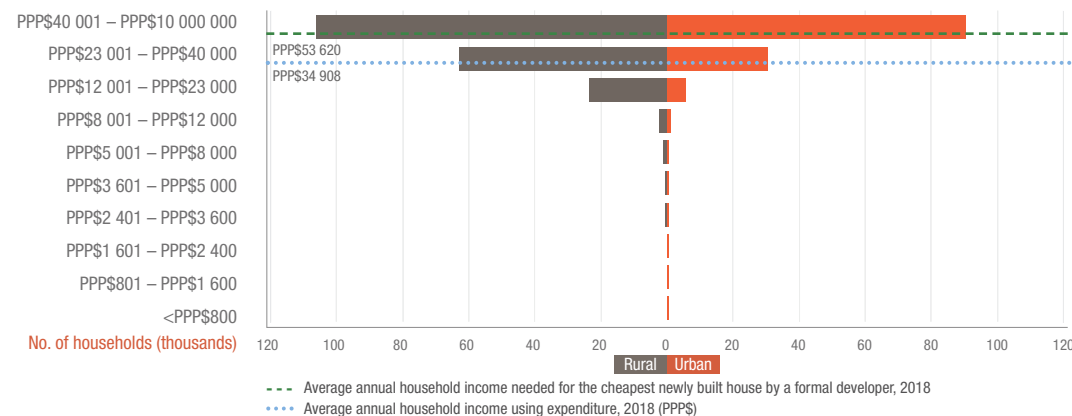
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	4 403 319
Urbanisation rate:	4.37%
Cost of cheapest newly built house:	10 371 229 MRO PPP\$99 916
Urban households that could afford this house with finance:	3.24%
1 PPP\$:	103.80 Ouguiya

MAURITIUS

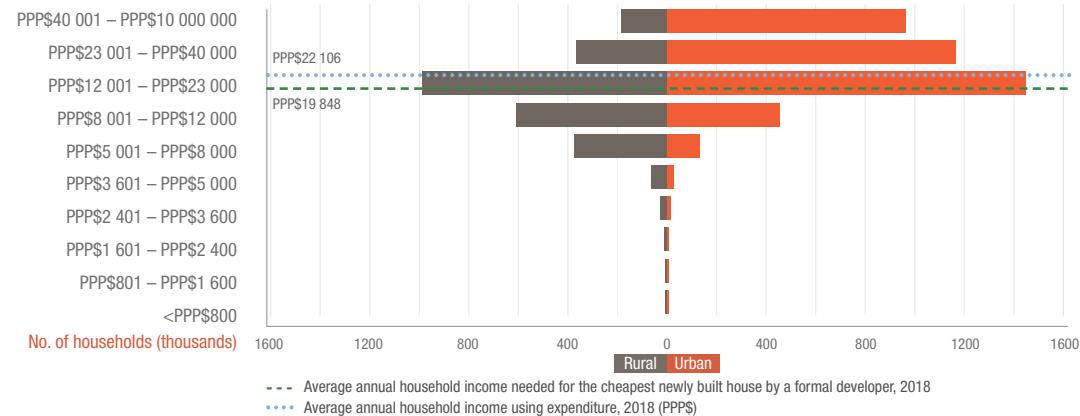
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	1 265 303
Urbanisation rate:	-0.06%
Cost of cheapest newly built house:	1 250 000 MUR PPP\$77 688
Urban households that could afford this house with finance:	70.44%
1 PPP\$:	16.09 Mauritian rupee

MOROCCO

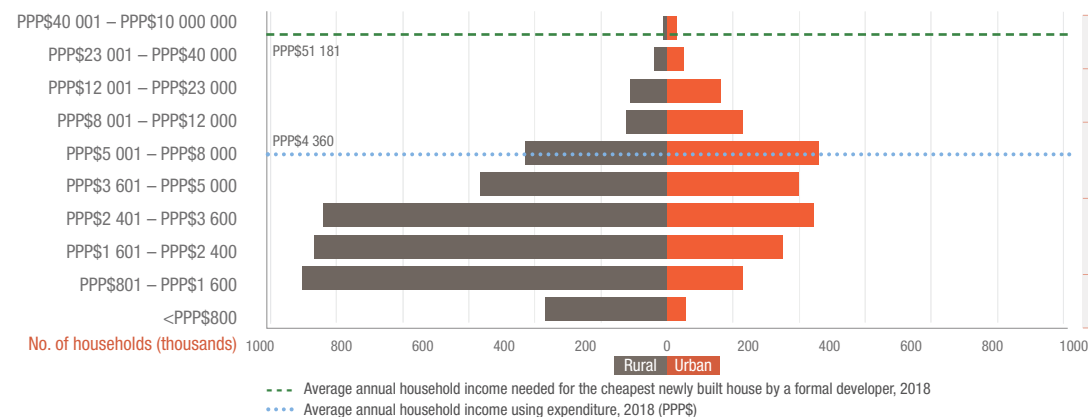
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	36 029 138
Urbanisation rate:	2.13%
Cost of cheapest newly built house:	250 000 MAD PPP\$70 621
Urban households that could afford this house with finance:	50.53%
1 PPP\$:	3.54 Moroccan dirham

MOZAMBIQUE

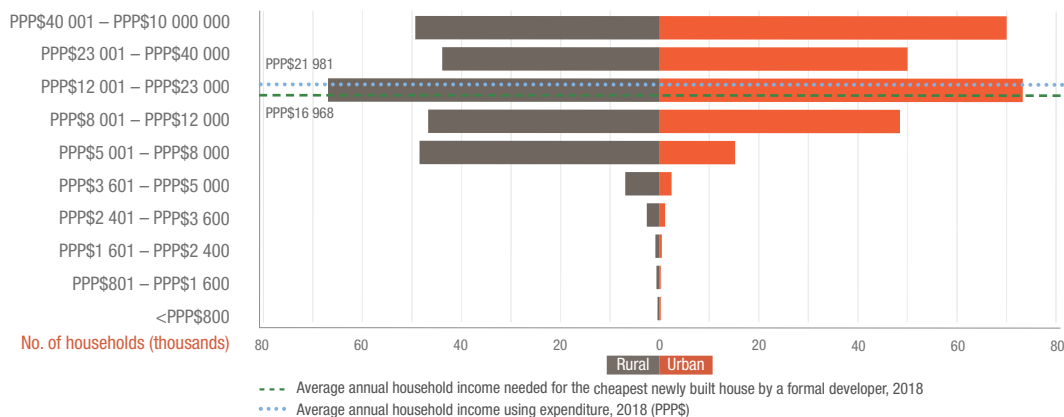
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	29 495 962
Urbanisation rate:	4.41%
Cost of cheapest newly built house:	3 418 491 MZN PPP\$153 502
Urban households that could afford this house with finance:	1.23%
1 PPP\$:	22.27 Mozambican metical

NAMIBIA

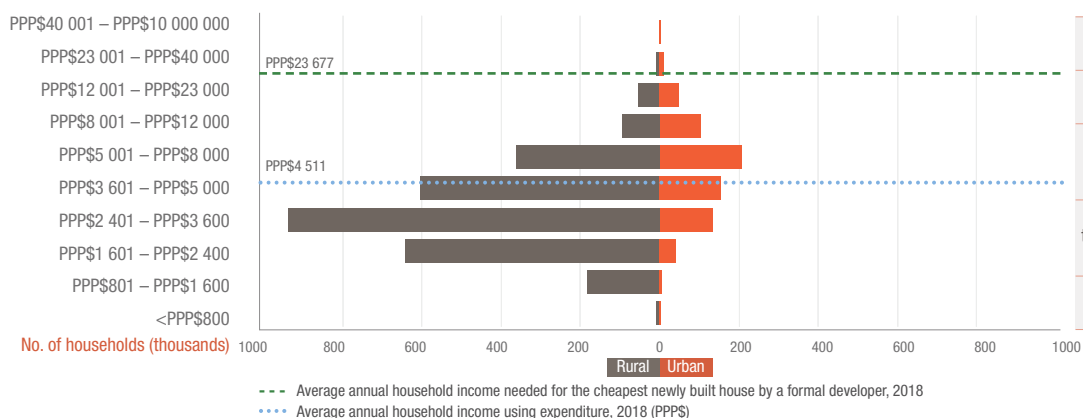
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	2 448 255
Urbanisation rate:	3.96%
Cost of cheapest newly built house:	270 000 NAD PPP\$38 298
Urban households that could afford this house with finance:	73.90%
1 PPP\$:	7.05 Namibian dollar

NIGER

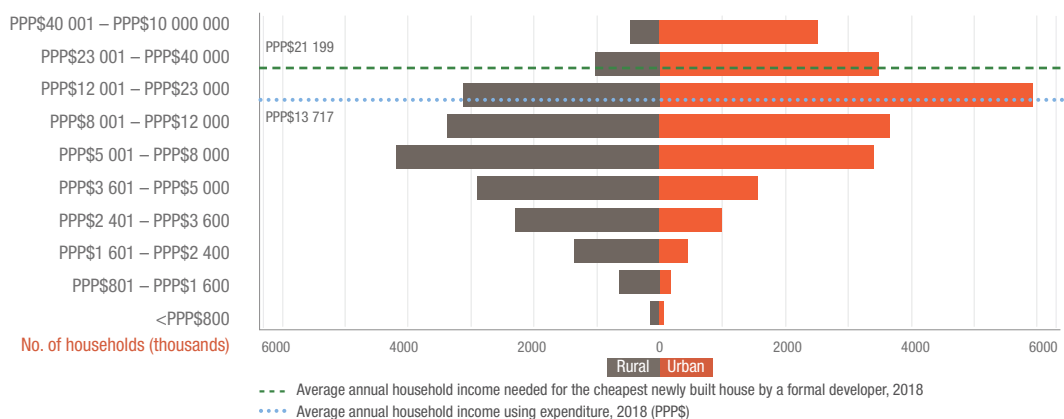
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	22 442 948
Urbanisation rate:	4.27%
Cost of cheapest newly built house:	7 500 000 XOF PPP\$34 372
Urban households that could afford this house with finance:	1.78%
1 PPP\$:	218.20 CFA franc

NIGERIA

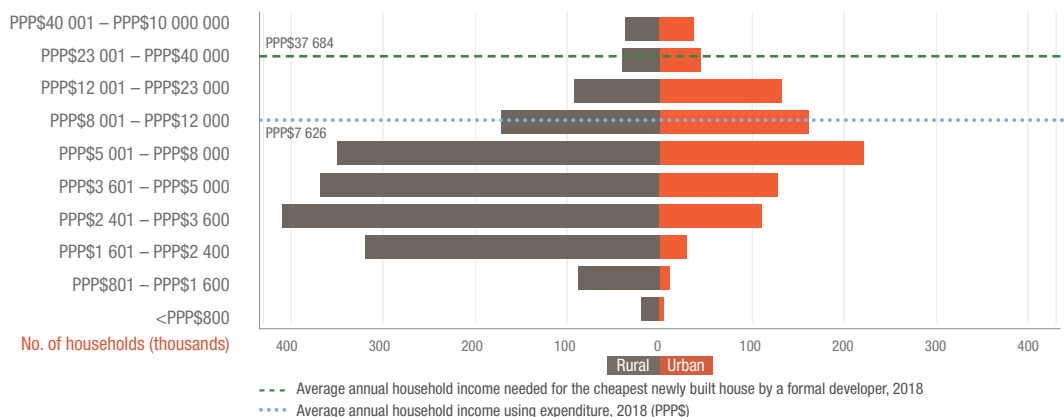
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	195 874 740
Urbanisation rate:	4.24%
Cost of cheapest newly built house:	2 900 000 NGN PPP\$26 311
Urban households that could afford this house with finance:	26.95%
1 PPP\$:	110.22 Nigerian naira

RWANDA

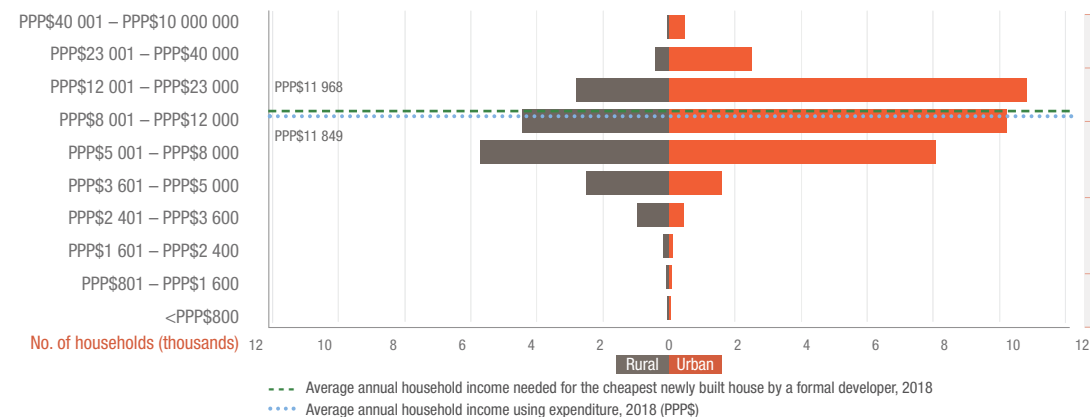
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	12 301 939
Urbanisation rate:	3.14%
Cost of cheapest newly built house:	18 000 449 RWF PPP\$60 938
Urban households that could afford this house with finance:	4.29%
1 PPP\$:	295.39 Rwandan franc

SÃO TOMÉ AND PRÍNCIPE

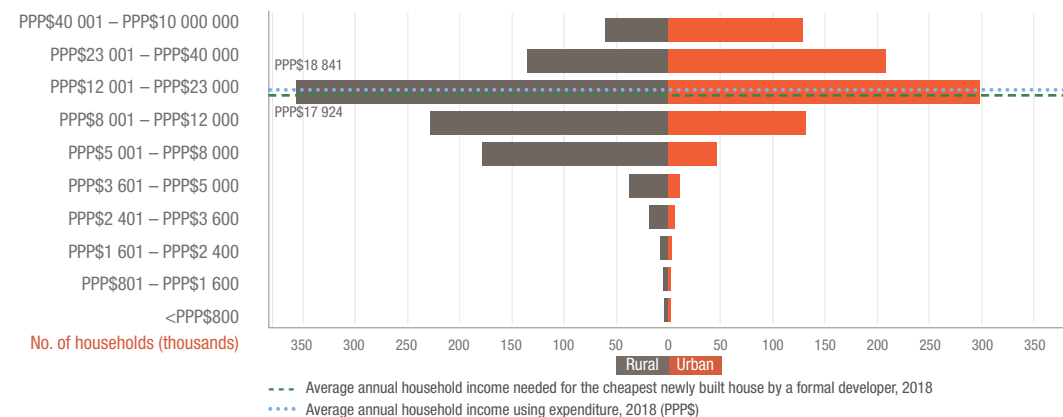
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	211 028
Urbanisation rate:	3.04%
Cost of cheapest newly built house:	814 000 STD PPP\$66 886
Urban households that could afford this house with finance:	40.23%
1 PPP\$:	12.17 Dobra

SENEGAL

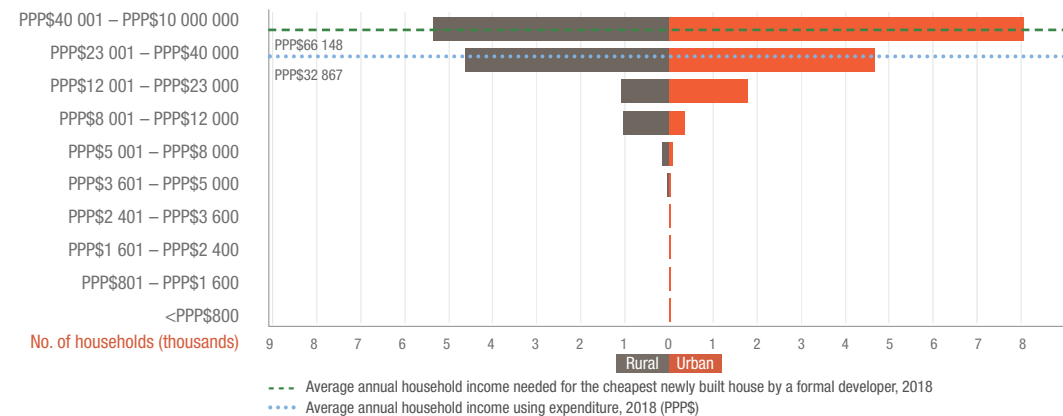
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	15 854 360
Urbanisation rate:	3.74%
Cost of cheapest newly built house:	10 000 000 XOF PPP\$44 643
Urban households that could afford this house with finance:	40.26%
1 PPP\$:	224.0 CFA franc

SEYCHELLES

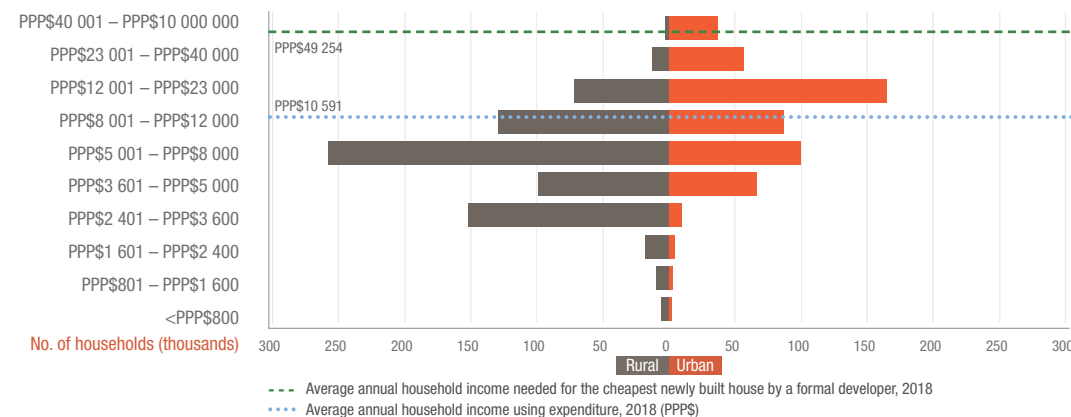
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	96 762
Urbanisation rate:	1.72%
Cost of cheapest newly built house:	1 000 000 SCR PPP\$133 511
Urban households that could afford this house with finance:	53.88%
1 PPP\$:	7.49 Seychellois rupee

SIERRA LEONE

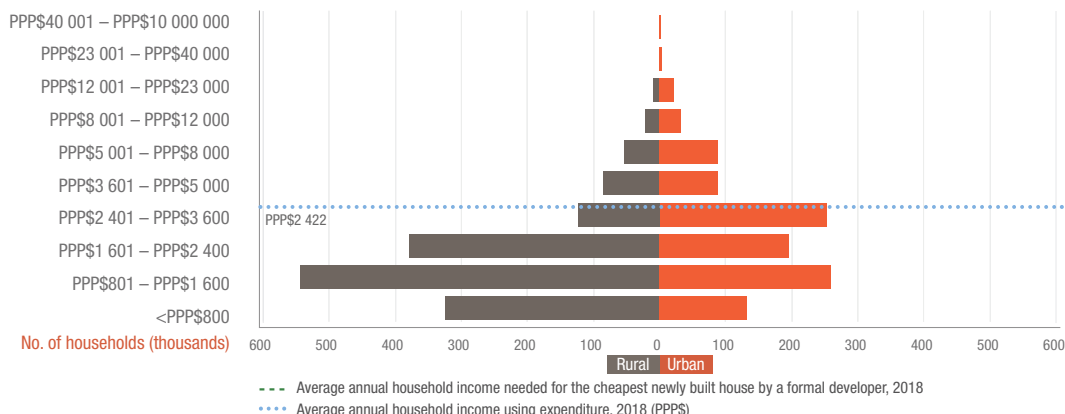
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	7 650 154
Urbanisation rate:	3.14%
Cost of cheapest newly built house:	167 400 000 SLL PPP\$64 726
Urban households that could afford this house with finance:	6.96 %
1 PPP\$:	2 586.28 Sierra Leonean leone

SOMALIA

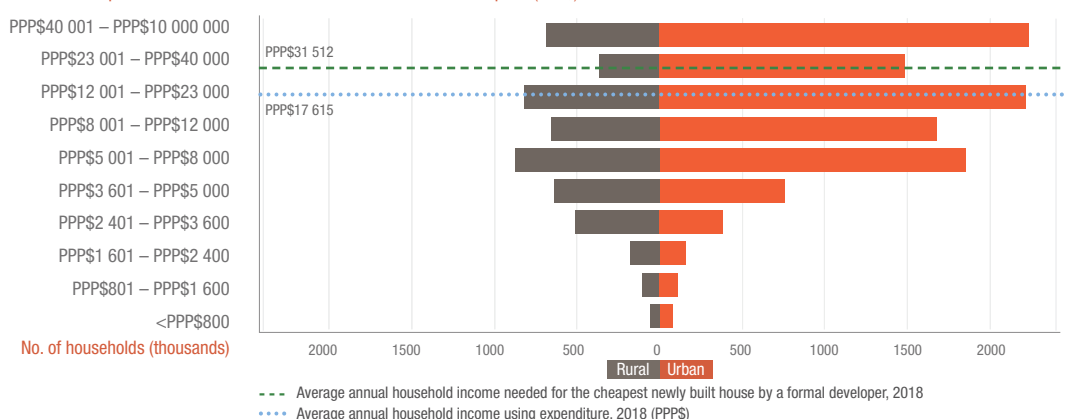
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	15 008 154
Urbanisation rate:	4.13%
Cost of cheapest newly built house:	27 953 264 SOS PPP\$ n/a
Urban households that could afford this house with finance:	n/a
1 PPP\$:	n/a

SOUTH AFRICA

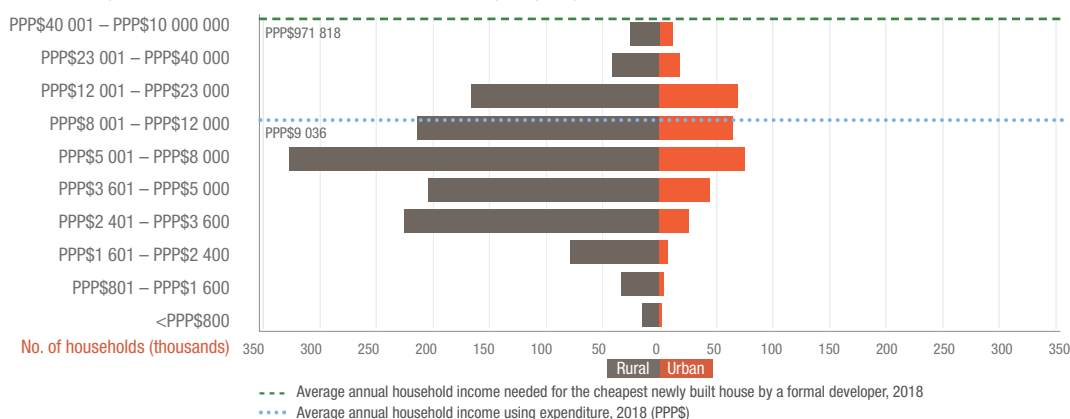
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	57 779 622
Urbanisation rate:	2.12%
Cost of cheapest newly built house:	436 200 ZAR PPP\$71 042
Urban households that could afford this house with finance:	20.4%
1 PPP\$:	6.14 South African Rand

SOUTH SUDAN

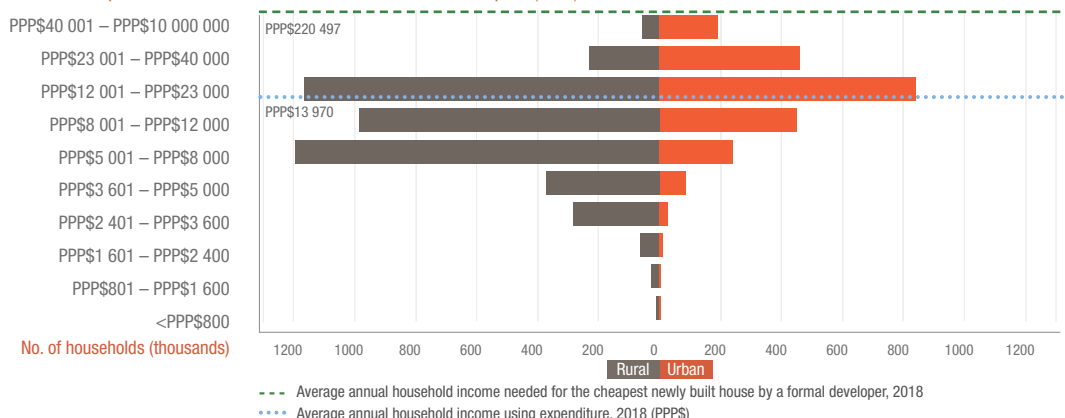
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	10 975 920
Urbanisation rate:	1.98%
Cost of cheapest newly built house:	12 650 000 SSP PPP\$1 833 333
Urban households that could afford this house with finance:	3.57%
1 PPP\$:	6.90 South Sudanese pound

SUDAN

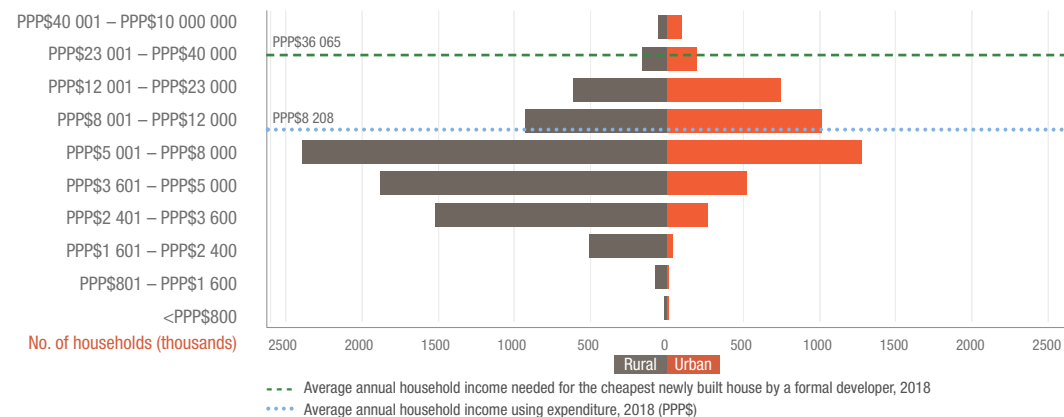
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	41 801 533
Urbanisation rate:	3.18%
Cost of cheapest newly built house:	3 600 000 SDG PPP\$720 000
Urban households that could afford this house with finance:	8.33%
1 PPP\$:	5 Sudanese pound

TANZANIA

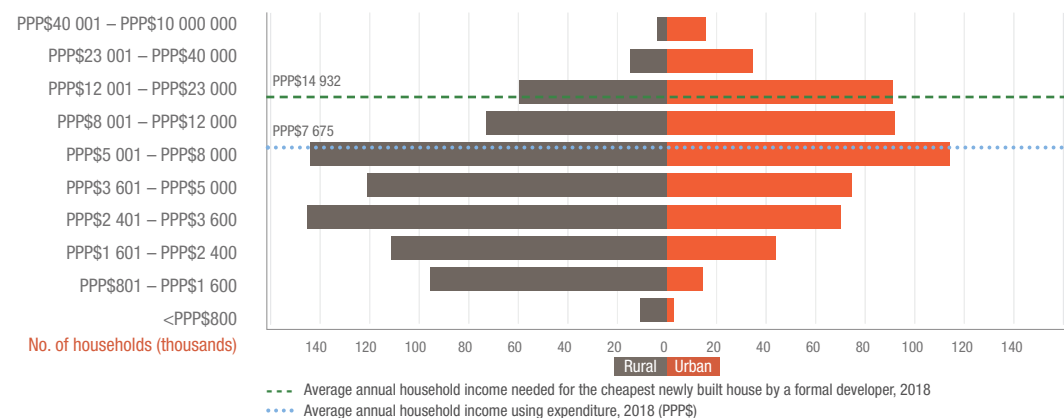
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	56 318 348
Urbanisation rate:	5.15%
Cost of cheapest newly built house:	37 966 107 TZS PPP\$51 511
Urban households that could afford this house with finance:	2.25%
1 PPP\$:	737.05 Tanzanian shilling

TOGO

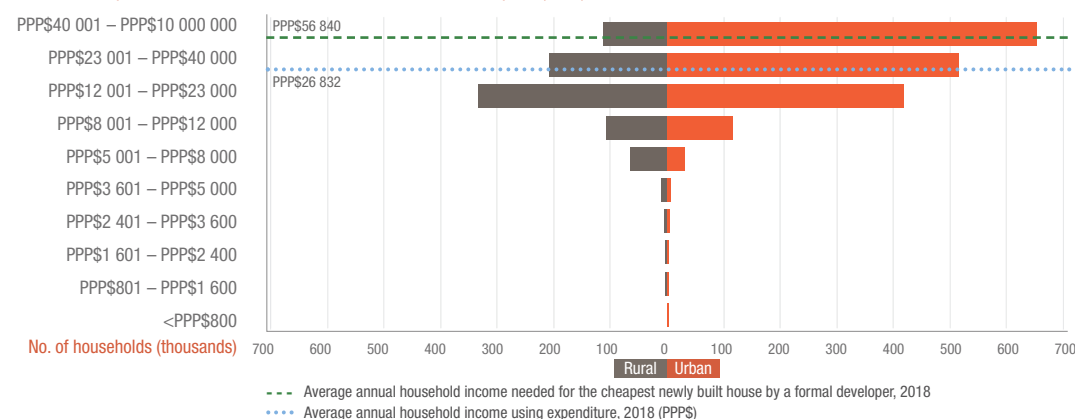
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	7 889 094
Urbanisation rate:	3.75%
Cost of cheapest newly built house:	7 000 000 XOF PPP\$33 050
Urban households that could afford this house with finance:	25.51%
1 PPP\$:	211.8 CFA franc

TUNISIA

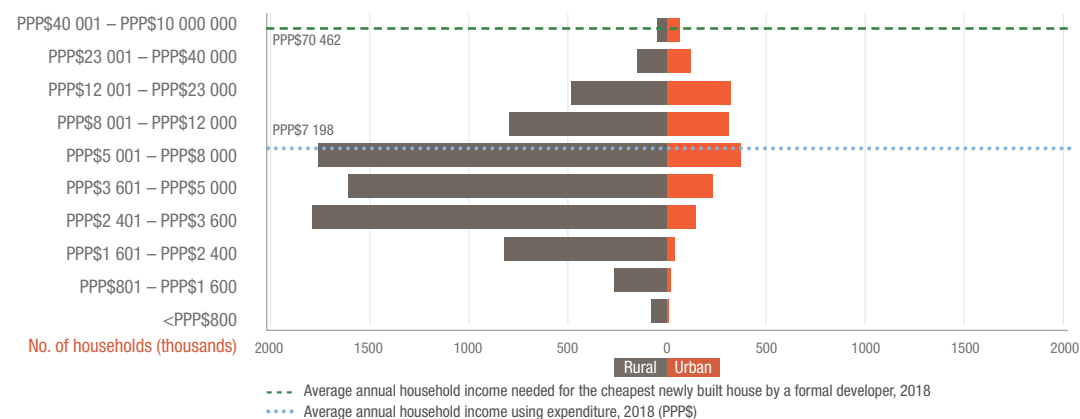
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	11 565 204
Urbanisation rate:	1.59%
Cost of cheapest newly built house:	140 000 TND PPP\$191 781
Urban households that could afford this house with finance:	37.31%
1 PPP\$:	0.73 Tunisian dinar

UGANDA

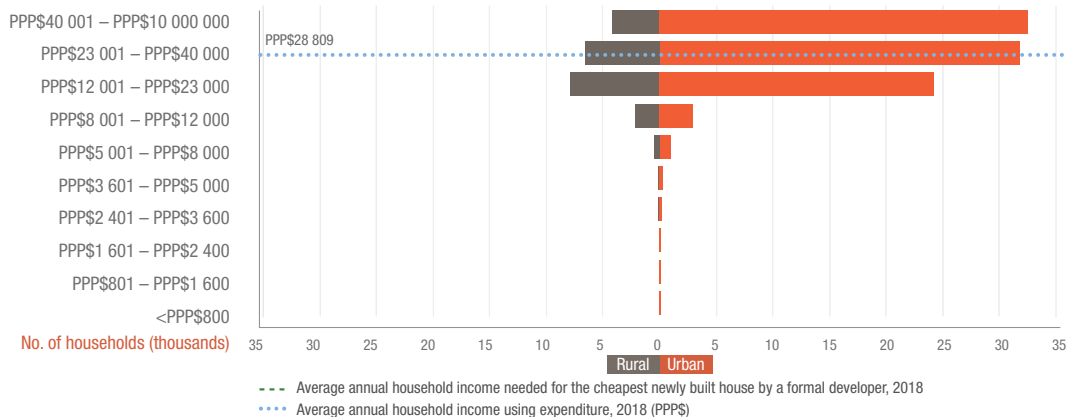
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	42 723 139
Urbanisation rate:	6.18%
Cost of cheapest newly built house:	125 000 000 UGX PPP\$108 013
Urban households that could afford this house with finance:	3.93%
1 PPP\$:	1 157.27 Ugandan shilling

WESTERN SAHARA

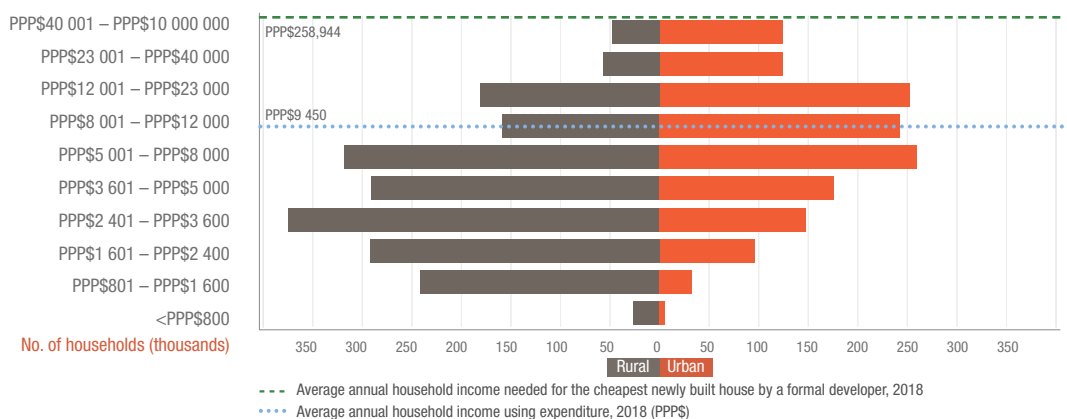
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	619 551
Urbanisation rate:	2.6%
Cost of cheapest newly built house:	n/a
Urban households that could afford this house with finance:	n/a
1 PPP\$:	3.54 Moroccan Dirham (MAD)

ZAMBIA

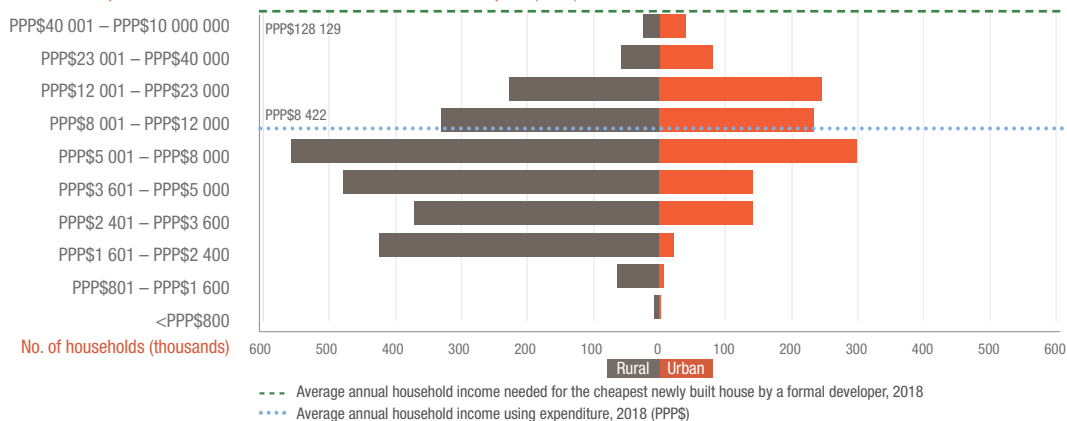
Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	17 351 822
Urbanisation rate:	4.17%
Cost of cheapest newly built house:	950 000 ZMW PPP\$248 691
Urban households that could afford this house with finance:	8.5%
1 PPP\$:	3.82 Zambian kwacha

ZIMBABWE

Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	14 439 018
Urbanisation rate:	1.32%
Cost of cheapest newly built house:	201 840 ZWD PPP\$284 282
Urban households that could afford this house with finance:	3.29%
1 PPP\$:	0.71 Zimbabwean Dollar

Explaining the indicators

Investor interest in housing in Africa has grown substantially in recent years. Driven, in part, by new market opportunities created by economic growth, investors are looking for specific initiatives on which to place their bets. Data across much of Africa is scarce, however, especially so for the housing and housing finance sectors. As investors struggle to assess market risk and opportunity with precision, they either shift their sights to more easily dimensioned investments outside the housing sector, or price for the inability to fully determine risk, ultimately narrowing the affordability of the housing output. Better data would stimulate increased investment and enhance housing affordability. The World Bank's Open Data platform has made a tremendous difference, but still, very little data explores the nature, status and performance of residential property markets. Hofinet, the Housing Finance Information Network <http://www.hofinet.org/>, is a global data gathering initiative that includes data for a number of African countries, which the Centre for Affordable Housing Finance in Africa is proud to support, .

In this Yearbook, each of the country profiles includes a set of indicators, drawn from various sources, including the African Economic Outlook database, the World Bank's various databases, and UNDP's International Human Development Indicators. In addition, we present CAHF's own data, collected by the Yearbook authors appointed to complete the Yearbook data survey and write the country and regional profiles. CAHF continues to improve the data situation and build the baseline of information available to housing finance practitioners to encourage greater investment and enable better decision making. Please visit our website for details on our progress, or contact us directly.

Inevitably, the data presented in this Yearbook is limited to what our Yearbook authors were able to access and what we were able to obtain via desktop study. While every effort has been made to overcome these shortcomings, there will always be more information and nuance to add to the picture. In some instances, data tables necessarily have a blank spot where the data is not available. Future editions of this Yearbook will strive to overcome these data and information shortcomings. As always, comments are welcome.

Indicator name	Definition	Source
Main urban centre	The capital city of the country and any other large city.	Data collected by CAHF
US\$ exchange rate	USD exchange rate (1USD = xLCU) as at 1 July 2019	Data collected by CAHF Source: Coinmill URL: https://coinmill.com/
Purchase Power Parity exchange rate (PPPS)	According to the International Monetary Fund (IMF), PPP is the rate at which the currency of one country would have to be converted into that of another country to buy the same amount of goods and services in each country. See explanation on PPP on page 15.	Data collected by CAHF Source: World Bank World Development Indicators URL: https://data.worldbank.org/indicator/PA.NUS.PPP
Inflation	Inflation, as measured by the consumer price index, reflects the annual percentage change in the cost to the average consumer of acquiring a basket of goods and services that may be fixed or changed at specified intervals, such as yearly.	Data collected by CAHF through World Bank API Source: World Bank URL: https://data.worldbank.org/indicator/FP.CPI.TOTL.ZG
Population	The number of all residents regardless of legal status or citizenship – except for refugees not permanently settled in the country of asylum, who are generally considered part of the population of their country of origin. The values are mid-year estimates.	Data collected by CAHF Source: World Bank World Development Indicators URL: https://data.worldbank.org/indicator/SP.POP.TOTL
Number of households	Household is the persons who live together in the same dwelling.	Data collected by CAHF Source: Canback Global Distribution Database (C-GIDD) URL: https://www.cgidd.com/
Population growth rate	Rate of change in total population over two consecutive years.	Data collected by CAHF through World Bank API Source: World Bank URL: https://data.worldbank.org/indicator/SP.POP.TOTL
Urbanisation rate	The increase in the proportion of urban population over time, calculated as the rate of growth of the urban population minus that of the total population. An urban area can be defined by one or more of the following: administrative criteria or political boundary.	Data collected by CAHF Source: World Bank URL: https://data.worldbank.org/indicator/SP.URB.GROW
Percentage of the total population below National Poverty Line	Nation-specific estimates of the percentage of the population falling below the national poverty line are generally based on surveys of sub-groups, with the results weighted by the number of people in each group. Definitions of poverty vary considerably among nations. For this reason, some countries have established national poverty lines that better reflect the reality of poverty in their own local economies.	Data collected by CAHF Source: 2018 United Nations Development Programme Human Development Data Bank URL: http://hdr.undp.org/en/data

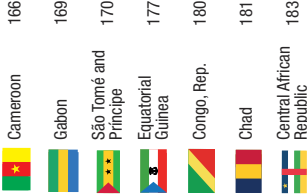
Indicator name	Definition	Source
Unemployment rate (% of total labour force, national estimate)	Percentage of the labour force that is without work but available for and seeking employment. The number typically does not include discouraged job seekers.	Data collected by CAHF Source: United Nations Development Programme Human Development Data Bank URL: http://hdr.undp.org/en/data
Proportion of the adult population that borrowed formally	Proportion of the adult population that borrowed formally.	Data collected by CAHF Source: World Bank Global Findex Database 2017 URL: https://globalfindex.worldbank.org/
GDP (Current US\$)	The sum of all value added, or simply the gross value of output, by all resident producers in the respective country's economy without making deductions for the depreciation of assets or for depletion and degradation of natural resources, plus any product taxes and minus any subsidies not included in the value of the products.	Data collected by CAHF through World Bank API Source: World Bank URL: https://data.worldbank.org/indicator/NY.GDP.MKTP.CD
GDP growth rate annual	The annual percentage growth in GDP at market prices based on constant local currency. Aggregates are based on constant 2005 US dollars. The GDP growth rate measures the growth in the economy.	Data collected by CAHF through World Bank API Source: World Bank URL: https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG
GDP per capita (Current US\$)	Gross domestic product (GDP) divided by total population. Provides a rough indication of the residents' standard of living, but misses the important factor of inequality. It must therefore be read together with the Gini Coefficient and the percent of the population living below the poverty line.	Data collected by CAHF through World Bank API Source: World Bank URL for GDP (Current US\$): https://data.worldbank.org/indicator/NY.GDP.MKTP.CD URL for total population: https://data.worldbank.org/indicator/SP.POP.TOTL
Gini co-efficient	Index measuring levels of inequality in a country, based on the extent to which the distribution of income or consumption expenditure among the population deviates from a perfectly equal distribution. A Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality. The data relates to various years, depending on when the calculation was done for a particular country.	Data collected by CAHF through World Bank API Source: World Bank URL: https://data.worldbank.org/indicator/SI.POV.GINI
HDI global ranking	A summary measure of average achievement in key dimensions of human development including life expectancy, education, and per capita income indicators. The HDI is the geometric mean of normalised indices for each of the three dimensions used to rank countries.	Data collected by CAHF from 2018 Human Development Data Bank Source: United Nations Development Programme Human Development Data Bank URL: http://hdr.undp.org/en/countries/profiles
HD country index score	The HD index score is drawn from the UN Development Programme. The global ranking is out of 187 countries.	Data collected by CAHF from 2018 Human Development Data Bank Source: United Nations Development Programme Human Development Data Bank URL: http://hdr.undp.org/en/countries/profiles
Lending interest rate	Prevailing interest rate in the country, charged as a percentage of the loan amount, that usually meets the short- and medium-term financing needs of the private sector. While the rate offered will differ from one lender to the next, and be adjusted to the creditworthiness of borrowers and objectives of the loan, the number offered is indicative of the state of lending in the country.	Data collected by CAHF through World Bank API Source: World Bank URL: https://data.worldbank.org/indicator/FR.INR.LEND
Yield on 2-year government bonds	A government/corporate bond is a fixed income instrument issued at an agreed coupon rate. Investors in the instrument realise what is called a yield, which is the returns realised by investors on a bond issued, over a specified period of issue.	Data collected by CAHF through central banks websites, Investopedia.com and trading economics.com URL: https://tradingeconomics.com
Number of mortgages outstanding	The total number of residential mortgages that are outstanding.	Data collected by Yearbook authors Primary sources: Central bank; Mortgage providers association; Banking association; Registered financial service provider websites.
Number of mortgages classified as non-performing	The number of mortgages classified as non-performing.	Data collected by Yearbook authors Primary sources: Central bank; Mortgage providers association; Credit bureau; Banking association.
Value of residential mortgages outstanding (US\$)	The value of residential mortgages outstanding. Collected in local currency units and converted using exchange rate on 1 July 2019.	Data collected by Yearbook authors Primary sources: Central bank; Mortgage providers association; Banking association; Registered financial service provider websites.

Indicator name	Definition	Source
Number of mortgage providers	Number of registered financial institutions that are subject to prudential regulation and offer mortgage loans or home loans with a maturity cap of 10 years or more.	Data collected by Yearbook authors Primary sources: Central bank; Mortgage providers association; Banking association; Registered financial service provider websites.
Prevailing mortgage rate	The rate of interest charged on a mortgage loan to purchase a property. Coupled with the mortgage term and the loan to value ratio, this determines loan affordability and the percentage of the population that can afford to participate in the housing market unassisted. The mortgage interest rate is usually linked to prime, and is influenced by the central bank rate in the country. It also incorporates the cost of capital to a particular lender, and so varies from one lender to the next. Calculated as: (The lower bound on mortgage interest rates + The upper bound on mortgage interest rates)/2	Data collected by Yearbook authors Primary sources: Central bank; Mortgage providers association; Banking association; Registered financial service provider websites.ce
Average mortgage term in years	The average residential mortgage term in years. Given the size of the loan, mortgage terms are generally long, and can be anywhere up to 30 years. Generally, mortgage terms across the African continent vary from five to 20 years.	Data collected by Yearbook authors Primary sources: Central bank; Mortgage provider association; Mortgage providers.
Downpayment	The average percentage of the downpayment on a residential mortgage (if required). The downpayment is the initial payment the borrower makes to secure their rights to purchase a property. It is often required by a lender to demonstrate the borrower's own financial commitment, and is represented as a percentage of the purchase price of the property.	Data collected by Yearbook authors Primary sources: Central bank; Mortgage provider association; Mortgage providers.
Ratio of mortgages to GDP	The value of mortgages outstanding in a country as a percentage of GDP. Often regarded as a rough measure of the size of the mortgage market in a country relative to the size of the economy. Calculated as: (Value of mortgages outstanding)/(GDP in current local currency units)	Data on value of mortgages outstanding in local currency units collected by Yearbook authors Primary sources: Central bank; Mortgage providers association; Banking association; Registered financial service provider websites. Data on GDP in current local currency units collected by CAHF Source: World Bank URL: https://data.worldbank.org/indicator/NY.GDP.MKTP.CN
What form is the deeds registry?	The format in which the majority of title or deed records kept in the largest business city—in a paper format or in a computerized format (scanned or fully digital).	Data collected by CAHF Source: World Bank Doing Business 2018 URL: https://www.doingbusiness.org/
Total number of residential properties with a title deed	Total number of residential properties that have a title deed as per the deed registry.	Data collected by Yearbook authors Primary sources: Ministry of lands, housing, and human settlements; Deeds office.
Number of houses completed	Total number of residential units started (or completed) with submitted and approved plans in the given year.	Data collected by Yearbook authors Primary sources: Ministry of lands, housing, and human settlements; National statistics bureau; Deeds office.
Number of formal private developers/contractors	Total number of registered private developers or contractors.	Data collected by Yearbook authors Primary sources: Ministry of lands, housing, and human settlements; Contractors/Developers association.
Number of formal estate agents	The total number of registered real estate agents that are subject to regulatory oversight.	Data collected by Yearbook authors Primary sources: Real estate agent regulator; Real estate agents association; National statistics bureau.
Cost of a standard 50kg bag of cement	Cost of standard 50kg bag of cement in local currency units. This is a rough indicator of the relative cost of construction across countries.	Data collected by Yearbook authors Primary sources: Contractors/Developers; Quantity Surveyors; Cement manufacturers; Building supply stores.
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units)	Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units. The minimum price of the cheapest, newly built housing unit, by a formal developer. The indicator does not tell us how many of these houses are built annually, and only provides an indication of the cheapest house under construction in that particular year. It is indicative of the target of the construction industry.	Data collected by Yearbook authors Primary sources: Contractors/Developers; Quantity surveyors; Real estate agents; Online property marketplaces.
Size of cheapest, newly built house by a formal developer or contractor in an urban area	Size of cheapest, newly built house by a formal developer or contractor in an urban area in square meters. This indicator contextualises the indicator on price, and can also be a proxy for the typical, minimum size of a housing unit that formal developers are prepared to build.	Data collected by Yearbook authors Primary sources: Contractors/Developers; Quantity surveyors; Real estate agents; Online property marketplaces.

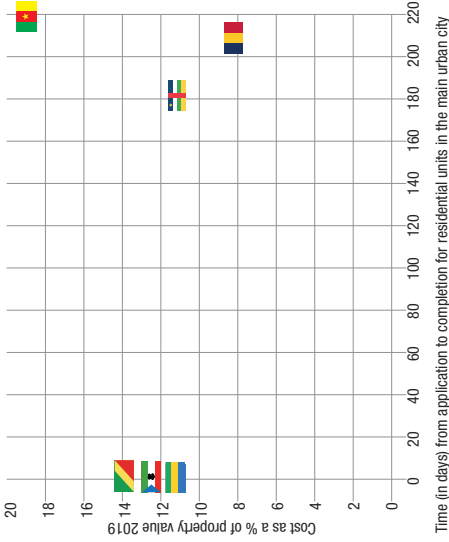
Indicator name	Definition	Source
Average rental price for this unit in an urban area (local currency units)	The average rental price for cheapest, newly built house by a formal developer or contractor in an urban area in local currency units.	Data collected by Yearbook authors Primary sources: Contractors/Developers; Quantity surveyors; Real estate agents; Online property marketplaces.
Number of microfinance loans outstanding	Total number of outstanding microfinance loans in the country.	Data collected by Yearbook authors Primary sources: Central bank; Microfinance association; National credit regulator.
Number of microfinance providers	Number of registered microfinance providers subject to prudential regulation/government oversight.	Data collected by Yearbook authors Primary sources: Central bank; Microfinance association; National credit regulator.
Number of housing construction loans outstanding	Total number of outstanding housing construction loans in the country. Housing construction loans are defined as short-term loans (term of less than 3 years) used to finance the building of homes.	Data collected by Yearbook authors Primary sources: Central bank; Banking association; Microfinance association; National credit regulator.
Number of providers of construction finance	Number of registered providers of construction finance. Construction finance is defined as financial products targeted at contractors/developers/builders to facilitate construction projects.	Data collected by Yearbook authors Primary sources: Central bank; Banking association; Microfinance association; National credit regulator.
World Bank Ease of Doing Business Rank	Ease of Doing Business ranks economies from 1 to 190, with first place being the best. A high numerical rank means that the regulatory environment is not conducive to business operations. The index averages the country's percentile rankings on 10 topics covered in the World Bank Doing Business Survey, conducted annually. The ranking on each topic is the simple average of the percentile rankings on its component indicators. Property-related indicators are for commercial, not residential property, but are nonetheless a useful indicator.	Data collected by CAHF from historical Doing Business Indicators dataset Source: World Bank URL: https://www.doingbusiness.org/en/custom-query
Cost to register property as % of property value	Part of Doing Business survey, this represents the average cost incurred by a business to secure rights to a commercial property, expressed as a percentage of the property value.	Data collected by CAHF from historical Doing Business Indicators dataset Source: World Bank URL: https://www.doingbusiness.org/en/data/exploretopics/registering-property
Number of procedures to register property	Part of the Doing Business survey, this represents the number of procedures required for a business to secure rights to a commercial property.	Data collected by CAHF from historical Doing Business Indicators dataset available for bulk download the URL provided Source: World Bank URL: https://www.doingbusiness.org/en/custom-query
Time (in days) from application to completion for residential units in the main urban city	Average number of days from the date when an application for a building permit is lodged to when an occupancy permit is issued, for a residential dwelling in the main urban city. The main urban city is defined as the most populous city.	Data collected by Yearbook authors Primary sources: Ministry of lands, housing, and human settlements; National statistics bureau.
Number of households per income bracket (used to inform the affordability graphs on pages 15 – 29)	Provides the average income profile for the respective country per market segment identified, for both rural and urban areas. The intent is to understand affordability and illustrate market potential at each market segment.	Data collected by CAHF Source: Canback Global Income Distribution Database (C-GIDD) URL: https://www.cgidd.com This database contains selected macroeconomic data series which presents the analysis and projections of economic developments at the global level, updated annually. Data on rural and urban household income profiles was collected based on customised market segmentation.
Urban households that can afford the cheapest newly built house given prevailing mortgage terms	The indicative number of households in urban areas that could afford the cheapest newly built house by a formal developer in the respective country given the lending terms available. This indicator intends to provide an indication of the levels of affordability based on current supply. Calculated using the 'Price of the cheapest, newly built house by a formal developer or contractor' indicator against the lending terms' indicators (mortgage interest rate, term, downpayment) for each country where data is available and counted per market income segment for the urban household split. This indicator is a rough estimate and in no instance a thorough and accurate representation of the current market situation in the respective country.	CAHF calculations using input data collected by Yearbook authors.

World Bank Doing Business
global rank, 2019

The Doing Business indicators provide comprehensive and comparative global data tracking business regulation environments over time. A high ease of doing business ranking means that the regulatory environment in that economy is more conducive to the starting and operation of a local firm.



Cost to register property and time from application to completion for residential units in the main urban city, 2019



Mortgage lending, 2019

14% of countries in the region have available information on number of mortgages.

	Cameroon	Central African Republic	Chad	Congo Republic	Equatorial Guinea	Gabon	São Tomé and Príncipe
Number of mortgage providers	n/a	2	1	n/a	n/a	16	1
Number of mortgages outstanding	n/a	355 618	n/a	n/a	n/a	n/a	n/a
Prevailing mortgage rate	20%	15%	12%	20%	15%	3%	7%
Average mortgage term in years	10	10	15	12	20	20	20
Average percentage of the down payment on a mortgage if required	20%	n/a	20%	n/a	50%	25%	50%
Number of mortgages classified as non-performing	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Financing view, 2019

	Cameroon	Central African Republic	Chad	Congo Republic	Equatorial Guinea	Gabon	São Tomé and Príncipe
Number of microfinance loans	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Number of microfinance providers	412	2	215	11	1	16	1
Number of housing construction loans	n/a	27 895	25 557	n/a	n/a	n/a	n/a

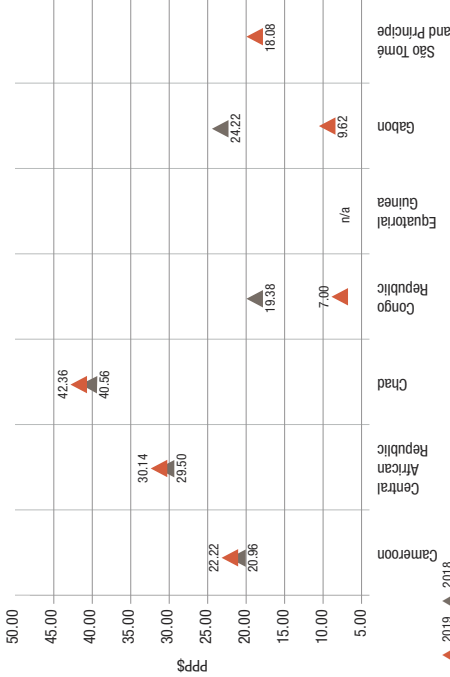
20

Total number of mortgage providers in the region

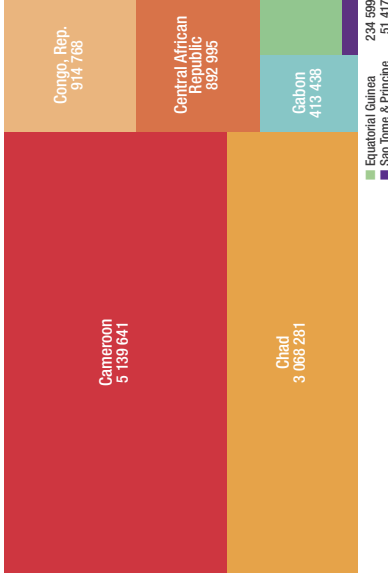
355 618

Total number of mortgages outstanding in the region

Price of standard 50kg bag of cement, 2019



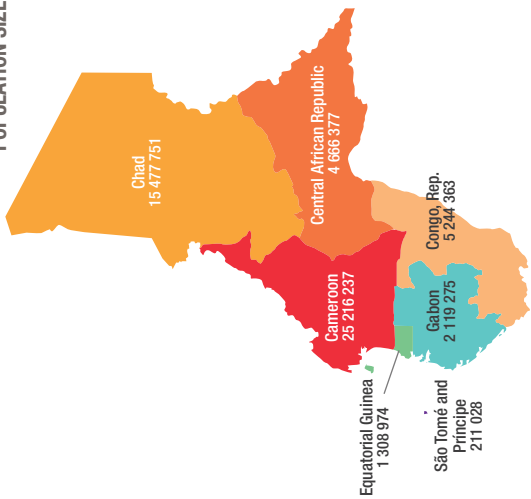
Number of households, 2019



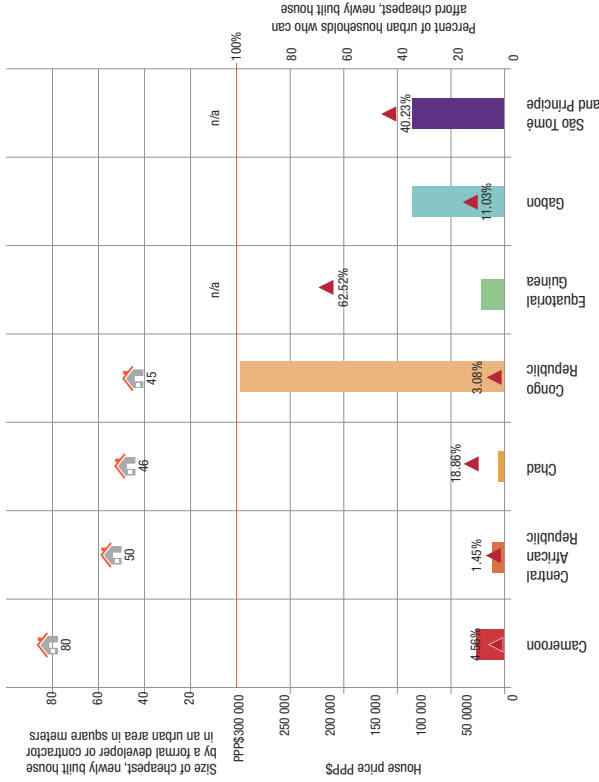
Source: World Bank Doing Business 2018; CGIDD 2019; data collected by Yearbook authors. NB: Figures for indicators collected by Yearbook authors only include the information they were able to obtain. Actual amounts, for total number of mortgage providers and/or mortgages outstanding, for example, may be higher.

Central Africa

POPULATION SIZE

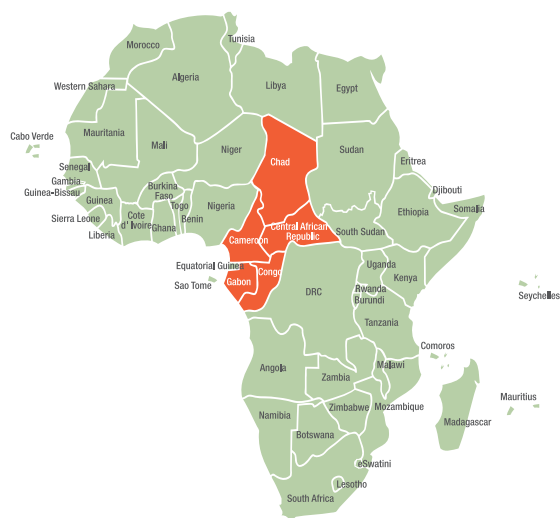


Cheapest newly built house: Cost, size and percent urban population that can afford, 2019



The Economic and Monetary Community of Central Africa, EMCCA (CEMAC)

Author: Christian Lambert Nguena



Overview

The Economic and Monetary Community of Central Africa (Communauté Économique et Monétaire de l'Afrique Centrale, CEMAC) was created in 1994 and became operational after the treaty's ratification in 1999 in N'Djamena, Chad. It comprises six countries, Cameroon, Central African Republic (CAR), Chad, Republic of Congo, Gabon and Equatorial Guinea. The community constitutes a single market to promote sub-regional integration through a monetary union and an economic union. The Central African CFA franc is used as a common currency in CEMAC. The 2019 combined population of the region is 55 854 718¹ (26 048 878 for Cameroon; 16 070 253 for Chad; 5 415 677 for Congo; 4 764 681 for CAR; 2 187 010 for Gabon; and 1 368 219 for Equatorial Guinea) and the 2019 combined gross domestic product (GDP) per capita is US\$3 785² (US\$10 400 for Equatorial Guinea; US\$9 077 for Gabon; 1 520 for Cameroon; US\$820 for Chad; US\$472 for CAR and US\$420 for Congo).

The headquarters of CEMAC are in Bangui, the capital of the Central African Republic. Because of the potential benefits that the free movement of goods and people across borders bring to economic growth and social cohesion in CEMAC, the leaders of the CEMAC countries are focusing on the creation of a single market and the facilitation of the free movement of people. However, the free movement of people and goods in the region is low because not only is there poor security, but also because certain CEMAC countries do not enforce the integration rules. Nevertheless, there is some progress including the announcement of the biometric CEMAC passport. Also, the merger of the two stock exchanges in the region in July 2019 should allow for a more liquid and efficient market for securities in the region.

The treaty that specified the legal and institutional arrangements of CEMAC created the four specialised institutions, each of which is regulated by a separate legal convention. The four housing finance relevant institutions are:

- Central African Economic Union (Union Économique de l'Afrique Centrale) with an Executive Secretariat based in Bangui, CAR. The customs union is one of the central pillars of CEMAC. It has established a regime for trade between the countries and with other countries. Trade inside the community has been duty-free since 1998.
- The Central African Monetary Union (Union Monétaire de l'Afrique Centrale) specifies the responsibilities of the central bank, Banque des États d'Afrique Centrale (BEAC) and the Central African Banking Commission (COBAC). COBAC sets regulations and carries out on-site and off-site supervision of the region's banks and finance houses. BEAC is a single central bank for the region, defines criteria for macroeconomic convergence and regulates the banking sector through its regional banking commission, COBAC, which shares responsibility with the national Ministries of Finance for licensing new banks and regulating microfinance institutions.

Economic growth in the region was sluggish in 2016 and 2017. Estimated average growth for the region in 2017 was 0.9 percent, barely up from 0.1 percent in 2016 and noticeably below the estimated African average of 3.6 percent. Low commodity prices resulted in the low growth. The outlook for the region is positive, however, as commodity prices are trending upward and domestic demand growing. Sound macroeconomic management and an improved institutional environment are expected to help maintain Central Africa's growth in 2018/19. Growth was estimated to have reached 2.4 percent in 2018 and is projected to increase considerably to 3.4 percent in 2019. Growth from 2018 onwards has been driven mainly by increased infrastructure investment, service sectors, and a recovering agricultural sector, particularly in economies that depend less on extractive (oil and mining) sectors.

Domestic demand has continued to boost growth in many countries in the region. External demand has remained subdued, more notably from advanced economies but also from emerging economies. The export values of primary commodities were depressed because of lower prices. However, Central African exports are expected to strengthen in 2019 as the world economy improves. Inflation in the Central Africa region was 10.4 percent in 2018 and is expected to dip slightly to 9.1 percent in 2019.

Cameroon is the largest economy in the region, with half of the region's total financial assets. In 2017 for example, Cameroon was the largest economy in the region, contributing nearly 29 percent of regional GDP, followed by Gabon (13 percent), Equatorial Guinea (11 percent), Congo (11 percent), and Chad (11 percent); the smallest economy was CAR, which contributed 1.2 percent to regional GDP. The mineral extractive and agricultural sectors are the major export earners in addition to oil. Due to limited private investment, there has been little exploitation of the natural resources, excepting oil and timber. Crude oil is an important resource for these countries, apart from CAR, and it accounts for 87 percent of CEMAC's exports. Timber is the community's second largest export product. All six countries continue to try to diversify their economies into tourism, agricultural production, financial services, mining, and petrochemicals to reduce dependency on oil revenues.

The countries in the region are about 52 percent urbanised. Gabon has the highest level of urbanisation at 87.2 percent, with 59 percent of the population living in Libreville and Port-Gentil. The urbanisation growth rate in the region is approximately 2.7 percent.

Access to finance

The formal financial system across the CEMAC countries is not well-developed. CEMAC has a less developed financial system with an embryonic stock exchange in Douala in Cameroon. The formal financial system is dominated by commercial banks and, in some countries, large microfinance institutions (MFIs). The banking system comprises 52 active commercial banks with Cameroon having the most banks in the region. The banking sector's contribution to the financing of the economy is small and, on average, half of the sector's assets are controlled by three banks per country, with the remainder controlled mostly by foreign banks. Access to finance is hampered by weak credit infrastructure and domestic credit is low at 15 percent of GDP in CAR and Cameroon, 14 percent in Gabon, 11 percent in the Republic of Congo and six percent in Chad. This is due to multiple factors including asymmetry of information, weak collateral and insolvency frameworks, and the absence of credit history records for most firms and people, resulting in them not being able to apply for competitive interest rates.

Bank branches and ATMs are mostly concentrated in the urban and semi-urban areas. Financial inclusion is limited and only 15 percent of adults hold bank accounts. Only a very small percentage of private sector employees can access mortgage finance from commercial banks. This percentage is most likely going to increase due to ongoing efforts by real estate companies in partnership with local commercial banks to extend end-user financing opportunities to the growing middle class. The informal sector and a large percentage of the middle class and lower income groups get housing finance from different forms of MFIs. Very few banks provide medium-term and long-term credit, such as the Gabonese Development Bank, the National Investment Company (in Gabon and Cameroon),

Afriland First Bank (Cameroon), and Société Congolaise Financière (SOCOFIN) in Congo Republic. The state plays an important role in the CEMAC financial sector. For example, it controls two of the nine banks in Gabon and has a stake in most of the others.

The mortgage finance market is insignificant in the region and non-existent in some countries. It is still in its infancy in Cameroon, Gabon and Congo. Mortgage finance is mostly granted by government agencies, government-controlled banks and a few large commercial banks. Most of the beneficiaries are government employees. To increase access to finance in Gabon, the government has helped to set up a growth and development fund to support small and medium enterprises and promote private investment. In CAR, the government has committed to supporting financial sector development and access to credit by improving the legal and judiciary system to better handle commercial matters, increasing bank capital, and adopting a microfinance sector development strategy. In Equatorial Guinea, a nation-wide ATM and credit card network and the creation of a credit fund and a government debt market is in place.

There are more than 825 MFIs in the region serving almost 1.8 million members.³ The microfinance sector has emerged in Gabon with only a few regulated and registered MFIs covering a growing segment of the population, and a substantial number of unregulated and unregistered MFIs. In Chad, the MFI sector still plays a marginal role in the financial system and is virtually unregulated. Government is regulating and improving access with a new microfinance strategy. Links with the traditional, formal banking sector are weak and the consolidation of microlenders is not enough to allow for meaningful regulation and oversight, or the development of strong links with the banking sector. However, BEAC, through COBAC, has developed a strategy for controlling the informal financial sector. COBAC, jointly with the Ministries of Finance of all six countries, now regulates the MFI sector in the six countries.

Access to credit improved through amendments to the Uniform Act on Secured Transactions of the Organisation for the Harmonization of Business Law in Africa, known by its French acronym OHADA. The amendments broaden the range of assets that can be used as collateral (including future assets), extends the security interest to the proceeds of the original asset, and introduces the possibility of out-of-court enforcement. Capital markets are almost non-existent, and the insurance and pension sectors remain underdeveloped.

Affordability

In the CEMAC region, the state is officially the largest employer, offering average monthly salaries ranging from CFA75 000 (US\$130) to CFA300 000 (US\$515). Though rapidly growing, the formal private sector is still small. Most people are involved in the informal sector in subsistence agriculture and small to minor-scale trading, with a high percentage of people living under the poverty line. These people cannot afford to finance their homes through existing bank funding instruments. The microfinance sector has the potential to play a more significant role, however, inadequate supervision of the sector remains a problem.

Construction costs in the urban and semi-urban areas are high and increasing. It can cost up to CFA5 million (US\$8 600) to build a standard three-bedroom house in the main urban areas. This is mainly because of the high costs of inputs such as cement, sand, roof sheets, iron, finishing and decorations. In Cameroon, the government has set up local production facilities for some of the inputs to help bring down the cost. It has also set up an agency to develop and promote the use of local materials for construction. Private sector investors have also set up factories to manufacture and distribute building materials, which will potentially reduce input costs. These materials are exported to other CEMAC countries. In the rural areas, the construction costs are lower as most of the houses built are sub-standard, with local materials such as sun-dried bricks made from clay.

Rental costs in the urban and semi-urban centres are also high. There is a huge disparity in rental costs within CEMAC countries in the main urban areas. While it costs on average CFA125 000 (US\$215) a month to rent a standard three-bedroom house in the main urban areas in Cameroon, this is not the case in Luanda, N'djamena, Libreville and Brazzaville, which are the sixth, eighth, 18th and 19th most expensive cities in the world for expatriates. It costs up to CFA299 860 (US\$517) to CFA674 540 (US\$1 163) a month to rent a standard three-bedroom

Regional Data Challenges

The primary sources of data on housing finance in the region are national statistics institutes, surveys, the respective ministries of urban development, and international sources including the World Bank, International Monetary Fund and some news company websites. Access to data remains a challenge as information on activities of CEMAC member states is often not public. Many countries also do not have the numerous multilateral actors and donors, whose activities often come with data collection and analysis. There have been some improvements on state openness on information, with the adoption of the IMFs Enhanced General Data Dissemination System, which publishes essential macroeconomic data. This data, while still insufficient, should improve with time.

apartment in these cities. In Brazzaville, it can cost up to CFA464 000 (US\$800) for a standard three-bedroom in the city centre or up to CFA290 000 (US\$500) outside the centre.

Housing supply

The number of new housing units that enter the market annually for rental and purchase for ownership does not meet the demands of the increasingly urbanised population and the growing middle and upper class population. The growing economies in the region have swelled a middle class that needs to be housed in the urban and semi-urban areas. For instance, a third of the Gabonese population lives in the capital Libreville, and 24 percent of the Congolese population in the capital Brazzaville, both cities with huge housing backlogs. Cameroon, CAR, Chad and Equatorial Guinea are increasingly urbanised. The demand for housing continues to increase without a corresponding increase in supply.

The stock of housing units has been produced mainly through incremental self-construction, government agencies and private developers. An increasing number of international housing companies and developers from the United States, Canada, France, China and South Africa are going into these markets using a Build, Operate and Transfer model. For example, a vast global programme by the Cameroonian government with the support of foreign housing companies "aiming at the revival of social housing in Cameroon by the construction of 10 000 social housing ..." is ongoing. In 2011, the CAR ministry of housing received funding from Celtel Africa, a housing finance structure based in Nairobi, Kenya, to build 300 housing on two sites. The Morocco kingdom has financed the construction of 100 housing in Sakai locality. The government of Chad, with the support of foreign countries, funded a series of public housing blocks in Bioko Norte, for low income earners in 2015. The poor live in sub-standard accommodation, often on land that is not well-serviced with poor infrastructure, such as no access to paved roads, no regular and clean water, no electricity and sewage disposal facilities.

There are ongoing efforts by CEMAC governments to increase housing supply.⁴ For instance, the Government of Italy through a partnership with the Government of Cameroon plans to construct 10 000 houses in Mbankomo, Yaoundé; the local minister foresees the construction of houses in Bonapriso, Douala. With the new cement factories in Cameroon that also aim to service these markets, the cost of cement is decreasing, which may help to increase supply of new affordable housing units. Also, under the Cameroon government project, approximately 1 500 low cost houses have been built by Chinese companies in Olembe, Mbangwa, Bafoussam, Bamenda, Limbe and Sangmelima. The city council's housing project Cite des cinquantenaires in Djoungoulou has constructed 500 houses. Together with international partners, the Government of Gabon is building a new city called Libreville 2, which is 27km from the city of Libreville. With a total investment of CFA204 160 million (US\$352 million), the new city will house 20 000 people and will help decongest the city of Libreville. Green Planet Holdings is involved in an affordable housing project close to Libreville, while companies such as SCIHM2 GE have set up in Equatorial Guinea and are involved in real estate property investment, development and management. In January 2019 in Chad, SOPOFRIM started to sell 800 serviced plots on the Toukra Mousgoun site at promotional prices. The start of the first phase of construction of 100 SOPOFRIM housing units in October 2019 is proof of the acceleration of the social housing supply process in Chad. For CAR, in 2011, the Ministry of Housing received funding from

Celtel Africa, a housing finance structure (based in Nairobi, Kenya), to build 300 homes on two sites (one in the neighbourhood Boy-Rabe (Bangui) and the other in the village on the road Kozobilo Boali); unfortunately, this has not been completed. In addition, the Kingdom of Morocco has financed the construction of 100 homes in the Sakai area.

International oil and construction companies such as Total and ExxonMobil have driven the demand for high-quality residential units in Malabo and Bata, Equatorial Guinea. There has been a great deal of new home building in Malabo II and reserved government residential areas in the east of the city. Expatriates mainly live in these new areas as they are expensive and not affordable for the average local middle class person. The central Klemat area in N'djamena, which is near the presidential palace, is also an important residential district with new developments. In Gabon, Congo and CAR, the new housing developments are mainly driven by demand by expatriate communities and the growing middle class. In Gabon, the new government policy of urban rehabilitation and construction will see the government invest in and build housing for Gabonese citizens with the help of local and international partners. A great deal social housing is being built in Gabon, with Libreville's northern suburb of Angondje being designated by government as a key area for social housing development. This situation has improved with the recent interest and activity of new developers in the region.

Property markets

In all the CEMAC countries, land and particularly the underground is owned by the state, but private ownership of land for private and commercial use is possible and encouraged to boost economic activity. While the real estate market is growing in some of the CEMAC countries such as Cameroon, Gabon and Equatorial Guinea, it is still almost non-existent in CAR. The growth in the property market in the region has been driven mostly by growth in the energy and construction sectors, which led to an increase in demand and increased house prices for both ownership and rental.

Overall, according to the World Bank Doing Business 2019 report, the classification from the best performance to the lowest is: Cameroon, Equatorial Guinea, Congo, Gabon, Chad and CAR. In starting a business, this become Cameroon, Congo, CAR, Equatorial Guinea, Gabon and Chad; concerning getting credit, this become Cameroon, Equatorial Guinea, Congo, CAR and Chad; and finally, for property registration, it become Equatorial Guinea, CAR, Cameroon, Congo, Gabon and Chad. This presents a clear comparative picture of the doing business environment of the CEMAC region.

There is a slight change in CEMAC compared to the 2018 doing business performances. The cost of registering property as a percentage of the property value in the region is now highest in Cameroon (18.7 percent) and lowest in Chad (8.1 percent). The cost for the other countries is now 11 percent (CAR), 11.5 percent (Gabon), 12.5 percent (Equatorial Guinea), and 13.9 percent (Republic of Congo). The time it takes to register property remain the same: 102 days (Gabon), 86 days (Cameroon), 75 days (CAR), 55 days (Congo Rep), 44 days (Chad), and 23 days (Equatorial Guinea). The residential property market has seen a decline in some countries mainly because of the slowdown in economic growth. This has led to a decline in rental prices in some countries, such as the Republic of Congo, as well as slower growth in prices in other countries.

Policy and regulation

The governments in the CEMAC countries are trying to put in place reforms to address the constraints in this sector. The main constraints are in the areas of land ownership and property registration (getting land title certificates), access to serviced land, construction and development, and the availability of finance and access to credit. According to the World Bank's Doing Business 2019 report, when compared to the 2018 report, most of the countries in the region have made progress on ease of doing business, issuing construction permits, access to credit, and registering property, with improved rankings.

The Republic of Congo, Gabon and Chad made transferring and registering property less costly by lowering the property transfer tax rate. Gabon made dealing with construction permits faster by streamlining the process and increasing transparency by publishing regulations related to construction online free of charge. Cameroon improved its credit information system by passing regulations that provide for establishing operating a credit registry database. Cameroon unfortunately also made dealing with construction permits more complex by introducing inspection and notification requirements. The Cameroon government also decentralised the process of obtaining building permits and by introducing strict time limits for processing the application and issuing the certificate of conformity. This will improve access to credit.

All the CEMAC governments are signatories to the OHADA Uniform Act on Secured Transactions, which broadened the scope of assets that can be used as collateral thereby helping to increase access to finance. As the CEMAC governments continue to introduce reforms for land administration, construction, property registration and access to housing finance, more opportunities will be created in the sector in every area of the value chain. The Cameroon government has taken the step of providing sovereign guarantees to private developers. Reforms and policies should also focus on tapping into the potential of MFIs. Gabon has a new policy of urban renewal and construction.

Opportunities

Huge opportunities exist for residential high end and middle/low income housing in all areas of the value chain – real estate development, construction, finance and real estate management services. This is mainly because of economic reforms, the strong demand for natural resources from emerging and developed economies, a growing middle class, increasingly urbanised populations, a huge housing backlog, and a large diaspora seeking to invest in real estate. There are also growing opportunities for retail, commercial and industrial real estate in the urban and semi-urban areas. The prospects for the property market are excellent, and some global property development companies are already taking advantage of existing opportunities in the region.

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² Trading Economics. Cameroon: GDP per capital. <https://tradingeconomics.com/cameroon/gdp-per-capita>

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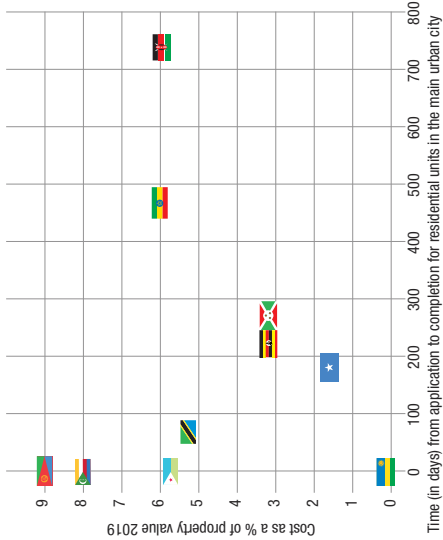
⁴ See country profiles for Cameroon, CAR, Equatorial Guinea and Chad.

World Bank Doing Business global rank, 2019

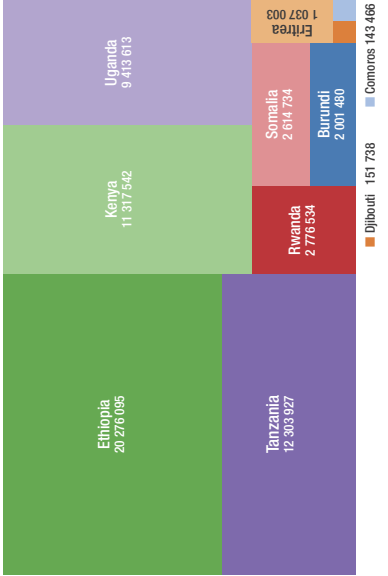
The Doing Business indicators provide comprehensive and comparative global data tracking business regulation environments over time. A high ease of doing business ranking means that the regulatory environment in that economy is more conducive to the starting and operation of a local firm.



Cost to register property and time from application to completion for residential units in the main urban city, 2019



Number of households, 2019



Mortgage lending, 2019

	Burundi	Comoros	Djibouti	Eritrea	Ethiopia	Kenya	Rwanda	Somalia	Tanzania	Uganda
Number of mortgage providers	5	7	n/a	1	1	31	16	3	32	5
Number of mortgages outstanding	n/a	n/a	n/a	n/a	214,417	26,187	n/a	n/a	4,996	n/a
Prevailing mortgage rate		11%	7%	10%	18%	14%	18%	10%	19%	20%
Average mortgage term in years	10	10	20	25	18	12	15	20	20	20
Average percentage of the down payment on a mortgage if required	30%	20%	20%	n/a	23%	10%	20%	20%	10%	20%
Number of mortgages classified as non-performing	n/a	n/a	n/a	n/a	8,010	n/a	25	n/a	n/a	n/a

Financing view, 2019

	Burundi	Comoros	Djibouti	Eritrea	Ethiopia	Kenya	Rwanda	Somalia	Tanzania	Uganda
Number of microfinance loans	n/a	n/a	n/a	n/a	n/a	264,000	253,936	n/a	1,467	7,100
Number of microfinance providers	2	3	3	1	37	13	457	7	6	4
Number of housing construction loans	6,200	n/a	n/a	n/a	n/a	26,959	n/a	n/a	n/a	6,200

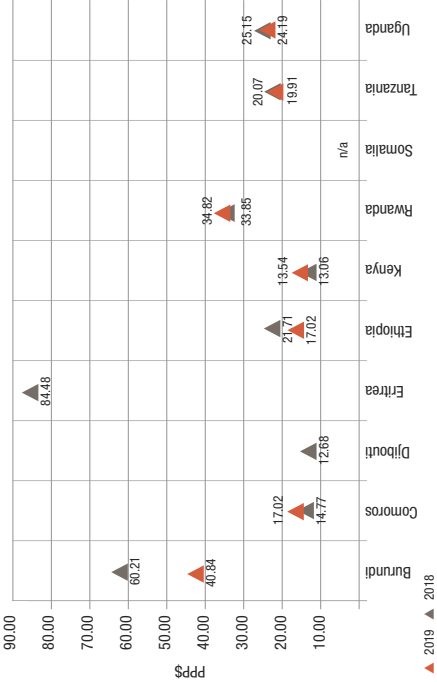
101

Total number of mortgage providers in the region

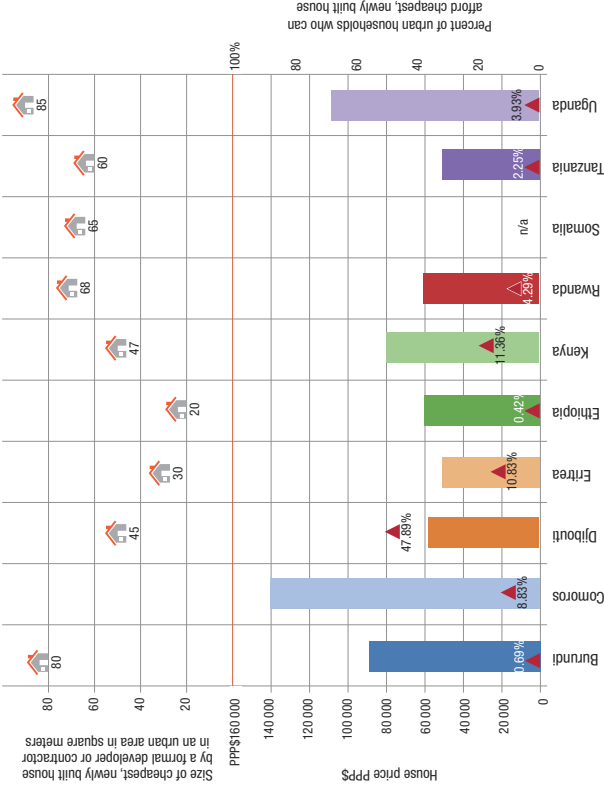
245 600

Total number of mortgages outstanding in the region

Price of standard 50kg bag of cement, 2019

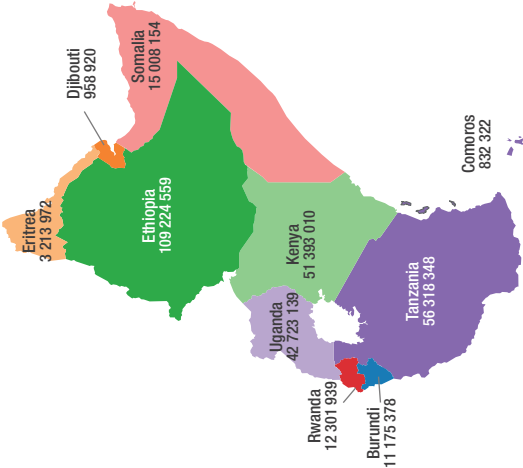


Cheapest newly built house: Cost, size and percent urban population that can afford, 2019



Source: World Bank Doing Business 2018; CGIDD 2019; data collected by Yearbook authors. NB: Figures for indicators collected by Yearbook authors only include the information they were able to obtain. Actual amounts, for total number of mortgage providers and/or mortgages outstanding, for example, may be higher.

POPULATION SIZE



The East African Community (EAC)

Author: Janine A Mwesigye



Overview¹

The East African Community (EAC) is a regional intergovernmental organisation of six states: Burundi, Kenya, Rwanda, South Sudan, United Republic of Tanzania,² and Uganda, with its headquarters in Arusha, Tanzania. The EAC is home to 172 million citizens of which over 22 percent is urban population and it had a combined GDP of US\$172 billion in 2017.³

According to the East Africa Economic Outlook, real GDP in East Africa grew by approximately 5.7 percent in 2018, the highest among African regions.⁴ Economic growth is projected to remain strong, at 5.9 percent in 2019 and 6.1 percent in 2020.⁵ Countries with the highest economic growth include Rwanda (7.2 percent), Tanzania (6.7 percent) and Kenya (5.9 percent). In Rwanda, real GDP growth has been driven by industry and services. The service sector has also been the main driver of growth in Tanzania and Kenya, followed by the agricultural sector as the main growth driver from the supply side. On the demand side, consumption has been the main driver of economic growth across the EAC. The region continues to face various downside risks that could undermine economic growth and development prospects. Major risks are agriculture's vulnerability to the vagaries of nature, heavy reliance on primary commodity exports, and rising oil prices in oil-importing countries. State fragility – with its adverse implications for security and economic progress – is a risk for Burundi and South Sudan, whose growth rates were 1.4 and 3.8 respectively.

The EAC has made progress in regional integration. The EAC's ratification of the protocol for monetary union is one indicator of such progress. Following the ratification of the Common Market Protocol, the EAC Secretariat established the EAC Financial Sector Development and Regionalisation Project (EAC-FSDRP). The project's objective is to establish a foundation for financial sector integration among the EAC countries.

Access to finance

The commercial banking industry in Kenya is the largest within the EAC with 43 commercial banks and two mortgage finance institutions. The Tanzania Banking system has 26 commercial banks and there are 21 commercial banks in Uganda. The Rwanda banking system has 11 commercial banks, four microfinance banks, one development bank and one cooperative bank. The Burundi banking industry comprises seven commercial banks, one development bank and one housing fund. South Sudan has 30 commercial banks and among these are seven foreign banks with headquarters in Kenya, Ethiopia and Qatar. Local banks are affiliated with politically connected individuals close to the government of South Sudan.⁶ In all six countries the financial sector has other mid-sized financial institutions classified under tier two and tier three categories.⁷

Cross-border expansion of banking in the region started in the 2000's with Kenyan banks setting up in other EAC countries. A total of 11 multinational and Kenyan-owned banks are involved in cross-border banking business in the EAC. In all EAC

countries commercial banks established national umbrella bodies, known as Bankers' Associations, to promote member banks' interests.

While access to formal financial services has been increasing in other EAC countries, Burundi and South Sudan lag, with 12.5 percent of the Burundi's adult population and only 1 percent of South Sudan's adult population having access. The financial sector in Burundi continues to suffer from inadequate supply of long-term finance to support mortgage lending and a high-risk environment that translates into high levels of non-performing loans. At an average rate of 17 percent,⁸ the ratio of non-performing loans to total loans in Burundi is above the EAC's regional average of 7 percent for 2018. South Sudanese tend to use informal groups⁹ due to constrained access to formal financial services. Homeowners rely on savings and other sources of financing as well as mortgage loans and commercial bank loans.

Kenya's banks are still the main providers of mortgage financing with 77.5 percent of all mortgage lending originating from only six banks out of 43 financial institutions in the country. Most financial institutions are reluctant to expand their mortgage portfolios because limited access to capital markets and collateral requirements make mortgages exceedingly expensive. This explains the number of registered mortgage loans standing at only 26 187 in Kenya as of December 2017.

In Uganda, the Housing Finance Bank (HFB) leads the mortgage financing market segment with approximately 55 percent of the total mortgage portfolio in the country.¹⁰ As at June 2018, real estate continued to lead with 20.6¹¹ percent of total private sector credit allocation. Credit to the housing real estate sector recorded an annual growth of 10.1 percent in March 2019 compared to 7.5 percent in March 2018. This notable rise in credit in the housing real estate sector is, in part, attributed to the recovery in property prices from July to December 2018.

Rwanda's banking loan portfolio remains concentrated in the trade and mortgage sectors with a combined share of 50.3 percent as of June 2019.¹² Due to high concentration in these sectors, the banking sector remains exposed to risks. These risks include house price fluctuations and low occupancy rates of rental properties.

Affordability

Affordability of housing in the EAC countries is still a major challenge for most households due to the high cost both of completed housing units and of borrowing for housing finance. Affordable housing options are scarce in Kenya. The average price for an apartment in satellite towns,¹³ where many lower middle income families live, stands at approximately KSh3.1 million (US\$30 178) for a 40m² 1-bedroom unit.¹⁴ This is far more than most Kenyans can afford.

In Kampala, Uganda's capital, only approximately 20 percent¹⁵ of households can afford to own a house. On average, a newly completed 2-bedroom house sells for approximately Ush50 million (US\$ 13 488), which is beyond the reach of most Ugandans. Most lenders only offer financing for up to 80 percent for residential mortgages, and the bulk of prospective home owners cannot raise the remaining 20 percent to qualify for home financing. Additionally, borrowing interest rates have remained high at 17 percent a year across most lenders.

In Kigali, Rwanda's capital, it is estimated that households in the middle income quintile could only afford a mortgage costing a maximum of FRw4.0 million (US\$4 390.77) at a 17.3 percent interest rate and a 15-year mortgage term.¹⁶ However, according to the Rwanda Affordable Housing Authority (RHA), the price of the cheapest 2-bedroom house is FRw18 million (US\$19 759) which is not affordable for the majority of Rwandans.

Similarly, in South Sudan the exorbitant lending rate of 24 percent and a 55 percent down payment has made it difficult for a median income household to afford mortgage financing. According to the 2018 Canback Global Income Distribution Database (C-GIDD), most urban households earn annual incomes between S\$793 314.6 (US\$5 000) and S\$1 269 303.3 (US\$8 000). This income level makes it difficult for the average household to afford the cheapest formal housing unit in urban areas which is priced at S\$12 645 600 (US\$80 000) for 90m².

Burundi's real estate sector is no different from the other EAC countries. Although the poverty rate based on Bfu3 525 (US\$1.9) a day fell from 74.7 percent in 2017 to 71.8 percent¹⁷ in 2018, affording decent housing is still difficult. Further, financing options for housing-related investments are unaffordable for both investors and prospective homeowners. Financial institutions have kept interest rates high, averaging 15.98 percent, making it hard for most citizens with modest incomes to afford credit.

Despite the many obstacles, governments in the EAC countries and other stakeholders, i.e. donors and private sector, continue to try to increase access to finance for home buyers. In Kenya, the formation of the Kenya Mortgage Refinancing Company (KMRC) will promote affordable housing by enabling long-term loans at attractive market rates. The Government of Rwanda (GoR) has pioneered the development of various affordable housing development projects and recently planned to implement a Green City Concept on a 620ha site in Kigali. This development is expected to start in January 2020.

In Uganda, banks such as the Housing Finance Bank and Bank of Africa have introduced 100 percent financing for residential mortgages, under which customers without down payments are fully financed to acquire residential property. The Government of Uganda has focused on delivering 101 housing units to families evacuated from the landslide-prone Mount Elgon region in the East of the country. Two-bedroom housing units were constructed by the national army and police under the first phase, completed in March 2019. Other phases are planned to deliver 1 300 houses for occupation by 6 300 people affected by landslides in the region.

Housing supply

Rapid urbanisation and lack of urban planning have resulted in enormous housing deficits. Owning a decent house is still an unattainable goal for many households in the EAC countries. Major roadblocks to efforts to alleviate the housing crisis in the EAC countries include the lack of affordable housing finance, the prohibitive cost of urban land, weak tenure security, rising construction costs and the prevalence of slums.¹⁸

Kenya has a housing deficit of nearly 2 million, growing at a rate of approximately 200 000 units a year. Informal settlements are on the rise in urban areas, with 61 percent of the urban population living in slums and overcrowded homes.¹⁹ The World Bank in 2017 estimated that 83 percent of the existing housing supply is for the upper middle income and high income population while, only 2 percent is for the low income population.²⁰ However, the housing sector recorded an increase in the number of completed private residential and non-residential buildings in Nairobi City Council (NCC), from 11 902 in 2017 to 12 304 in 2018. In addition, the affordable housing initiative has gained momentum through Public Private Partnerships (PPPs), private developers' partnerships and state-funded projects. Examples include: (i) the New Ngara project targeting 1 500 units (ii) the 1 200-unit Unity Homes project within Tatu City in Kiambu (iii) the 2 720-unit Edermann Property project in Ngara and (iv) the 8 888-unit Mavoko project to be built by the United Nations Habitat Cooperative Society, which is in the pre-development stage. The Kenyan government plans to launch a low-cost housing project to build 30 000 housing units in the east of Nairobi by 2020.

A recent housing survey by the Uganda Bureau of Statistics revealed that Uganda has a housing deficit of approximately 1.7 million housing units, expected to reach 3 million units in 2030.²¹ It is reported that Kampala alone has a housing deficit of 550 000 units. Largely to blame are a rapid urbanisation rate of 5.2 percent and a high population growth rate of 3.2 percent a year. To ease access to affordable housing, the Uganda government partnered with the private sector to improve infrastructure such as water, sewerage, electricity and roads. With the emergence of private real estate developers, housing and mortgage sectors are growing quickly and many private developers have partnered with commercial banks to offer mortgages to citizens who cannot afford outright purchases. In October 2018, HFB partnered with Habitat for Humanity and the Buganda Kingdom to champion the "Decent Living Campaign". This initiative aims to improve lives through decent shelter, better livelihoods and access to safe and clean water, with an overall goal of supporting close to 400 individuals by 2030.

An estimated 721 000 new homes are needed in Kigali (Rwanda) by 2032, almost double the 367 000 homes needed in 2018.²² The government has been instrumental in supporting initiatives geared towards affordable housing in Rwanda.

Regional Data Challenges

Information on housing finance can be obtained from multiple data sources in Kenya, Uganda and Rwanda. For these three countries various organisations publish reports on housing and access to finance regularly. Other reports can be sourced from organisations such as central banks, national statistics bureaux, the World Bank and similar bodies. However, in Burundi information on property markets and housing supply is not readily available, making it difficult to track development in the housing sector. Least up-to-date information is available in South Sudan, mainly due to the unstable political economy. Available reports were as old as 2011 and do not give a true picture of trends in affordable housing finance.

Key examples include the introduction of a uniform land tenure regime as well as the provision of sustainable land through the National Land Use and Development Master Plan (NLUMP). In June 2019 a joint venture between Development Bank of Rwanda (BRD) and Shelter Afrique announced the construction of 2 000 affordable housing units in Nyamirambo Sector (Nyarugenge District) with adherence to the City of Kigali master plan and the affordable housing program under the National Housing Policy.²³ The project targets approximately 2 800 affordable houses on a 42ha piece of land and it is expected to accommodate 14 000 people as well as create hundreds of temporary and permanent jobs.

South Sudan has 2.6 million urban households and 10.6 million rural households. Most housing units in the country are owner occupied with only 2 to 3 percent rented out. The country estimates a backlog of 4 million units, which calls for urgent additions to the country's housing stock. A regional study on changes in housing in Sub-Saharan Africa shows that the quality of South Sudan's housing improved the least from 2000 to 2015.²⁴ To better the housing situation, the Government of South Sudan is working on a masterplan community project in the Central Equatorial State where approximately 9 000 housing units are to be built with cash purchase and lease-to-own options. Similarly, the United Nations Human Settlements Programme (UN-Habitat) built 5 000 housing units for returnees and refugees.

The supply of housing units in Burundi is small because of the availability of participants on the housing supply side. The country has failed to attract large-scale property developers, due to its fragile political state, low level of economic development and high incidence of poverty. With the recent return to political stability and renewed hope for economic development, the city of Bujumbura is beginning to experience a supply of new houses, largely from a few individual investors. At the same time, the influx of returnee refugees is already exerting pressure on the housing situation in Burundi.

The EAC countries' housing supply shortage is mainly constrained by the lack of a more permanent access to long-term financing, which is now made available on an ad hoc basis by international development banks. Other reasons include developers seeking higher returns from upmarket developments targeting wealthier buyers who have greater disposable income.

Property markets

The last 20 years of real estate boom in the EAC countries changed the building landscape and inventory. In most EAC countries the first years of heavy real estate investment concentrated primarily on high-end assets in the hope of garnering higher margins and returns. Nevertheless, an opportunity exists in mid-market areas compared to high-market areas. The 2019 World Bank Doing Business report ranked the EAC at an average of 119 out of 190 in the ease of doing business category. Rwanda and Kenya are the only regional economies that have recorded improvement in the Ease of Doing Business index in two consecutive years, 2018 and 2019. Rwanda was ranked 29 and Kenya 61 this year. Tanzania ranked 144, Uganda 127, and South Sudan 185. The cost of registering property in the EAC is 5.3 percent of the total property value, lower than other regional trading blocs such as the Southern African Development Community (SADC) at 6.8 percent and Middle East and North Africa (MENA) at 5.7 percent.

The EAC ranks poorly on the number of procedures required to register property with an average of seven procedures. Uganda has the highest number of

procedures at 10, while Rwanda has the least number of procedures at three. In Rwanda it takes seven days to register property and in the other EAC countries property registration takes approximately 23 to 67 days. However, the regional average to register property is 39.3 days, lower than the SADC average of 50.3 days.

Policy and regulation

A number of regulatory changes have affected housing and housing finance in the EAC region. In June 2019, Uganda's Parliament passed²⁵ the Landlord and Tenant Bill 2018 that seeks to regulate the relationship between landlords and tenants. This Bill contains several provisions on the rights and duties of landlords and tenants in rented commercial and residential premises. A key provision is the legal requirement to execute a contract for all rental transactions above Ush500 000 (US\$135) with clear terms and conditions. The government has also moved to allocate funding in the 2019/2020 budget to facilitate the enactment of the Security Interest in Movable Property Act. This will further promote the use of movable assets as loan collateral.

In 2018 Kenya's National Housing Corporation (NHC) established the Affordable Housing Initiative as one of its Big Four pillars²⁶ to promote long-term economic development. The initiative is focused on delivering 500 000 housing units for the lower and middle income population segments by 2022.²⁷ These units will range between KSh0.6 million (US\$5 841) and KSh3.0 million (US\$29 205) aim to reduce the existing housing deficit. Furthermore, the National Housing Development Fund (NHDF) was established under the Housing Act 2018 with a mandate to raise funds through a housing levy. Employers are expected to match a 1.5 percent levy on employees' basic salaries up to KSh5 000 (US\$48.7), and the total will be channelled into the fund.

In South Sudan, the Ministry of Land, Housing and Urban Development (MLHUD) has worked on inputs that will contribute to a housing policy in the future. While South Sudan's constitution makes mention of a "right to housing" in Article 34(1), there is neither political will nor significant budgetary allocation for a housing policy and its implementation. The approval of the Housing Finance Bank and the formation of the South Sudan Microfinance Development Facility (SSMDF) illustrates the extent of the government's ambition.

Burundi's housing and property transactions are governed under the 2008 National Urban Planning and Housing Policy. The policy provides the regulatory framework for managing water, environment, land and urban development. Yet, despite the existence this policy, enforcement of property rights and contracts is lacking. According to the World Bank, property rights and rule-based government policies are among the lowest in the world, with the country scoring a lowly two points out of six.²⁸

The Government of Rwanda through the Ministry of Infrastructure has developed the Urbanisation and Rural Settlement Sector Strategic Plan 2018-2024. The Strategic Plan focuses on the following themes: (i) Integrated human settlement

planning and coordination; (ii) City of Kigali, secondary cities and other potential towns developed to spur socio-economic growth; (iii) creation of liveable, well-serviced, connected, compact, green and productive urban and rural settlements with a cultural identity; (iv) access to social and affordable housing and (v) informal settlement upgrading.²⁹ The government is pioneering the development, expected to start in January 2020, of a Green City Concept on a 620ha site in Kigali. The city will have environmentally sustainable affordable housing, and integrated craft production centres. Two projects are being developed on two parts of the site: phase 1 - Cactus Green Park, a housing development with 410 houses on 13ha and phase 2 - a housing development on 125ha. Further phases will include commercial and office buildings.

Opportunities

Mortgage markets across the EAC are only likely to grow if they are affordable, which will not only increase access to adequate shelter, but can have a significant impact on economic development. The uptick in housing finance in Rwanda has been partly a result of it being one of the most progressive enabling environments in Sub-Saharan Africa and partly because it has removed obstacles to obtaining land titles and enabled citizens to use them as collateral in lending transactions. Uganda has immense market potential for housing delivery in the affordable market segment. With the widening gap in annual housing supply compared to the established demand, developers could find lucrative business in this segment. Additionally, stability in market lending interest rates has encouraged an upsurge in mortgage finance for the past two years. However, availability of low-cost finance could further raise the demand for mortgage finance.

South Sudan still faces an unstable political, which hinders the business environment. However, if this is resolved, an opportunity exists in strengthening nonconventional financial service providers to advance housing finance through alternative means. As Burundi progresses towards political stability, developing affordable housing is an inviting opportunity, along with initiatives to overcome financing challenges. Furthermore, the development and better capitalisation of Mortgage Liquidity Facilities (MLF) already present in Tanzania, could play a vital role in building domestic capital markets.

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¹ This regional profile draws from the relevant country profiles contained in this Yearbook.

² Tanzania also belongs to the Southern African Development Community (SADC).

³ East African Community (no date). About EAC. <https://www.eac.int/overview-of-eac> (Accessed 21 September 2019).

⁴ The East Africa Economic Outlook reports on a total of 13 countries in the East Africa region: Burundi, Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Rwanda, Seychelles, Somalia, South Sudan, Tanzania, Uganda and Sudan.

⁵ Africa Development Bank Group (2019). East Africa Economic Outlook 2019. Pg. 5.

⁶ Ferullo, M. (2018). The Sentry: Banking on war: Ending the abuse of South Sudan's banking sector by political elites and pushing for peace. <https://thesentry.org/reports/banking-on-war/> (Accessed on 26 August 2019). Pg. 3.

⁷ Financial Institutions are grouped into three categories: in tier one are banks; in tier two are microfinance institutions and in tier three are savings and credit cooperatives (SACCOs).

⁸ Central Bank of Burundi website and EAC Central Bank websites.

⁹ An informal savings group is a social organization formed to help community members save money for specific purposes (either individual or community level). The two most common examples are rotating savings and credit associations (ROSCAs) or accumulated savings and credit associations (ASCAs).

¹⁰ Other banks involved in housing related finance include Bank of Africa, Standard Chartered Bank, DFCU Bank, Stanbic Bank and Centenary Bank.

¹¹ Bank of Uganda (2019). Credit to the private sector report. Pg. 5.

¹² National Bank of Rwanda (2019). Monetary Policy and Financial Stability Statement. Pgs. 41-80.

¹³ Satellite cities are small or medium-sized cities near a large town, for instance smaller towns near Nairobi, Mombasa or Kisumu.

¹⁴ Cytonn Investments (2019). Nairobi Metropolitan Area Residential Report. Housing Deficit and Economic Development to Drive Growth. Pg. 25.

¹⁵ Uganda National Bureau of Statistics (2016/17). National Household Survey 2016.

¹⁶ Bower, J. and Murray, S. (2019). Housing need in Kigali. C-38406-RWA-1. <https://www.theigc.org/wp-content/uploads/2019/07/Bower-et-al-2019-Final-report.pdf> (Accessed 22 August 2019). Pg. 6.

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¹⁹ Affordable Housing Investment Summit (AHIS). 8 Countries that Need Sustainable and Affordable Housing in Africa – An Overview. [web blog]. 30 April 2019.

²⁰ World Bank (2017). Kenya Economic Update – Housing unavailable and unaffordable. Pg. 27.

²² Bower, J. and Murray, S. (2019). Housing need in Kigali. C-38406-RWA-1. <https://www.theigc.org/wp-content/uploads/2019/07/Bower-et-al-2019-Final-report.pdf> (Accessed 22 August 2019). Pgs. 6, 12, 79.

²³ Shelter Afrique (2019). Shelter Afrique, Development Bank of Rwanda to build 2,000 housing units in Rugarama. 3 June 2019. Pgs. 1-2.

²⁴ Tusting, L., Bisanzio, D., Alabaster, G., Cameron, E., Cibulskis, R., Davies, M., Flaxman, S., Gibson, H., Knudsen, J., Mbogo, C., Okumu, F., Seidlin, L., Weiss, D., Lindsay, S., Gething, P. and Bhatt, S. (2019). Mapping changes in housing in Sub-Saharan Africa from 2000 to 2015. Pg. 391.

²⁵ The Bill was passed by parliament but is still awaiting the President's consent.

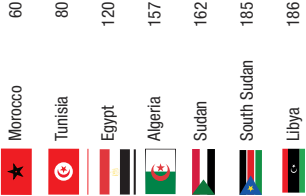
²⁶ The Government of Kenya has committed to deliver a series of ambitious social programmes to promote long-term economic development for Kenyan citizens through its Big Four agenda: (1) affordable housing; (2) universal health coverage; (3) enhancing manufacturing; and (4) food security and nutrition.

²⁷ Cytonn Report (2019). National Housing Development Fund (NHDF). 26 May 2019.

²⁸ World Bank (2018) Addressing Fragility and Demographic Challenges to Reduce Poverty and Boost Sustainable Growth – Systematic Country Diagnostic. Pg. 46.

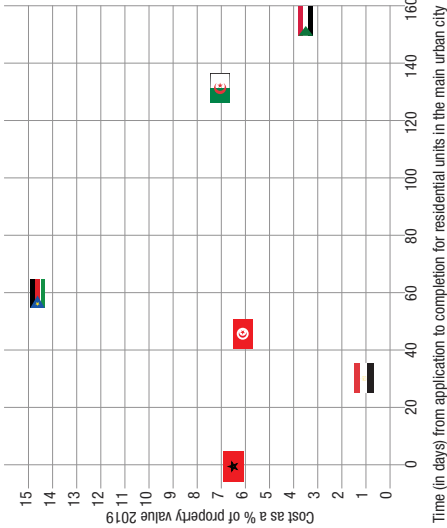
²⁹ Ministry of Infrastructure (2019). 3rd National Urban Forum Rwanda - Implementing the New Urban Agenda. http://www.mininfra.gov.rw/fileadmin/user_upload/NUF_Rwanda_v06.pdf (Accessed 20 August 2019). Pg. 14.

World Bank Doing Business
global rank, 2019



The Doing Business indicators provide comprehensive and comparative global data tracking business regulation environments over time. A high ease of doing business ranking means that the regulatory environment in that economy is more conducive to the starting and operation of a local firm.

Cost to register property and time from application to completion for residential units in the main urban city, 2019



Mortgage lending, 2019

42% of countries in the region have available information on number of mortgages.

	Algeria	Egypt	Libya	Morocco	South Sudan	Sudan	Tunisia
Number of mortgage providers	n/a	4	n/a	24	2	15	23
Number of mortgages outstanding	n/a	n/a	n/a	170 425	821	6 250	n/a
Prevailing mortgage rate	10%	7%	6%	8%	25%	14%	8%
Average mortgage term in years	20	15	30	20	20	10	25
Average percentage of the down payment on a mortgage if required	20%	15%	n/a	30%	55%	60%	20%
Number of mortgages classified as non-performing	n/a	4	n/a	7	1	312	n/a

Financing view, 2019

	Algeria	Egypt	Libya	Morocco	South Sudan	Sudan	Tunisia
Number of microfinance loans	889 148	2 600 000	n/a	880 000	36 466	1 300 000	820 569
Number of microfinance providers	n/a	896	n/a	13	11	27	289
Number of housing construction loans	n/a	n/a	n/a	n/a	7	8 000	n/a

68

Total number of mortgage providers in the region

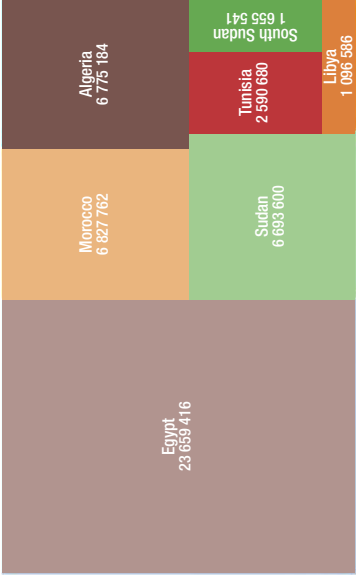
177 496

Total number of mortgages outstanding in the region

Cheapest newly built house: Cost, size and percent urban population that can afford, 2019



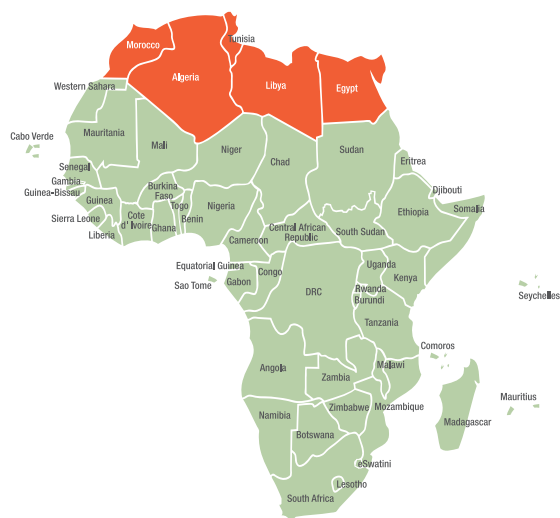
Number of households, 2019



Source: World Bank Doing Business 2018; CGIDD 2019; data collected by Yearbook authors. NB: Figures for indicators collected by Yearbook authors only include the information they were able to obtain. Actual amounts, for total number of mortgage providers and/or mortgages outstanding, for example, may be higher.

North Africa Regional Profile

Author: Zeinab Sayeed



Overview

The North Africa region is made up of five countries bordering the Mediterranean Sea: Egypt, Libya, Tunisia, Algeria and Morocco. Together, they are home to around 200 million people. Africa's economies continue to strengthen, having grown by an estimated 3.5 percent in 2018, up from 2.1 percent in 2016. With a 4.9 percent gross domestic product (GDP) growth in 2018, North Africa is leading the continent's recovery, accounting for 40 percent of the continent's four percent expected growth in 2019.¹ The growth prospects are positive in the region. North Africa is expected to grow by 4.4 percent in 2019 and 4.3 percent in 2020.² However, drivers of growth differ across countries.

Egypt, home to 100 million people, had GDP growth of 5.6 percent in Fiscal Year (FY) 2018/19, up from 5.3 percent in FY2017/18 on the back of stronger oil production, revitalised tourism, and higher government investment spending.^{3,4} Tunisia's GDP grew by 2.6 percent in 2018 from two percent in 2017, owing to a favorable tourist sector and good harvest.⁵

The Organization of the Petroleum Exporting Countries (OPEC) member country, Algeria, home to 42 million people, achieved a growth of 2.3 percent in 2018, up from 1.4 percent in 2017. Still highly dependent on the hydrocarbon sector; oil and gas contributed 60 percent of the budget and 94 percent of total exports revenue; while the non-hydrocarbon sector grew by only four percent in 2018, up from 2.2 percent in 2017.⁶ Libya's GDP also increased in 2017 and 2018 due to higher oil production.⁷ Meanwhile, growth in Morocco slowed down in 2018, reaching three percent in 2018, compared to 4.1 percent in 2017, due to weakened agricultural and tertiary sectors.⁸

In Africa, average inflation fell to 10.9 percent in 2018 from 12.6 percent in 2017, and is estimated to reach 8.1 percent by 2020.⁹ In North Africa, annual inflation rates have abated in Morocco (0.2 percent as of June 2019)¹⁰ and Algeria (3.1 percent as of June 2019),¹¹ but remain persistent in Egypt (8.9 percent in June 2019)¹² and Tunisia (6.8 percent in June).¹³ The prospects of inflation remain mixed in the region. Inflation is likely to remain under control in Algeria and Morocco, however; inflationary pressure in Egypt is likely to continue after surge in fuel prices.¹⁴

Meanwhile, Morocco's monetary policy has remained accommodative, with policy rates kept at 2.25 percent since its last reduction in March 2016.¹⁵ In Egypt, the Central Bank of Egypt (CBE) reduced policy rates by 150 basis points last August (15.25 percent).¹⁶ Monetary authorities in Tunisia increased policy rates by 100 basis points (7.75 percent) and further hikes in policy rates remain feasible if disinflation stalls.¹⁷ Despite improved economic momentum (except in Libya), growth remains insufficient to address structural challenges. Besides, the positive outlook is clouded by political instability in Algeria and Libya, reform slippages leading to lower growth in Tunisia and Morocco, vulnerable tourism in Egypt and Tunisia, as well as insufficient inclusive growth in all countries.

Access to finance

The banking sector in North Africa is one of the most advanced in Africa despite some persistent gaps. In 2017, the share of adults with an account was 34.7 percent in North Africa. However, it remains uneven across countries. The share is relatively high in Algeria (42.8 percent) and Tunisia (36.9 percent), while rates are moderate in Egypt (32.8 percent) and Morocco (28.6 percent).

A large percentage of adults borrow from financial institutions in Tunisia (8.5 percent) and Egypt (6.3 percent) against three percent in Algeria and 2.6 percent in Morocco. The overall rate in North Africa is 5.4 percent. The proportion of adults with outstanding housing loan is 4.8 percent in North Africa. The highest rate is in Tunisia (eight percent), followed by Algeria (4.7 percent) and Egypt (3.9 percent).¹⁸ However, non-banking financial institutions are still at an early stage of development.

Despite being relatively large and well regulated, the region has a high level of concentration. In Egypt, the three state-owned banks control 40 percent of the banking sector.¹⁹ In Morocco, 81 percent of the assets are captured by three banks.²⁰ In Algeria, six state-run banks account for around 90 percent of the sector's asset, as of 2017.²¹ The sector is fragmented in Tunisia with four banks sharing 47.5 percent of total deposits.²²

Egypt has the lowest non-performing loans (NPLs) ratio in the region, standing at 3.9 percent as of December 2018.²³ Bank capitalisation in Morocco is adequate, and relatively high NPLs (7.7 percent) are mitigated by comfortable provisioning levels (70 percent).²⁴ In Tunisia, NPLs dropped to 13.4 percent in December from 14.2 percent in September 2018 with a well-capitalised banking sector.²⁵ In Algeria, the NPLs stood at 12.3 percent in 2017.²⁶

With the exception of Morocco and Tunisia, housing finance markets remain small and underdeveloped. In Egypt, during 2018, mortgage finance increased by 57 percent.²⁷ However, mortgages still represent less than one percent of GDP, despite the presence of 15 mortgage finance companies.²⁸ In Algeria, there has been a considerable increase in state-subsidised mortgages, whose rates are capped by the CBE at 7.5 percent. The Caisse Nationale d'Épargne et de Prévoyance mainly dominates this segment.²⁹

Affordability

Affordability remains a major challenge in North Africa for the region's young and growing population, exacerbated by weakened purchasing power in Tunisia and Egypt, and inadequate economic growth in Algeria and Morocco. Despite a growing real estate sector; developers focus on building for the top income earners, while middle and low income earners are left with inadequate access to mortgage finance and limited affordable supply.

According to the World Bank, Libya has the highest GDP per capita in the region at US\$7 235, followed by Algeria at US\$4 278, then Tunisia at US\$3 446 and Egypt at US\$3 237. Egypt has the lowest GDP per capita at US\$2 549.³⁰ Poverty and unemployment remain a key challenge, exacerbated by instability (Algeria and Libya) and insufficient private sector led growth (Algeria, Egypt and Tunisia). According to the World Bank, 60 percent of Egypt's population is either poor or vulnerable with inequality being on the rise.³¹ In Tunisia, a loss of purchasing power on the back of price hikes has affected the population. Fifteen percent of Tunisians live below the poverty line.³² Similarly, Algeria's austerity policy in 2017 has further reduced standards of living.

In terms of inequality, it remains considerably moderate in North Africa. The average Gini index level dropped from 40.3 during 1990-1994 to 33 during 2010-2015, lower than Sub-Saharan Africa (45.5). But disparities exist among countries. During 2010/15, the highest Gini index in the region was registered in Morocco's index (41.2), which was far above Algeria (24.1), Egypt (31.3) and Tunisia (35.8).³³ However, reform programmes with the International Monetary Fund (IMF) could have worsened inequality in Egypt and Tunisia.

Wealth distribution remains largely similar in the region. In Egypt, income share held by the highest 20 percent was 41.5 percent while the lowest 20 percent held 9.1 percent of the income in 2015. Morocco had similar rates in 2013, with 47

percent of the income held by the highest 20 percent while the lowest 20 percent held 6.7 percent of the income.³⁴

Housing supply

Population growth remains considerably moderate in North Africa compared to Africa's other regions. During 2010/15, Northern Africa had an annual rate of population change of 1.96 percent. However, disparities strongly exist among countries. Egypt's rate of 2.21 percent puts the country above Algeria (1.98 percent), Libya (0.70 percent), Morocco (1.39 percent), and Tunisia (1 percent).³⁵ Urbanisation levels in North Africa have outstripped other regions. In 2015, Northern Africa had an urbanisation level of 51.6 percent, only below Southern Africa (61.6 percent). Libya's urbanisation level (78.6 percent) was higher than that of Algeria (70.7 percent), Egypt (43.1 percent), Morocco (60.2 percent), and Tunisia (66.8 percent).³⁶

These demographic factors coupled with lack of proper urban planning have caused large housing deficits. In Egypt, the housing backlog is estimated to be 3.5 million housing units, while Algeria has a backlog of 1.2 million housing units. Morocco is estimated to need 600 000 units, while Libya with a population of 6.37 million (2017), and a high urban share of 78.6% as of 2015, needs 350 000 units.³⁷

To deliver affordable housing, governments in North Africa have launched several initiatives. In 2014, Egypt launched the Social Housing Program to provide a million subsidised housing units over five years.³⁸ According to the World Bank, a total of 241 517 families from the bottom 40 percent of the population have benefited.³⁹ In Morocco, housing deficit dropped to 400 000 units in 2017 from 1.24 million units in 2002. "Villes Sans Bidonvilles", launched in 2004, eradicated slums in 59 of the 85 targeted towns by 2018.⁴⁰

Algeria built 3.6 million units between 1999 and 2018. The government plans to add 200 000 public housing units in 2019. However, the country's rate of construction necessitates the involvement of private developers which are focused on high income brackets.⁴¹ In Tunisia, the state-owned Société Nationale Immobilière de Tunisie built 260 000 units between 1957 and 2012. Together with Société de Promotion des Logements Sociaux, 4 000 units were produced annually during the 1990s. However, this figure has substantially dropped without being offset by the private sector.⁴²

Property market

According to the World Bank Doing Business 2019 report, all countries in North Africa have improved their positions, except Libya which slightly slipped from the 185 to the 186 in ranking.⁴³

Morocco, first in the region and third in Africa after Mauritius (20) and Rwanda (29), jumped from being ranked at 69 to being ranked at 60. Three sub-indicators including ease of doing business had noticeable improvements. A highly improved sub-indicator was registering property, which jumped from 86 to be ranked at 68. Morocco streamlined the process of starting a business by abolishing the stamp duties and registration fees. Also, Morocco streamlined administrative procedures, which resulted in increased transparency of the land registry.

Tunisia, second in the region, improved its position from 88 to 80, with improvements in four sub-indicators including starting a business and registering a property. Tunisia combined different registrations together at the one-stop shop, streamlining the process of starting a business. Also, the country increased the transparency of the cadaster, making registering a property easier.

Egypt jumped eight positions from 128 in 2018 to 120 in 2019. Remarkable improvements were achieved in four sub-indicators including starting a business. Getting credit remarkably improved (jumped in the ranks from the 90 to 60). However, its position on dealing with construction permits slightly worsened from 66 in 2018 to 68 in 2019, and its position for registering property dropped from 119 to 125. Egypt streamlined the process of starting a business by introducing a one-stop shop and removing the requirement to obtain a bank certificate.

Algeria was ranked 157/190, having jumped from 166 in 2018. The sub-indicator of dealing with construction permits jumped from 146 in 2018 to 129 in 2019, driven by a noticeable reduction in days needed and improvement in the building

Availability of data on housing finance

Availability of data varies across the region's countries. Considerably better data is found in Morocco and Tunisia, while data in Algeria and Egypt is less available.

In Morocco, the country's Central Bank, Bank Al – Maghrib, publishes real estate price index on quarterly basis. Quarterly lending rates and real estate loans are also published by the bank and monthly information on real estate loans is also available in the key monetary statistics report. The High Commission of the Plan of the Kingdom of Morocco publishes diverse studies and indicators, one of which is the quarterly production by sector including construction. Moreover, the Ministry of Economy and Finance published a comprehensive study on the housing sector in 2019.

In Tunisia, the National Institute of Statistics publishes an index by property type on a quarterly basis. The Central Bank includes housing loans statistics in its annual reports. Information on social housing programmes are available on the website of the Ministry of Equipment, Housing, and Territorial Development. A study on consumption loans was published in 2018 by the National Institute of Consumption.

In Algeria, there is no real estate price index, however, the monthly consumer price index includes a housing subcategory by the National Office of Statistics. Data on housing, however, remains outdated. The Bank of Algeria publishes data on mortgage loans in its monetary and financial trends reports.

In Egypt, the Central Agency for Public Mobilization and Statistics publishes an annual bulletin on housing and the monthly inflation rates. The CBE publishes inflation figures, however, there is no officially published real estate price index. Besides, CBE does not publish a consolidated figure of mortgage loans, only credit extended to the household sector is included. The government's various housing programmes are published on the website of the Ministry of Housing, Utilities, and Urban Communities.

quality control index. However, the sub-indicator of registering property slightly worsened from 163 to 165.

Property markets are buoyed by favorable demographics especially in Egypt, Algeria and Morocco. Egypt's growing and young population with high marriage rates, coupled with investment-driven buying, is driving demand for primary residences and ownership over rentals.⁴⁴ Similarly, in Morocco, middle income housing is the fastest growing segment with around 67 percent of Moroccans owning their homes, but housing is mostly self-built. Twelve percent buy from private developers while two percent buy from a public developer. A similar pattern of ownership exists in Tunisia, where 79 percent of construction permits were issued for individuals while the private sector had 19 percent of issued permits in 2017.⁴⁵ These self-build units are mostly informal in Tunisia, accounting for around one-third of total new constructions.⁴⁶

In Algeria, housing developments account for the majority of construction projects, buoyed by a growing population and urbanisation. Besides the predominance of the informal market, estimated to make up 80 percent of the sector, the state remains the most prominent player in the market, owning almost half of the country's stock in 2017.⁴⁷

People finance their costs differently in North Africa. In Egypt, with high interest rates, well-off consumers buy directly from private developers, which offer installment payments up to 10 years to offset the affordability crunch. In turn, this pressures the country's secondary market.⁴⁸ On the contrary, Morocco has the most diverse housing finance market. Real estate loans increased by 4.2 percent year-over-year (y-o-y) in May 2019.⁴⁹

In terms of prices, the region has witnessed different trends. In Morocco, the real estate asset price index for residential properties declined by 0.3 percent y-o-y. However, the number of residential transactions increased by 4.5 percent (y-o-y).⁵⁰

In Tunisia, the residential property price index only rose by 0.47 percent (y-o-y), a sharp decline from y-o-y rises of 10.23 percent in 2017. Also, the total volume of transactions fell by 13.3 percent during the fourth quarter of 2018 (y-o-y). However, the decline in prices and transactions is evident in the apartment rather than house segment.⁵¹

Egypt's unofficial Aqarmap price index witnessed a growth of 22 percent in June 2019, mainly driven by demand from Egyptian expats,⁵² despite a drop of 11.7 percent during the first quarter (y-o-y).⁵³ Egypt's real estate sector witnessed a strong performance in sales and prices in 2018. Cairo's residential housing supply totaled 155 000 units by the end of 2018 (29 percent y-o-y growth).⁵⁴

Policy and regulation

In North Africa, governments' policies have a prominent role in the housing sector. Egypt's system of auctioning off land plots to the highest bidders pushes developers to focus on the luxury niche market to cover rising costs. Accordingly, the state has adopted several programmes for the low and middle income household. The government has tapped into the high income brackets through City Edge Developments, a real estate developer jointly established by the Housing and Development Bank (public sector) and the government's urban planning arm, New Urban Communities Authority.⁵⁵ Besides, the CBE will subsidise middle income housing mortgage.⁵⁶

In Algeria, the government runs programmes for all income levels. It provides affordable renting for people earning less than 1.5 times the minimum wage. For the middle class, which makes between 1.5 and six times the minimum monthly wage, the government runs the Assisted Housing Programme, which provides grants to assist with down payments.⁵⁷

Tunisia's relatively small market, coupled with the predominance of self-build, has hindered private sector development. The government's policy has focused on facilitating financing through direct loans. To cater for Tunisians earning less than 4.5 the national minimum wage, the Fonds Pour La Promotion des Logements aux Salariés initiative was introduced in 1977 and is managed by Tunisia's state-owned Housing Bank. However, the recent economic pressure, especially on the middle class, prompted the government to launch the First Home Programme (Programme Première Logement) in 2017 to help the middle class.⁵⁸

Morocco's programmes have been effective. Since its launch in 2004, more than 160 000 household have had access to housing through the credit programme

FOGARIM. For the middle class, the government introduced several incentives in the Law of Finance 2013 and 2014.⁵⁹ The government also adopts a policy focused on harnessing the private sector to provide affordable housing through fiscal incentives.⁶⁰

Opportunities

Despite some downside risks including instability, reform slippage and inadequate growth, the prospects for the North African region are positive, given their growing economies and the reform programmes in Egypt and Tunisia. Government projects, especially in Egypt and Algeria, are likely to support the real estate sector, while growing populations and high urbanisation rates will drive demand for housing. However, access to affordable housing remains a major challenge, especially with high inflation rates and weakened purchasing power in Egypt and Tunisia. Moreover, the external pressure on Algeria's revenues could hamper the government's projects. A shift in government policies to engage private developers is needed. Enhancing access to finance is also essential especially in Egypt and Algeria. With untapped potential, the region offers diverse opportunities in the housing sector. Egypt's various new cities have good prospects. Algeria's new city of Hassi Messaoud, the sector's main development, associated with the government efforts to diversify the economy will enhance the sector. In Tunisia and Morocco, a growing young and educated population needs access to middle income housing.

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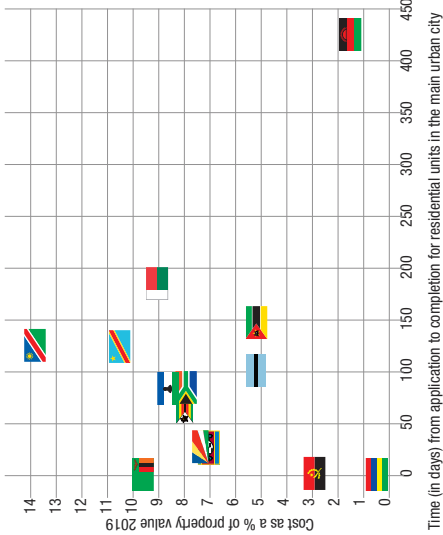
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World Bank Doing Business
global rank, 2019

The Doing Business indicators provide comprehensive and comparative global data tracking business regulation environments over time. A high ease of doing business ranking means that the regulatory environment in that economy is more conducive to the starting and operation of a local firm.



Cost to register property and time
from application to completion for
residential units in the main
urban city, 2019



Mortgage lending, 2019

35% of countries in the region have available information on number of mortgages.

	Angola	Botswana	DRC	eSwatini	Lesotho	Madagascar	Malawi	Mauritius	Mozambique	Namibia	Seychelles	South Africa	Zambia	Zimbabwe
Number of mortgage providers	n/a	9	6	5	3	7	4	21	17	5	10	14	9	15
Number of mortgages outstanding	n/a	n/a	n/a	n/a	16	n/a	n/a	n/a	n/a	73 396	n/a	1 700 436	8 000	12 550
Prevailing mortgage rate	16%	8%	14%	10%	12%	20%	20%	19%	28%	13%	11%	12%	29%	12%
Average mortgage term in years	20	10	25	20	19	18	20	25	25	20	20	20	15	16
Average percentage of the down payment on a mortgage if required	22%	10%	n/a	10%	20%	20%	15%	10%	10%	20%	n/a	15%	10%	20%
Number of mortgages classified as non-performing	n/a	5	n/a	n/a	10	8	n/a	n/a	n/a	2 936	n/a	66 479	1 200	601

Financing view, 2019

	Angola	Botswana	DRC	eSwatini	Lesotho	Madagascar	Malawi	Mauritius	Mozambique	Namibia	Seychelles	South Africa	Zambia	Zimbabwe
Number of microfinance loans	158	20	n/a	20 261	522	261 002	n/a	n/a	n/a	722 194	n/a	7 257 379	572 173	402 295
Number of microfinance providers	24	12	18	114	16	25	48	9	7	365	1	4500	35	210
Number of housing construction loans	n/a	30	n/a	n/a	191	n/a	n/a	n/a	n/a	n/a	n/a	59 396	27 298	2197

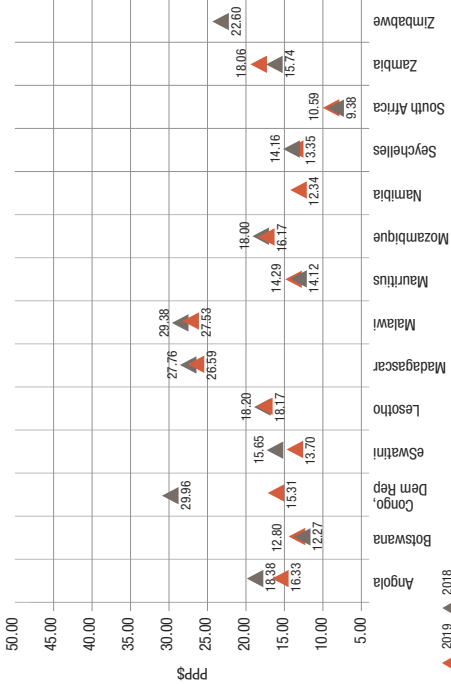
125

Total number of mortgage
providers in the region

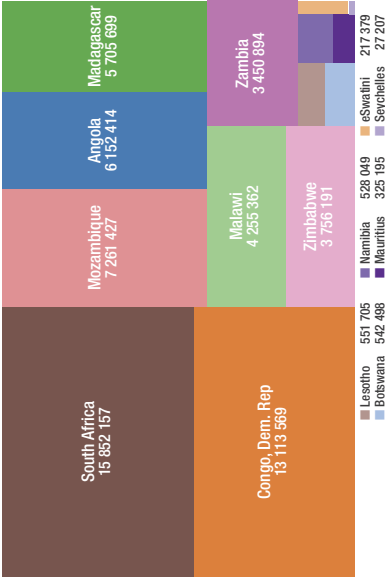
1 794 398

Total number of mortgages
outstanding in the region

Price of standard 50kg bag of cement, 2019

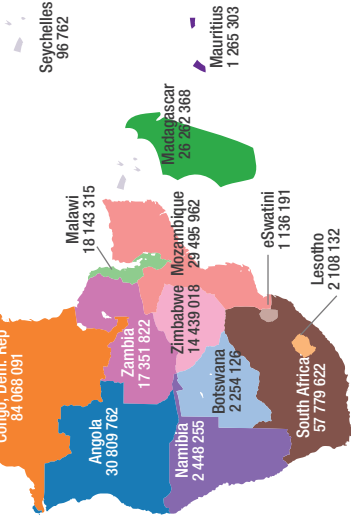


Number of households, 2019



Southern Africa

POPULATION SIZE



Cheapest newly built house: Cost, size and percent urban population that can afford, 2019



Source: World Bank Doing Business 2018; CGDD 2019; data collected by Yearbook authors. NB: Figures for indicators collected by Yearbook authors only include the information they were able to obtain. Actual amounts, for total number of mortgage providers and/or mortgages outstanding, for example, may be higher.

Southern African Development Community (SADC)

Author: Mikhaela Donaldson



Overview

The Southern African Development Community (SADC), established in 1992, was preceded by the South African Development Coordination Conference of 1980. It was founded on the ideals of basic development, regional integration and dependency reduction.¹ The SADC comprises 16 member states that include Angola, Botswana, Comoros, Democratic Republic of Congo (DRC), Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, eSwatini (Swaziland), United Republic of Tanzania, Zambia and Zimbabwe.²

The main objectives of the SADC are to attain “economic development and growth, democracy, peace and security, poverty alleviation, self-sustaining development founded on collective self-reliance, enhancement of the standard and quality of life of the peoples of Southern Africa, and support of the socially disadvantaged through regional integration”.³

The SADC population increased by 2.5 percent from 336.9 million in 2017 to an estimated total of 345.2 million in 2018. Among the member states, the DRC had the largest population share at 26.6 percent, followed by South Africa at 16.7 percent and Tanzania at 15.7 percent.⁴ The urban population is estimated at 55 percent with an urbanisation rate of 3.1 percent a year on average.⁵ The regional GDP is reported at 1.8 percent in 2018 compared to 2.1 percent in 2017.

Investment within the housing and housing finance sector has been on the increase since 2008. The nature of this investment ranges from Development Finance Institutions (DFI) sourcing funds from international bodies such as the African Development Bank or World Bank, pension funds, private companies, and government.⁶ The top five SADC investment locations, South Africa, Zambia, Mozambique, Angola and Namibia, account for 90 percent of capital spending.⁷ The financing instruments are characterised as either debt or equity. Of debt investments, loans or credit lines, 35 percent finance SMEs, 20 percent support the financial sector, 16 percent go to building housing, 15 percent to housing finance, 12 percent to infrastructure and 2 percent to slum upgrading.⁸ Of equity investments within the sector, 36 percent was for building housing, 30 percent financing SMEs, 11 percent support for the financial sector and 23 percent housing finance.⁹

General obstacles to regional growth include high unemployment, systemic poverty, weak commodity prices, economic strain, environmental vulnerabilities such as droughts, growing debt, high remittance fees and high inflation.¹⁰

On average 39.7 percent of the SADC population live under the poverty line. Although the unemployment rate on average is 12.9 percent, this is distorted by high performing states such as Madagascar (1.8 percent), Tanzania (2.2 percent) and the DRC (3.7 percent) along with poorly performing states such as South

Africa (27.7 percent), Lesotho (27.3 percent) and Eswatini (26.4 percent). Employment within the region has, however, not equated to poverty alleviation. Moreover, the region shows stark contrasts in countries such as Madagascar, which has both the lowest unemployment rate of 1.8 percent and the highest poverty rate of 54.1 percent of the population under the poverty line, followed closely by South Africa which has the highest unemployment rate and second highest poverty rate with 52.9 percent of the population below the poverty line.

To improve regional trade with the international market, six SADC member states entered into a trade agreement with the European Union (EU) as of June 2016. The countries of the Economic Partnership Agreement (EPA) are Botswana, Lesotho, Mozambique, Namibia, South Africa and Eswatini. The EPA is an asymmetrical trade structure in which the SADC countries are not required to ensure the same level of market openness.¹¹ The remaining SADC member states are in negotiations to enter into arrangements under alternate regional groupings.¹²

Cross-border trade which originates in Johannesburg, the largest metropolitan area in the country, reinforces South Africa's status as core anchor and foundation for the SADC. The industry revolves around the bulk sale and purchase of goods, including clothing, shoes, and household goods. This informal economy functions predominantly in cash and is largely operated by citizens of other African and SADC countries such as Malawi and Zimbabwe.¹³ This industry creates a demand for migrant housing and boosts the remittance structure. It emphasises the porous migratory nature of the SADC region, which is a critical factor, as urban populations and housing demands fluctuate regionally depending on where economic opportunities arise. The lack of predictability makes it difficult to deliver housing accurately to service the market. It also affects affordability as a single household could be separated and require more than one dwelling which needs to be financed.

Strategic interventions and direction from SADC seek to steer growth opportunities towards increased investment in non-oil sectors like electricity, construction and technology, along with focusing on mining and large infrastructure projects to bolster commodity prices and consumer markets.¹⁴ However, there are major obstacles in ensuring that the member states in themselves adhere to SADC tenets and objectives, namely to promote sustainable and equitable economic growth and socio-economic development through efficient productive systems, deeper co-operation and integration, good governance and durable peace and security.¹⁵

Although the SADC is intent on poverty alleviation and strong regional economic development, it has no strategic specification developing housing, or more particularly, the use of affordable housing as a mechanism for greater economic opportunity or local economic development. Housing could fall under the objective of infrastructure development, but if delivered this would be as a consequence of other development and not necessarily as a core SADC outcome.

Access to finance

Though regional financial integration is a core objective of the SADC, member states have independent financial systems. To regulate practices and policies, two bodies have been created under the auspices of the SADC. The first was the Committee of Central Bank Governors (CCBG) in 1995 and the second the SADC Banking Association (SADC BA), in 1998.¹⁶

The association set up a regional banking leadership platform to direct strategy and develop mechanisms to maximise cooperation of member banking associations. By enhancing the technical and regulatory capacity of member associations, the association aims to make financial markets more attractive to both regional and international investors.

The SADC BA is mandated by the CCBG to house and run the Payment Scheme Management Body for banks that settle transactions over the SADC Real Time Gross Settlements (RTGS) mechanism, called the SADC Integrated Regional Electronic Settlement System. The associated Payment Project is intended to develop regional payments instruments, regulatory parameters, and business

procedures, and serve as a reporting mechanism for the SADC-RTGS context, including reporting to the Payments SADC Oversight Committee.

The banking sector within the SADC is highly concentrated, with South African banks dominating through subsidiaries across the SADC. Standard Bank operates in all SADC countries apart from Comoros, Madagascar and Seychelles. First National Bank (FNB) is found in Botswana, Lesotho, Namibia, eSwatini, Tanzania, Mozambique and Zambia. ABSA operates in Botswana, Mozambique, Zambia, Seychelles, Tanzania, Mauritius and Namibia. As of 2018, 68 percent of the SADC population was financially included as compared to 66 percent in 2015.¹⁷

Mobile money accounts in SADC countries have enabled rural populations to gain some access to financial services. However, there is concern around increasing costs for these services across the region.¹⁸ The cost of banking tools, including cross-border remittances within the region, remain a critical barrier to financial access. Efforts to lessen the cost have been made in some countries such as Malawi in which legislation has been passed to remove monthly fees on entry-level accounts, or in Zimbabwe, where a financial inclusion forum has been established.¹⁹

Mauritius has the highest level of mortgage penetration in the SADC. With an estimated 13 percent of the population having a home loan, its housing market is characterised by a high degree of ownership. Further, an estimated 10 percent of the Botswanan population holds a home loan, ranking it second in SADC in mortgage penetration. In Namibia, 81 percent of those aged 15 and over hold bank accounts. Conversely in Mozambique only three percent of the population has access to credit.²⁰

A critical barrier to the growth and development of the SADC region is the backlog of major bulk infrastructure – and poor maintenance of existing infrastructure – without which further housing development cannot happen. Overloaded infrastructure is coming under increasing pressure because of the steady influx into urban areas. To help tackle this, the SADC has endorsed the operationalisation of a Regional Development Fund (RDF) as of August 2017.²¹ This fund could serve to bridge the financing gap in critical regional infrastructure projects. However, none of the member states is financially stable enough to inject the necessary capital into the fund.

Affordability

The persistent poverty and stark inequality mitigate against affordability of housing in the region. The Seychelles reports the highest GDP per capita at US\$16 434, followed by Mauritius at US\$11 283, and South Africa arguably the most developed country in the region at only US\$6 340. At the other end of the scale, Malawi (US\$389) and Mozambique (US\$490) stand far below their regional neighbours.²² Similar regional variance applies in inflation rates, with two member states having recorded double-digit inflation rates, Angola (23.8 percent) and DRC (51.9 percent), while Zambia registered the lowest inflation rate of -1.0 percent and regionally the average rate was 9.3 percent, in February 2018.²³

The cheapest newly built houses by a private developer in the SADC region ranges from approximately US\$73 918 (Zambia) to US\$11 678.83 (Lesotho) with a further six countries exceeding US\$50 000 a unit.²⁴ There is no evidence to suggest the SADC or affiliate financial structures will look to address affordable or gap financing models to bridge the affordability gap between the consumers and current supply at a regional level. No regional policy covers housing backlog supply and affordable stock production. These remain deliverables for individual member states and given the economic inequalities in many of these countries the focus is less on affordable housing, which is seen as something the market can supply, (although increased restrictions and regulations are required for this), and more on state delivery of social housing and rental stock.

In Mauritius the state supports delivery through encouraging self-built housing on land bought either outright, through a 'Right to Buy' policy. Squatters buy land for a nominal fee or through a case by case free land allocation, in which the cost of building the house can be supported through state grant programmes. In Mozambique, though the state-owned Fund for Housing Promotion provides access to funding to private developers and subsidises the final sale prices for properties, the units are still unaffordable for low income households. In South

Availability of data on housing finance

Availability of accurate data sources is limited for SADC member states. Many of the countries themselves have inconsistent or non-existent indicator data readily available. As housing is not a key deliverable of the SADC, research by the body does not cover the trends occurring within this sector in the region. Individual countries will have varying quality of data and access mechanisms to review and compile the information.

Africa a household earning a gross income of R10 000 (US\$708) a month would qualify for a house valued at R285 917 (US\$20 237), the repayment of which would be 30 percent of the monthly salary over 20 years. Despite this falling within the range of affordability, many fail to obtain such mortgages, and with an unemployment rate of 27.7 percent, entry into the South African housing market is unattainable for most of the population.²⁵

Housing supply

Housing stock is delivered nationally throughout the region. However, the common thread is massive demand exacerbated by consistent increases in urbanisation, resulting in a growing backlog of over 11.5 million houses. SADC countries are increasingly unable to meet the demands for affordable housing.

The supply of affordable housing stock should ideally be driven by the individual national governments through social development projects or partnerships. In Mauritius from 2017 to August 2019, 2 291 social housing units were built, with a further 2 788 set for completion at the end of 2019, and further incentives encourage private sector development of low income units. Within the DRC the housing backlog is estimated at just under four million houses with a need for 263 039 houses to be built annually. The Botswana Housing Corporation was established in response to rapid urbanisation and a backlog of an estimated 36 000 units, but high land cost serves as a barrier to supply of affordable housing, with private developers supplying predominantly middle to high income markets.

In South Africa, the availability of development finance for affordable housing development has helped supply both rental and sale stock. There is, however, a trend toward supplying rental stock, particularly within key economic urban and peri-urban centres.

In many of the countries in the SADC there are moves toward supporting urban housing supply which has supportive infrastructure and economic opportunities. This includes supporting densifying strategies along transit corridors. Further, a growing tendency is to support policies that give private sector developers incentives to build low income stock as a proportion of units developed for sale at market rates.

Property market

The SADC ranking in the Doing Business report was 121 out of 190 with a score of 57.25. The best performing country was Mauritius, ranked 20th with a score of 79.58, followed by South Africa ranked 82nd at 66.03. At the bottom of the spectrum was the DRC at 184th with a score of 36.85.²⁶

Since 2011, Mauritius has made reforms to make business easier by linking the database of the business registry with the database of the social security office as well as removing some social inequality policies which discriminated based on gender. In general, reforms across the region apply to decreasing inefficiencies by reducing the time for approval, using technologies to improve offering or processing, amending costs or fees associated with business operations, registrations or permitting, making processes more equitable, or cutting red tape. The property markets are diverse across the region. Countries like South Africa host a large variety of local and international property developers, while in the DRC, despite increasing demand, particularly around urban centres, developers and funding mechanisms to support development are lacking. Affordability of both supply and demand obstructs housing development.²⁷ As a result, they end up catering to the high-end of the market, where margins are better; and most low income households self-build or rely on the informal sector to meet their housing needs. On the demand side, low income households with informal sources of

income cannot obtain or afford a mortgage. Most SADC financial systems are either undeveloped or dominated by commercial banks, which do not cater for most of the population.

Policy and regulation

The SADC Member States have created a Regional Indicative Strategic Development Plan (RISDP) 2015 to 2020. The RISDP sets out the key priorities and specific objectives of the SADC and centres on industrial development, market integration, infrastructure in support of regional integration, and peace and security cooperation. This operates in conjunction with the SADC Industrialisation Strategy and Roadmap 2015 – 2065, approved in 2015, aimed at support for economic transformation through regional integration and economic and technological transformation through enhancing competitive and comparative advantages. The SADC infrastructure agenda is focused on energy (electric and hydropower), tourism, transport (roads, rail, aviation, ports and inland waterways), water and sanitation, meteorology (global telecommunications and climate monitoring) and communication technologies. Housing is not a key objective within the infrastructure goals, and housing developed through the SADC would be off the back of a socioeconomic stability plan as a direct product.

At the South Africa municipal level, policies include the implementation of a statutory supply of 30 percent of a total private development portfolio as affordable housing units in developments of 20 plus dwelling units. The Inclusionary Housing Policy is intended as a mechanism to encourage private sector development through incentives, including additional bulk allocation exceeding that already specified within the zoning specifications. In Lesotho the Maseru Master Plan seeks to increase development density around the urban core. This strategy addresses both the limitation of land access for development and ensures development occurs in locations with existing bulk infrastructure. This is also being explored in Johannesburg, South Africa through the Nodal Review Policy.

Opportunities

The region is severely affected by growing urban population demands and resource scarcity, either in housing stock or the lack of supporting structures to ensure development of housing stock. SADC countries predominantly rely on private sector-led development to cater to the affordable housing market. Through the SADC BA and associated bodies, the region has a great opportunity to strengthen strategic vision and use the mechanisms and bodies in place to leverage private sector development through innovative strategic intervention. Policies such as inclusionary housing show how the independent states could incentivise increased supply through private development.

The SADC as an organisation is, however, centred on regional economic and political stability, along with intergovernmental collaboration and support, fostering a positive environment for investment. The lack of a regional strategic framework on housing does not necessarily reflect poorly on the SADC structure as it is not intended as a housing delivery mechanism. The delivery of housing and supporting legislative, financial and investment mechanisms are negotiated and dictated at a national level. However, failure to invest in bulk infrastructure (linked to housing supply such as water and electricity) and support of mixed use and income development will be counterproductive for regional growth.

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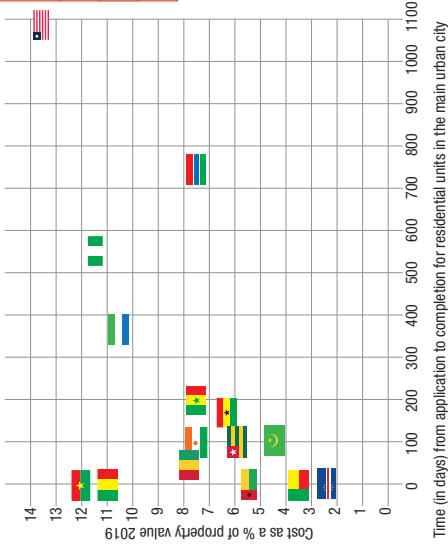
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World Bank Doing Business global rank, 2019

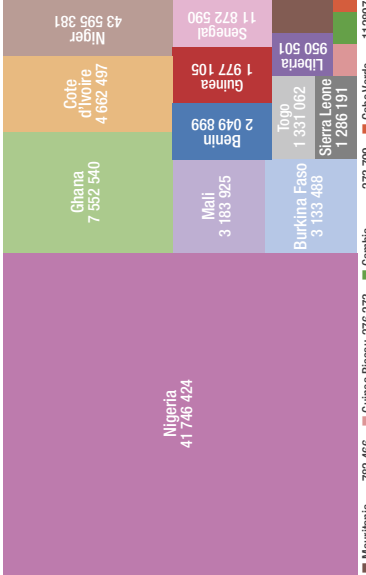
The Doing Business indicators provide comprehensive and comparative global data tracking business regulation environments over time. A high ease of doing business ranking means that the regulatory environment in that economy is more conducive to the starting and operation of a local firm.



Cost to register property and time from application to completion for residential units in the main urban city, 2019



Number of households, 2019



Source: World Bank Doing Business 2018; CGIDD 2019; data collected by Yearbook authors. NB: Figures for indicators collected by Yearbook authors only include the information they were able to obtain. Actual amounts, for total number of mortgage providers and/or mortgages outstanding, for example, may be higher.

Mortgage lending, 2019

56% of countries in the region have available information on number of mortgages.

	Benin	Burkina Faso	Cape Verde	Côte d'Ivoire	Gambia	Ghana	Guinea	Guinea-Bissau	Liberia	Mali	Mauritania	Niger	Nigeria	Senegal	Sierra Leone	Togo
Number of mortgage providers	n/a	15	n/a	30	1	8	n/a	n/a	1	51	n/a	5	35	n/a	1	n/a
Number of mortgages outstanding	n/a	n/a	n/a	696	49	n/a	80	n/a	65	452	326 264	n/a	113 069	110 101	292	n/a
Prevailing mortgage rate	n/a	n/a	n/a	8%	17%	34%	33%	11%	13%	9%	8%	7%	25%	8%	23%	7%
Average mortgage term in years	15	15	20	10	15	15	12	15	10	10	10	9	20	20	15	15
Average percentage of the down payment on a mortgage if required	n/a	n/a	20%	25%	40%	20%	20%	11%	30%	n/a	35%	n/a	20%	n/a	20%	n/a
Number of mortgages classified as non-performing	n/a	n/a	n/a	n/a	48	n/a	n/a	n/a	30	n/a	n/a	n/a	67 841	n/a	217	n/a

Financing view, 2019

	Benin	Burkina Faso	Cape Verde	Côte d'Ivoire	Gambia	Ghana	Guinea	Guinea-Bissau	Liberia	Mali	Mauritania	Niger	Nigeria	Senegal	Sierra Leone	Togo
Number of microfinance loans	n/a	n/a	391 724	n/a	n/a	n/a	n/a	n/a	n/a	806 750	n/a	n/a	n/a	558 719	114 937	n/a
Number of microfinance providers	58	69	5	51	95	566	20	17	18	129	24	40	1 013	47	25	76
Number of housing construction loans	n/a	n/a	n/a	696	226	n/a	n/a	n/a	n/a	452	141 320	n/a	n/a	377 410	n/a	n/a

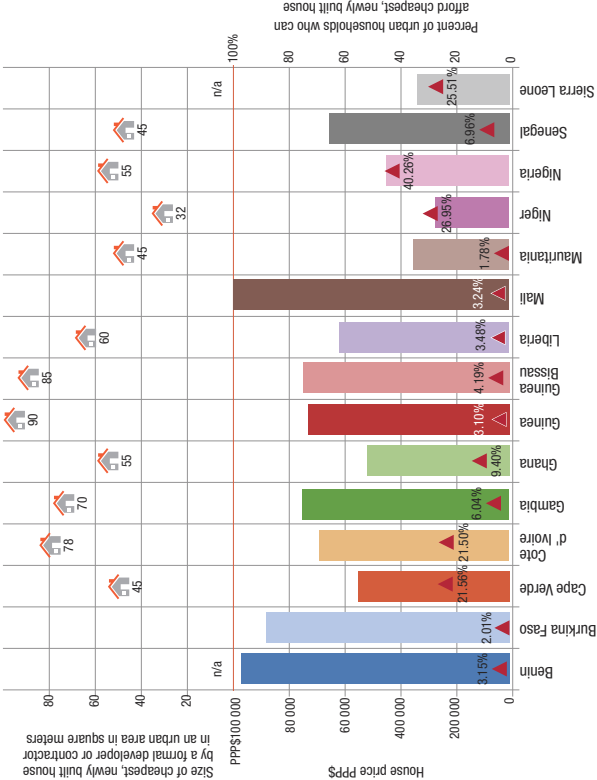
147

Total number of mortgage providers in the region

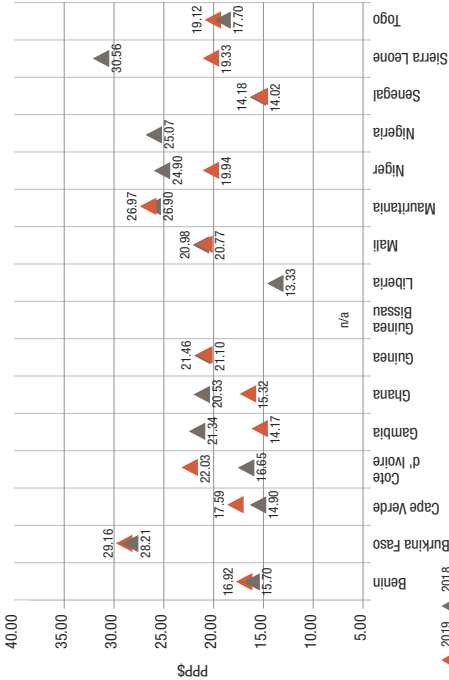
551 068

Total number of mortgages outstanding in the region

Cheapest newly built house: Cost, size and percent urban population that can afford, 2019

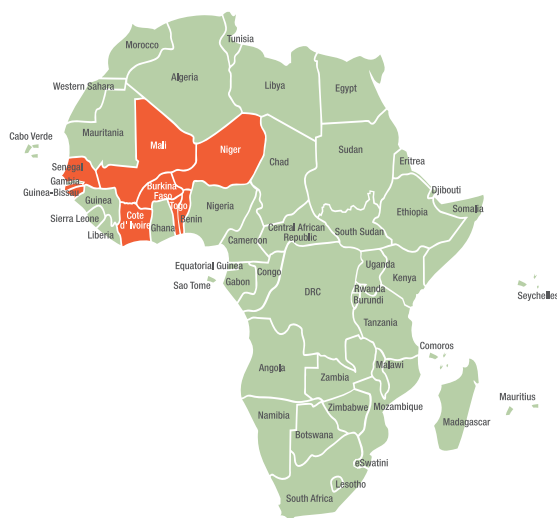


Price of standard 50kg bag of cement, 2019



The West African Economic and Monetary Union WAEMU (UEMOA)

Author: Dr Roland Igbinoba



Overview

The West African region is made up of 15 economies structured into West African Economic and Monetary Union (WAEMU) and non-WAEMU countries. The WAEMU countries include Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo. These countries share the same currency, the CFA franc and monetary policy, as well as French as the common language. Non-WAEMU countries include Cabo Verde, Gambia, Ghana, Guinea, Liberia, Nigeria and Sierra Leone. The development stages of the economies and housing markets of all 15 countries vary. Income per capita ranges from \$452 in Niger to \$3 678 in Cabo Verde.¹ Agriculture and the service industry has largely been responsible for economic growth in the region. Gross Domestic Product growth in 2018 was 3.3 percent. West African growth has been restricted, especially by reduced oil production in Nigeria and the Ebola virus. Security concerns in northern Nigeria have dimmed the region's economic prospects.

Within the region, inflationary trends between WAEMU and non-WAEMU countries diverge. In 2017, inflation was as low as 0.9 percent in members of the WAEMU and was 11.0 percent in non-WAEMU countries.² Overall, inflation has contributed to constraining growth in the region. All currencies in the region have depreciated within the last decade, affecting the affordability of housing in most of the markets.

The external debt to GDP ratio is 23.7 percent and regional unemployment is 5.2 percent. As the region and continent become more integrated due to the endorsement of the African Continental Free Trade Area (ACFTA), it is believed that the development indicators will show progress. It is projected that investment of resources in agriculture in Benin will increase its contribution to foreign reserves from the current 34 percent to 50 percent.

Terrorist groups plague West African countries. For example, large territories within Burkina Faso and Nigeria are under terrorist control. This has reduced direct investment not only in housing but also in other sectors. A few of the other countries are also fragile. Gambia has just recently overcome political uncertainties and, struggling with a weak economy, is susceptible to external shocks.

Overall, across the West Africa region, there is housing problem that needs to be solved. This problem also provides the right investment opportunity for local and international investors.

Access to finance

Banking in West Africa is becoming largely inclusionary. Innovations range from mobile banking payments in Sierra Leone to agent banking in Nigeria. For example, there are approximately 1.9 million customers using mobile cash-in cash-out transactions and a total of 94 000 mobile wallet customers.³ However, access

to credit is constrained, except in countries such as Nigeria, Togo and Ghana.⁴ The major reason for limited credit to the private sector is that most governments in the region have a huge appetite for domestic borrowings.

In Nigeria, the government has a deliberate financial inclusion strategy embedded in the Economic Recovery Growth Plan (ERGP) strategy. The ERGP has led to the creation of a national microfinance bank called Nirsal Microfinance Bank (NIRSAL). NIRSAL is a N5 billion (US\$ 136 276) licensed national microfinance bank with a strategic plan of having branches in all 774 local government areas in Nigeria. Another inclusionary strategy is the newly launched micro-pension initiatives aimed at catering for the 44.3 million self-employed and non-salaried workers who are currently excluded from the benefits of the pension industry.⁵

It is hoped that increased financial inclusion will deepen, mortgage penetration in the region. From Gambia to Guinea, the level of mortgages originated is low. In Gambia, Home Finance Company Limited (HFC) is the only housing finance institution that offers mortgages to customers. As at December 2018, HFC had only originated 49 mortgages with outstanding value of D25 355 289 (US\$510 231).

Many governments in the region have launched initiatives to help with access to finance. In 2014, the Togolese government launched The Fond National de la Finance Inclusive (FNFI) focused on providing three core credit products targeted at economically active poor men and women, farmers and the youth. As at 2018, FNFI's total portfolio was CFA 80 million (US\$278.18595 million)⁶ with approximately 926 000 recipients.

The World Bank, International Finance Corporation (IFC) and the International Development Association (IDA) developed funding for the WAEMU region, valued at US\$2.5 million in 2017, to help catalyse private sector investment.⁷ Further, The World Bank is supporting Caisse Régionale de Refinancement Hypothécaire (CRRH) through an arranged on-lending to help grant affordable long-term loans to selected non-bank financial institutions (NFI). These NFIs are expected to meet stringent eligibility criteria based on financial soundness and target client population. The focus is helping non-salaried workers through mortgages, housing microfinance (home improvement loans, incremental construction loans) and loans obtained through alternative forms of collateral. The overall goal of this program is inclusionary as it enables currently excluded borrowers to access formal housing finance.⁸

Most countries in the region are also deploying their pension funds in providing housing for their low income civil servants. The Social Security and National Insurance Trust (SSNIT) in Ghana partners with government and private sector organisations for the provision of housing finance to its populace.⁹ In Gambia, the Social Security and Housing Finance Corporation (SSHFC) operates a Housing Finance Fund as part of its four mandatory funds.

Affordability

"The situation is particularly acute in the countries of the West African Economic and Monetary Union (WAEMU) – Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo – where demand for decent housing far outstrips supply".¹⁰

The above statement aptly describes the state of housing and housing finance in non-WAEMU countries as well. Nigeria has a 17-million-unit housing deficit and most Nigerians would not be able to afford a home without the deliberate, concerted and sustainable involvement of government. In Freetown, Sierra Leone, due to the low affordability levels, approximately 50 percent¹¹ of the total population of 1 107 569 live in slums.¹² In Gambia, 66.4 percent of people live in rented apartments in the capital city of Banjul due to the increasing unaffordability of home ownership. Other urban centres record an average of 46.5 percent of renters, while slums dwellers are 34 percent of urban population. The large number of slum dwellers in the region is often a risk indicator of infectious diseases like tuberculosis.¹³ In Sierra Leone, approximately 60 percent of households are renters.¹⁴

The reason for the spate of slum dwellers across the region is that many of the urban dwellers in the cities have been priced out of the formal real estate market. They are therefore left with no option other than to live on the outskirts of the cities or in typically overcrowded slums. In Freetown, Sierra Leone, houses are hugely overcrowded with an average of 10 people crammed into one house or apartment. Rental prices in the region are generally exorbitant for low and medium income citizens. A World Bank report reveals that households spend up to 33 percent of their household expenditure on rentals.¹⁵

Low levels of affordability in West Africa can also be attributed to weak administration of land titling and registration. Although not much data is available, it is recorded that only three percent of Nigeria's land mass is registered.¹⁶ In Sierra Leone, 40 percent of the city's land has a title.¹⁷ Although many cities in the region have improved in the World Bank Ease of Doing Business index for building permits and land registration, a lot still needs to be done about inefficient administrative processes and procedures.

The lack of adequate title limits the growth of mortgage penetration in the region. Although it is important to mention that refinancing organizations such as the Nigeria Mortgage Refinance Company (NMRC) and Caisse Régionale de Refinancement Hypothécaire (CRRH-UEMOA) have continued to help in deepening the market, the rate of mortgage growth remains poor. In Guinea-Bissau, the lack of adequate title is worsened by the unavailability of long-term funding.

To improve affordability, governments in both WAEMU and non-WAEMU countries have engaged in institutional interventions. For example, the Gambia Social Security and Housing Finance Corporation (SSHFC) is the major provider of affordable housing in The Gambia. SSHFC's mandate is supplying site-and-service schemes that come with or without construction loans for low and middle income earners. TAF Africa Homes, a leading real estate developer in the region with notable developments in Nigeria and The Gambia sells its starter homes (2-bedroom semi-detached bungalow) from approximately US\$26 160.¹⁸

In some countries in the region, governments have tackled the issue of affordability with concessions and tax waivers. In Guinea, building costs, construction materials and administrative costs are prohibitive. These costs can make up 70 percent of the house price. To solve this problem, the Government of Guinea provided concessions and incentives in terms of land, tax holidays, and a duty-free tax rate on all building components.¹⁹

Housing supply

The shortage of housing supply in the West Africa region is due to the political, legal and bureaucratic variables that hamper delivery of affordable housing both by government and the private sector. Housing is overwhelmingly in short supply across the major cities. The deficits range from 280 000²⁰ in Freetown to approximately 3 000 000 in Lagos.²¹

As of 2018, the housing shortage in Ghana was reported to be 1.7 million units. Hence, the government has budgeted approximately US\$185 million (GH¢1 billion) in 2019 to leverage mortgage and construction finance for low and middle income earners. The target by the government is to deliver 85 000 units of housing over the next 10 years. In Côte d'Ivoire, Abidjan's shortage of housing is estimated to be 200 000 units and government efforts are geared towards improving efficiency in land administration. A single land title has now been introduced to "clarify transactions, reduction [sic] of registration costs by 9.6 percent of the property value, regulate rents and minimise rental guarantees".²² Further the government has embarked on construction of 60 000 units of housing to reduce the deficit.

Housing typologies across urban and rural areas of different countries in the region are similar. For example, the most popular house type in Nigeria is the detached house (either bungalow or duplex). However, in the city centres, the detached house type quickly disappears because of the scarcity of urban land. The same scenario plays out in Sierra Leone where detached houses represent 54 percent in urban and 68 percent in rural areas of house types. In many city centres within the region, flats and apartments have become a predominant feature of housing

Availability of data on housing finance

Gathering data on housing finance in West Africa is a difficult task. Except for a few countries, most governments do not respond to calls by sector practitioners to fund the cost of research. Difficulties in collecting data arise from outdated information on websites, lack of training, etc. Further, there is no existing verified database of real estate players in the sector. Central banks are unable to provide regular and updated mortgage banking data on their websites or platforms.

typology. In Freetown flats and apartments represent 33 percent of the housing value that has been secured.

With a burgeoning young population and an increased rate of urbanisation, demand for affordable housing across the entire region is consistent. This has led several governments and private sector participants to accelerate policy reforms and create incentives that will boost housing. In Guinea, the government is fully committed to granting access to housing that is both decent and safe.²³

The WAEMU region needs a total supply of 3.5 million housing units to cover its deficit.²⁴ The enormous task of ensuring this shortage is supplied rests with the Caisse Régionale de Refinancement Hypothécaire (CRRH-UEMOA) which is the refinancing facility of the West Africa Economic and Monetary Union (UEMOA). CRRH-UEMOA has refinanced a portfolio of approximately 8 000 mortgages across the WAEMU countries since its creation in 2012.²⁵

Property market

Property markets in the region are split between the sale of land and buildings. Land sold is either divided into plots by communities/ families or developed into site-and-service schemes by private developers/government. The ratio of land sales to buildings across the region is on average 85 to 15. For example, in Benin, the property market is mostly plots of land, even in the capital city of Cotonou. The reason for this largely that most people cannot get finance for building on the land. Once people have secured their land, they tend to build incrementally over a period of eight to 12 years.²⁶

Much informality in the region's property market is due to the high cost of registering property. Rather than going to the local government or municipality to register transactions, individuals are comfortable accepting receipts of purchase, endorsed agreements and unregistered deeds/titles. In Benin, registration cost is 3.4 percent of property value. In Guinea Bissau it costs 5.4 percent and in Togo, 5.9 percent. However, these figures are lower than average value of registering property, at 7.6 percent, in Sub-Saharan Africa.

Unregulated real estate agencies dominate the rental markets in the region. From Lagos to Burkina Faso, many transactions are carried out by unprofessional estate agents.²⁷ This makes the rental markets expensive.

Due to the nature of the property markets in the region, many of the countries in West Africa rank poorly in the World Bank Doing Business Report 2019. For example, Benin ranks 130 out of 190 countries on registering a property and 153 overall in the report.²⁸ Togo and Guinea rank 127 and 152 respectively.

Policy and regulation

All countries in West Africa have dedicated institutions focused on housing. They also have laws for the functioning of these institutions, although many of the laws are moribund and dysfunctional, especially the laws regulating the supply end of the market. Most governments in the region are still largely involved in the direct construction of housing. This, however, is not sustainable and despite the efforts by the various governments, the housing sector in the region is still underperforming.

To improve the performance of the markets, many countries in the region continue to undergo land administration and housing reforms. Across the region, land is largely vested in government. For example, In Nigeria, the Land Use Act No. 6 of 1978 (LUA) continues to dictate and hinder the land markets.²⁹ In Guinea Bissau,

the 1998 Lei Da Terra literally “Land Law” establishes that land is the property of the State and common property of the people in its article 2^o/1.³⁰ It is important to note that these laws have not achieved their desired outcome.

A rental price regime is legislated in some markets.³¹ For example, in Benin government regulation caps the annual rent price at 8 percent of the total amount of real value of house, apartment or building. In Burkina Faso, the government has capped the rent price at 7 percent of the construction costs.

Opportunities

Opportunities across the region are visible, especially when the market development of the region is compared to that of Western and Asian countries. Many governments in the region also provide investment incentives to developers. Some of the incentives include tax holidays, duty-free and equipment, and free repatriation of investment proceeds.³²

Opportunities exist across the region for the housing sector, although they may be difficult to access. Countries are fast transforming and reforming to meet the dictates and requirements of the UN Sustainable Development Goals.

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Algeria

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Overview

Algeria is the largest country in Africa, with a population of 42.2 million inhabitants living in an area of 2 381 000 km²,¹ or a density of 17.7 inhabitants per km². The urban population is estimated to be more than 30 million inhabitants,² or 72.6 percent urbanised in 2018.

The year 2018 also marked the end of a long series of declines in gross national income (GNI) per capita, from DA442 279 (US\$3 720) in 2017 to DA489 607 (US\$4 118) in 2018.³ Inflation fell from 5.6 percent in 2017 to 4.3 percent in 2018.⁴ Despite the increase in GNI per capita, the country recorded an unemployment rate of 11.6 percent in 2018.

Algeria is the third-largest African oil producer after Nigeria and Angola, and the continent's largest producer of natural gas and has been dependent on its oil revenue for decades. Oil and gas account for 97 percent of Algerian exports, with nearly a third of government revenue and oil profits representing 12.3 percent of gross domestic product (GDP) in 2017.⁵ Due to the decline in hydrocarbon production, Algeria's economic growth slowed from 2.1 percent in 2017 to 1.5 percent in 2018.⁶ However, in 2018, public expenditure increased by 11.2 percent while the rise in oil prices reduced the budget deficit by 2.7 percentage points compared to its 2017 value (8.7 percent of GDP).

In contrast to the Algerian economy's poor performance in the hydrocarbon sector, there has been increased activity in agriculture (6.9 percent), construction (4.6 percent) and non-governmental services (3.8 percent). The housing sector in particular has benefited from the support of public authorities, with the continued subsidisation of social housing construction programmes. According to Abdelwahid Temmar, Minister of Housing, Urban Planning and Urban Development, 295 000 units were distributed in 2018.⁷ In addition, DA384.9 billion (US\$3.2 billion) was allocated to the housing sector, or six percent of GDP according to the Finance Act of 2018.⁸

However, the housing sector still faces a number of challenges. According to a study on the price evolution in the real estate sector from 2011-2015 released by LKeria.com, there is a housing deficit of one million while the number of vacant dwellings is estimated at two million.⁹ This high level of vacancy is explained by the fact that most of the housing supplied was built for the rental market as opposed to ownership. The ownership market is relatively well-regulated with laws that specifically deal with parameters such as the purchase price, unlike the

KEY FIGURES

Main urban centres	Algiers, Boumerdes Oran, Tebessa, Constantine
Exchange rate: 1 US\$ = [a] 1 July 2019 1 PPP\$ = [b]	118.90 Algerian dinar (DZD) 31.90 Algerian dinar (DZD)
Inflation 2018 [c] Inflation 2019 [c]	4.3 5.6
Population [b]	42 228 429
Population growth rate [b] Urbanisation rate [b]	1.99% 2.8%
Percentage of the total population below National Poverty Line (2017) [d]	n/a
Unemployment rate (% of total labour force, national estimate) (2017) [d]	10.0%
Proportion of the adult population that borrowed formally (2017) [b]	3.0%
GDP (Current US\$) (2018) [b]	US\$180 689 million
GDP growth rate annual [b]	2.10%
GDP per capita (Current US\$) (2018) [b]	US\$4 279
Gini co-efficient (2017) [b]	27.60
HDI global ranking (2017) [d] HD country index score (2017) [d]	85 0.754
Lending interest rate (2017) [b]	8.00%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$)	US\$31.7 million
Number of mortgage providers Prevailing mortgage rate	n/a 10%
Average mortgage term in years Downpayment	20 20%
Ratio of mortgages to GDP	0.02%
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed	n/a
Number of houses completed	n/a
Number of formal private developers / contractors [g]	5 700
Number of formal estate agents	n/a
Cost of a standard 50kg bag of cement	500 DZD (US\$4.21)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) (2018)	3 031 490 DZD
Size of cheapest, newly built house by a formal developer or contractor in an urban area (2018)	80m ²
Average rental price for this unit in an urban area (local currency units)	25 000 DZD
Number of microfinance loans outstanding	889 148
Number of microfinance providers	n/a
Number of housing construction loans outstanding	n/a
Number of providers of construction finance	n/a
World Bank Ease of Doing Business Rank [e]	157
Number of procedures to register property [e]	10
Time (in days) from application to completion for residential units in the main urban city [e]	136

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[e] World Bank Doing Business 2018
[b] World Bank World Development Indicators	[f] Arab Bank of Algeria
[c] IMF World Economic Outlook Database	[g] Oxford Business Group
[d] UNDP: Human Development Reports	[h] National Agency for Management of Microcredit

rental market which is deregulated and subject to speculation. Therefore, owners of these units purposefully refuse to rent their property out to increase the demand and therefore increase price speculation in the market. Another reason for the high vacancy levels is the poor development strategy implemented for housing delivery and the non-professionalism of the government in terms of land and building assessments.¹⁰ This has resulted in some of the delivered housing stock being of poor quality and not meeting the demand of households in need of housing.

Access to finance

Algeria has 20 banks and nine financial institutions.¹¹ There are more than 10 private banks and five large finance companies. However, the banking system is dominated by six public banks. These six banks alone control nearly 90 percent of Algeria's public and private financing, reflecting the low degree of competition in the banking system.¹² With a very modest share in the funding of the Algerian economy, foreign banks are active in the oil, automotive, agri-food and pharmaceutical sectors in particular.

Bank credits to the economy, net of debt repurchases by the Treasury, amounted to DA8 877.9 billion (US\$7.4 billion) and those granted by non-bank financial institutions amounted to DA64.6 billion (US\$543.3 million) in 2017. In contrast, loans distributed to households remained low at the end of 2017, with an outstanding amount of DA10 million (US\$84 104).¹³ Approximately 823 421 households (professional and private), or 96.3 percent of all beneficiaries, reported that they obtained credit from banks or financial institutions.¹⁴

The sovereign bond market remains underdeveloped. The value of securities traded on the stock market amounts to DA206 billion (US\$1.7 billion).¹⁵ On the bond market, 32 loans were made in 2018 for a total of DA612 billion (US\$5.1 billion), unlike in 2017, when the market capitalisation was DA45.8 billion (US\$385.2 million).¹⁶

On access to home loans, 1.37 million Algerians over the age of 15 years have secured a home loan.¹⁷ Algeria also has the most dynamic mortgage market in the world after Egypt. In 2015, mortgage loans accounted for only six percent of total credits to the economy, or DA3.7 billion (US\$31.4 million). Only 3.9 percent of adults over the age of 15 years had a mortgage in 2015, compared to 16.3 percent in 2017.¹⁸

Funding for public housing experienced a recovery in 2018, after a slight decline between 2010 and 2015, when the sector's budget accounted for only 2.2 percent of GDP.¹⁹ In 2018, a budget of DA384.9 billion (US\$3.2 billion), or six percent of GDP, was allocated to the housing sector. Public authorities focus their efforts on the construction and subsidisation of housing to facilitate access to housing. For example, between 2000 and 2015, of a total of 2.9 million housing units delivered, 30 percent consisted of subsidised rental housing, 40 percent consisted of state-subsidised rural housing, and 15 percent consisted of state-subsidised urban housing for the middle income social categories.²⁰

Affordability

Algeria is one of the richest countries in Africa. While the supply of housing seems sufficient for high-income households and expatriate buyers, affordable housing is not yet within the reach of low-income Algerians.²¹ In fact, excess demand keeps house prices at a very high level.²²

The purchase of an apartment in the city centre requires an average of DA156 558 (US\$1 317) per square metre.²³ Consequently, 83 percent of rural and 61 percent of urban heads of households, who earn at the most DA4 756 000 (US\$40 000) a year, find it difficult to purchase a 50 square metre apartment in the city centre at a price of DA8 million (US\$67 283). However, the price per square metre varies depending on the region of the country. For example, an apartment in downtown Algiers was sold for an average DA255 216 (US\$2 146) per square metre in 2018 – an increase of 16 percent compared to 2017.²⁴ Outside the city centre, the price per square metre can drop to DA122 740 (US\$1 032).²⁵

Rent is also far from affordable. While the average net salary is DA36 817 (US\$310), rent for a three-bedroom apartment in downtown Algiers averages DA54 857 (US\$461). Outside the city centre, this price can drop to DA33 542 (US\$282).²⁶ Taking into account monthly charges (excluding rent), estimated at DA174 427 (US\$1 467) for a family of four, the household must have DA229 284 (US\$1 928) at its disposal, while nearly 21 percent of urban heads of households earn no more than DA227 891 (US\$1 916) a month.

Generally, a household pays for part of its housing with a state subsidy. Subsidies are based on household income. For example, the Public Rental Housing programme, targeted at individuals with an income of less than 1.5 times the minimum wage of DA24 000 (US\$202), is entirely state funded.

There is also a state-subsidised rural housing programme of between DA700 000 and DA1 million (US\$5 887 and US\$8 410) for the renovation or construction of housing for households with incomes of between DA18 000 and DA108 000 (US\$151 and US\$908). Finally, there are subsidised capital lease programmes from l'Agence de l'Amélioration et du Développement du Logement et de Logement Promotionnel Aidé (Agency for the Improvement and Development of Housing and Assisted Incentive Housing).

Availability of data on housing finance

Algeria's statistical activity is regulated by the National Statistical Information System. It consists of the bodies responsible for the production, management and co-ordination of statistical data, as well as the standard operating procedures used. The main bodies that make up the system are the National Statistical Council; National Statistical Office; statistical services of administrative and local authorities; public and specialised bodies, including statistical polling institutes. The data is based on censuses, surveys, focus groups and administrative sources, among others.

Due to the efforts of statistical authorities, Algeria has been part of the International Monetary Fund (IMF) General Data Dissemination System since 2006. The publication of complete information on Algeria is thus disseminated in the IMF Bulletin Board reserved for countries that have joined this statistical system. In addition to the statistics of the Ministère de l'Habitat et de l'Urbanisme de la Ville (MHUV) service, data for the housing sector in Algeria can be collected from international bodies such as the World Bank and Oxford Business Group.

However, there is a lack of available data relating to the microfinance sector, such as the amount of loans granted and construction loans.

At the same time, private funding has also been revitalised. By 2017, the country's mortgage market was the second largest in the world after Egypt, with a significant improvement in mortgage collection rates. However, due to the complications of securing mortgages from Algerian banks and high interest rates of up to 10 percent, many are turning to informal markets.²⁷

Housing supply

Algeria has a shortage of quality affordable housing. The Algerian housing stock included 9.6 million dwellings in 2019, with an occupancy rate of 4.49 people per dwelling.²⁸ In 2017, there were 2.5 million rental buildings in the country. Public authorities manage half of the dwellings. These mainly include three-room apartments of 50 to 100 square metres and single-family homes of no more than 200 square metres.²⁹ Houses are built using cement, concrete and iron. However, the increase in the prices of some materials, including cement and concrete, has resulted in higher construction costs. A 50kg bag increased from DA620 (US\$5.2) to DA700 (US\$5.9) in 2019.³⁰ The problems of insufficient cement have made it difficult for local industries to meet national demand.

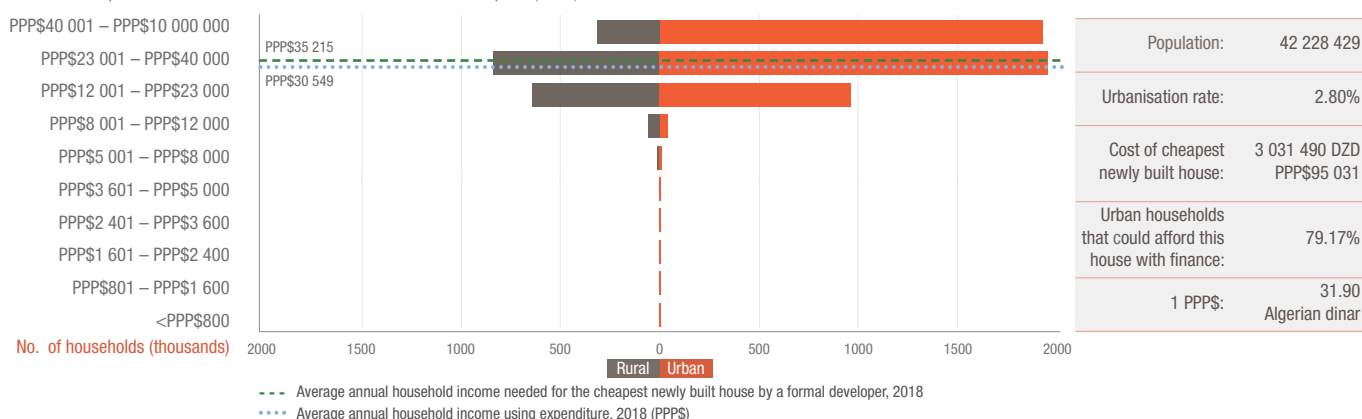
The state remains the main provider of housing alongside private developers. According to Minister Temmar, over the period 1999-2018, 3.6 million homes were.³¹ This includes 1 176 000 rental public housing units (30 percent); 1 583 000 rural housing units (38 percent); 456 000 assisted participation and incentive public housing units (11 percent); "AADL" 156 000 rent-to-buy units (six percent); 46 000 company housing units (one percent); 138 000 vacant incentive housing units (three percent) and 448 000 self-construction type units (11 percent). This results in an annual average of more than 300 000 dwellings a year.

These developments took place after an analysis of the sector in 1999, which revealed an estimated housing deficit of three million units and registered more than 350 000 families living in slums.³² Over the 2010-2014 period, 1.1 million subsidised housing units were delivered out of a total of 2.7 million units, representing an implementation rate of 41 percent.³³ The remaining 1.6 million dwellings thus form part of the number of dwellings to be built for 2015-2019. In 2018, 295 000 housing units, including all sectors, were distributed.³⁴ The construction of 1.63 million subsidised housing units was also planned for the five-year period from 2015-2019. These dwellings have two, three or four rooms and a respective surface area of 50, 70 and 80 square metres.³⁵ Despite the efforts made by the Algerian public authorities, the housing deficit reached nearly one million in 2017.

The involvement of private property developers remains limited as the government is the main landowner. Most of the dwellings come from state housing programmes, although they are sometimes entrusted to private developers or

ALGERIA

Annual income profile for rural and urban households based on consumption (PPP\$)

Source <https://www.cgidd.com/C-GIDD, 2019>

companies. While the state authorities manage to set up 150 000 housing units a year, private developers sometimes struggle to produce more than 2 000 units a year.³⁶

The number of unoccupied dwellings is estimated at about two million. Better management of the existing housing stock could contribute to reducing the housing deficit. Non-compliance with housing delivery deadlines is also a problem, as beneficiaries are unable to take delivery of their AADL³⁷ housing, and registration procedures take 55 days.³⁸

Property markets

The Algerian property market has experienced considerable difficulties caused by excessive policies. According to some professionals in the sector, market barriers are due to problems inherent in the property system and speculative practices leading to an increase in housing prices. Despite decades of sharp price increases, in 2019, the Algerian property market experienced a significant drop in prices offered by both developers and owners.³⁹ In addition, Abdelhakim Aoudat, President of the National Property Agencies Federation, stressed that since the beginning of 2019, housing prices have fallen by 10 percent due to reduced demand. If this persists, this decline could be about 30 percent to 40 percent within a few months. With construction, the price depends on the geographical location and the neighbourhood. It is DA442 500 (US\$3 722) on average and can reach DA708 000 (US\$5 955) in high-end neighbourhoods such as Hydra or Poirson.

In April 2018, the Minister of Housing, Urban Planning and Urban Development announced that more than 16 000 applications had been received for 2 250 homes in 24 wilayas (provinces), 84 percent of which were from citizens residing in France.⁴⁰ A differentiated price trend was also noted in the property market. The prices of apartments for sale started to drop tentatively in Algiers in 2018, while in other wilayas, prices are on the rise.⁴¹ A differentiated price trend was also noted in the property market.

In addition, 95 percent of Algerian housing is provided by the Algerian State. Denationalisation of housing could reduce housing prices by 60 percent.⁴² The state is expected to withdraw from the financial market due to a lack of sufficient financial resources, as the resources allocated to construction exceed US\$70 billion. In addition, the demand for housing remains higher than the supply that is mainly provided by the state.

The private market is experiencing a different trend. The price differential can sometimes be considerable in relation to the public market. Because of brokers and informal speculators who control about 80 percent of this segment, the selling prices of residential properties on the private market can be up to five times their real value. However, in 2017, private rent fell in more than 10 wilayas for the first time in almost 10 years. In the wilayas of Boumerdès and Tizi Ouzou, the average rent has even dropped to 20 percent.

Algeria has improved its process for obtaining building permits by introducing new regulations aimed at improving the administration of the process and ensuring the completion of construction projects. It takes 136 days to obtain a building permit, at a cost of about 7.8 percent of the property value.⁴³ The cost of registering a property is 7.1 percent of the value of the property and requires 10 procedures over a 55-day period.⁴⁴

Policy and regulation

The policy for the fight against precarious housing in Algeria has been a concern for the Algerian government. To support improvements in the construction sector, the government launched a five-year (2015-2019) investment plan of DA31 355.5 billion (US\$263.7 billion), which should guarantee sustained expansion of construction until 2021. In addition, according to the Algeria 2017 report, the 2018 finance law allocated DA384.9 billion (US\$3.2 billion) of the budget to the housing sector.⁴⁵ Algeria is ranked 165 out of 212 countries in the ratings for the transfer of ownership, while the land administration quality indicator is 7.5 in a range of 0 to 30. Article 57 of Act No. 18-18 of 27 December 2018 on the Finance Act for 2019 specifically seeks to reduce the transfer of ownership.

Since 2014, the state has launched a series of slum eradication programmes in Algiers. In March 2018, more than 80 000 families, or nearly 400 000 citizens, were transferred from slums to government-run housing, resulting in the recovery of more than 530 hectares of land for new development. Zena Ali Ahmad, Director of UN-Habitat for the Arab region, noted that the slum eradication process in Algiers has been successful. Similar operations should continue until 2035 to completely eliminate dangerous and illegal housing in the capital.⁴⁶ In addition, from 2018 onwards, locally manufactured building materials will be used for all kinds of housing programmes and public structures.⁴⁷

The Algerian housing sector was also affected by the announcement of the incentive rental housing project for 2019. This project seeks to create a rental market at average, affordable rental prices accessible to all citizens with a monthly income of between DA24 000 and D80 000 (US\$202 and US\$673), with priority given to married people. It will bring a new dynamic to the property rental market as well as fighting property speculation.⁴⁸

New mechanisms should be introduced, and the structure of housing agencies should adopt effective local, regional and national policies to promote the quality and adequacy of the housing sector.⁴⁹

Opportunities

The Algerian housing sector has grown rapidly in recent years, mainly because of the launch of major state projects. This trend is expected to continue. It is anticipated that 200 000 housing units will be built in 2019, of which 90 000 are registered under the rent-to-buy model and 50 000 under the public incentive housing model.⁵⁰ The country also has good labour potential, with 63 percent of the population under the age of 34 years.⁵¹ In addition, Algeria is the fourth

richest country in Africa in GDP per capita after Nigeria, South Africa and Egypt and incomes are higher than in other countries on the continent.⁵²

With an estimated urban growth rate of 2.8 percent and a housing deficit estimated at nearly one million, housing needs remain high.⁵³ The mortgage market is expected to continue to expand in the next few years. The country is also expected to recover to 1.9 percent in 2019 and 1.7 percent in 2020, due to the slowdown in the non-hydrocarbon sectors and a slight increase in hydrocarbon production.

However, Algeria remains a country where access to land is limited for individuals and private developers. The state is the main landowner. The state's withdrawal from the housing sector could be beneficial for both investors in the sector and Algerian citizens. In addition, Algeria is ranked 114 out of 161 countries in the Forbes rating of the best countries for investment, reflecting an unfavourable business climate.⁵⁴ The ranking was based on an assessment of 15 criteria, including property rights, innovation, taxes, corruption, freedom (personal, economic and monetary), bureaucracy and investor protection, labour availability, infrastructure, market size and quality of life.

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Angola

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Overview

Angola is ranked as Sub-Saharan Africa's third largest economy.¹ Despite its extensive oil and gas resources, rich agricultural land, and hydroelectric potential, the country remains relatively poor, with a third of the population relying on subsistence agriculture. Of Angola's population of 31.8 million, 65.5 percent live in cities, the rate of urbanisation being 4.3 percent a year. Construction activities have declined since the post-war boom-years, yet the sector still contributes US\$105.75 billion or approximately 11 percent to GDP, more than twice the 5 percent contribution of the agriculture sector. Petroleum business drives the Angolan economy, accounting for approximately 33 percent of the country's GDP and 95 percent of its export earnings.²

Angola is now in its fifth year of recession since the economic downturn in 2014 with inflation running between 30 percent and 17.5 percent over these years.³ GDP declined 2.1 percent in 2018 and GDP per capita fell to US\$3 370 from US\$5 010 in 2014.⁴ During the last year, until July 2019, the Angolan currency depreciated by 72 percent against the US dollar, eroding the purchasing power of the low and middle class Angolans. The unemployment rate also grew by 8.8 percent to 28.8 percent of the economically active population in the last two years.⁵ The country is in its second year of structural and economic reforms after its 2017 elections. Legislation for decentralisation was debated publicly and an anti-corruption campaign took former officials to court. However, Angola is still ranked by the World Bank at 184th out of 190 countries in the "ease of doing business".⁶

By the beginning of 2019 the external public debt reached US\$47 billion or 79.66 percent of GDP.⁷ Part of this debt included the US\$23 billion owed to China for oil-for-infrastructure contracts that had paid for the massive post-war reconstruction boom.⁸ Angola signed a US\$3.7bn credit facility with the IMF, the biggest ever such arrangement made by an African country, and promised to stop issuing commodity-backed loans.

In 2009, the government of Angola launched an ambitious plan, dubbed the National Urbanism and Housing Programme (PNUH), to build 1 million homes to help overcome the housing deficit left over from the war years. This was to be funded by oil-backed loans. To date, the PNUH remains incomplete with only 218 418 housing units claimed to have been delivered under the programme by 2016, including those built through state-funded public-private partnerships and cooperatives.⁹ The PNUH had also failed to deliver on its promise to support

KEY FIGURES

Main urban centres	Luanda, Huambo, Benguela, Lobito, Lubango
Exchange rate: 1 US\$ = [a] 1 July 2019	343.83 Kwanza (AOA)
1 PPP\$ = [b]	134.75 Kwanza (AOA)
Inflation 2018 [c] Inflation 2019 [c]	19.6 17.5
Population [b]	30 809 762
Population growth rate [b] Urbanisation rate [b]	3.2% 4.3%
Percentage of the total population below National Poverty Line [d]	5.5%
Unemployment rate (% of total labour force, national estimate) [d]	8.2%
Proportion of the adult population that borrowed formally	n/a
GDP (Current US\$) (2018) [b]	US\$105 751 million
GDP growth rate annual [b]	2.13%
GDP per capita (Current US\$) (2018) [b]	US\$3 432
Gini co-efficient (2017) [b]	58.6
HDI global ranking (2017) [d] HD country index score (2017) [d]	147 0.581
Lending interest rate (2017) [b]	20.7%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$)	n/a
Number of mortgage providers (2018) [f]	n/a
Prevailing mortgage rate [f]	15.9%
Average mortgage term in years [f] Downpayment [f]	20 21.6%
Ratio of mortgages to GDP	n/a
What form is the deeds registry? [e]	Computer - Scanner
Total number of residential properties with a title deed [g]	475 000
Number of houses completed [h]	9 101
Number of formal private developers/contractors [i]	44
Number of formal estate agents [i]	32
Cost of a standard 50kg bag of cement [i]	2 200 AOA (US\$6.40)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [h]	12 000 000 AOA
Size of cheapest, newly built house by a formal developer or contractor in an urban area [j]	80m ²
Average rental price for this unit in an urban area (local currency units) [k]	780 000 AOA
Number of microfinance loans outstanding [i]	158
Number of microfinance providers [f]	24
Number of housing construction loans outstanding	n/a
Number of providers of construction finance	2
World Bank Ease of Doing Business Rank [e]	173
Number of procedures to register property [e]	6
Time (in days) from application to completion for residential units in the main urban city	n/a

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[g] Urban Forum
[b] World Bank World Development Indicators	[h] Development Workshop Angola
[c] IMF World Economic Outlook Database	[i] Angolan Real Estate Professionals Association
[d] UNDP: Human Development Reports	[j] Imogestim
[e] World Bank Doing Business 2018	[k] KixiCredito SA
[f] National Bank of Angola	

685 000 owner-built homes through directed self-help within government-planned and supervised projects.

The state had engaged the PPP IMOGESTIM in December 2014 to take over the mandate to commercialise, manage and distribute public housing built under the PNUH at the beginning of the decline of Angola's economy IMOGESTIM's task was to recover earlier investments by the state to provide financing for new housing sector growth. Income from the sale and rental of the housing stock was to be accumulated in a Fund for Housing Asset Development (FADEH). FADEH was to leverage its funds to raise bank loans to finance sovereign-guaranteed housing projects. With the rapid depreciation the Angolan currency and rising unemployment, the ability to pay their rents declined for tens of thousands of the residents of the new urbanisations (colloquially called *centralidades*).¹⁰

Access to finance

The Angolan banking sector contracted in the last year with the suspension of two of its 29 banks considered under-capitalised by the National Bank of Angola (BNA). The State owns three of Angola's banks and nine have links to foreign

banks. Other financial institutions include 24 insurance companies, six pension funds, and three micro-credit institutions. Banks' total assets in 2017 represented the equivalent of 57.7 percent of GDP.¹¹ Banking has been one of the few profitable sectors of the economy in recent years,¹² with returns approximately 15 percent since 2017, despite the increase of bad credit to more than 35 percent and the rising ratio of overdue loans to 40.2 percent. The rise in profitability of commercial banks is attributed to the increase in foreign exchange transactions and income from securities and treasury bills rather than from the business of lending to the economy.¹³

While most commercial banks still made profits, they withdrew credit for housing and productive sectors of the economy. The financial inclusion rate is 36 percent but getting bank credit for housing became difficult.¹⁴ Only two commercial banks claim that they offer housing finance, with an advertised interest rate of 15.88 percent,¹⁵ but there is no evidence of any housing loans made during the last year. The Angolan parliament has still not passed legislation on mortgages. In the case of a default on a housing loan, a bank's lien may not have priority over other creditors and recourse to collect through the courts takes up to three years, causing banks to withdraw from the housing market.¹⁶ Without real mortgage financing, some owner-builders take high-interest short-term consumer loans to finance specific stages of home building. Consumer loans are guaranteed by salaries and are often taken by government employees or people with fixed employment. When consumer loans can be obtained, they are offered at the interest rate of approximately 20 percent.¹⁷ Credit indebtedness of clients in the Angolan banking system reached 26 percent in 2018, having more than doubled since 2015. Non-performing loans on real estate are currently around 30 percent, according to the secretary of the Association of Real Estate Professionals (APIMA).¹⁸

Angola's oldest micro-finance institution KixiCrédito has piloted a housing loan called KixiCasa. The loan finances a start-up core house and its incremental extension over time.¹⁹ The one-bedroom houses are commercialised at Kz1.6 million or US\$4 600 and the two-bedroom houses at Kz2.1 million or US\$6 000. Unlike state housing projects, the houses are not subsidised but through KixiCasa's loans can be bought in three to six years at a monthly interest rate of 2.5 percent.²⁰

Affordability

The recession of the last four years distressed the real estate sector, resulting in less demand, more supply, and lower prices if incomes are denominated in dollars. The dollar-denominated prices of apartments and offices in the centre of Luanda have fallen almost 30 percent since 2014. Similarly, prices in the rental market fell due to the departure of thousands of Chinese, Portuguese, and Brazilian expatriates from the country. In Kwanza however, the prices in national currency more than doubled on the private market and nearly quadrupled in the new prime areas of the capital.²¹

Houses provided under the PNUH were initially sold or rented under agreements that were indexed to the dollar. With the depreciation of the Angolan currency, rents increased and rapidly became unaffordable. The threat of rent-strikes and eventual negotiations de-linked prices and fixed them in local currency. Apartments in centralidades could be bought in cash for as little as Kz12 million or acquired through rent-for-purchase at Kz38 000 a month. Of the houses distributed publicly through the PNUH, 2 percent of all dwellings were sold directly for cash, 26 percent were leased or rented and 72 percent were acquired through the rent-to-purchase mechanism.²²

The decline of the purchasing-power of even government-salaried workers and the progressive removal of subsidies from services and commodities has reduced almost all residents' capacity to pay rents. Over 50 percent of those living in PNUH housing have stopped paying their monthly rents. The Housing Development Fund (FFH) has threatened to encumber defaulter's bank accounts. The payment period of rent-to-purchase contracts was extended from the original 20 years to 30. The change means that the residents of PNUH housing will be able to pay less monthly but for a longer period.²³

To make housing available for priority groups such as youth, ex-combatants, teachers, and health workers outside the main urban centres, the PNUH provided financing, mainly to national construction firms, to build 200 houses in each of Angola's 165 municipalities. The programme set the unit selling price at Kz4 200 000 which was US\$40 000 in 2014 but US\$12 000 today. While the

Availability of data on housing finance

The National Statistics Institute (INE) is the source of official information on housing, demography, and employment issues in Angola. A nationwide household well-being poverty study was completed in 2011. In 2014, INE Angola's first post-independent Population and Housing Census was conducted nationally. In 2019 national studies on employment and the informal economy have been undertaken by INE that may produce some information on the contribution of the construction sector to the Angolan economy.

Neither the government nor private sector produce housing finance statistics. Private real estate companies have published no new information on the sector in 2018 and 2019. The Development Workshop's documentation centre (CEDOC) does a daily review of all published media covering Angolan housing and finance, among other issues. CEDOC's compilations are published in monthly abstracts on Development Workshop's website.

target has not been met, the programme did build 9 840 units across the country.²⁴ Housing units were often built without adequate water or electricity services on inconvenient sites outside existing municipal centres. By 2019 many of the projects remain incomplete or unoccupied. In several provinces, houses built under a social housing plan for youth remain uninhabited because most young people lack financial capacity, even using the rent-for-purchase scheme.²⁵ Many houses remain uninhabited and incomplete, often built in areas without access to basic services, schools and health posts.²⁶

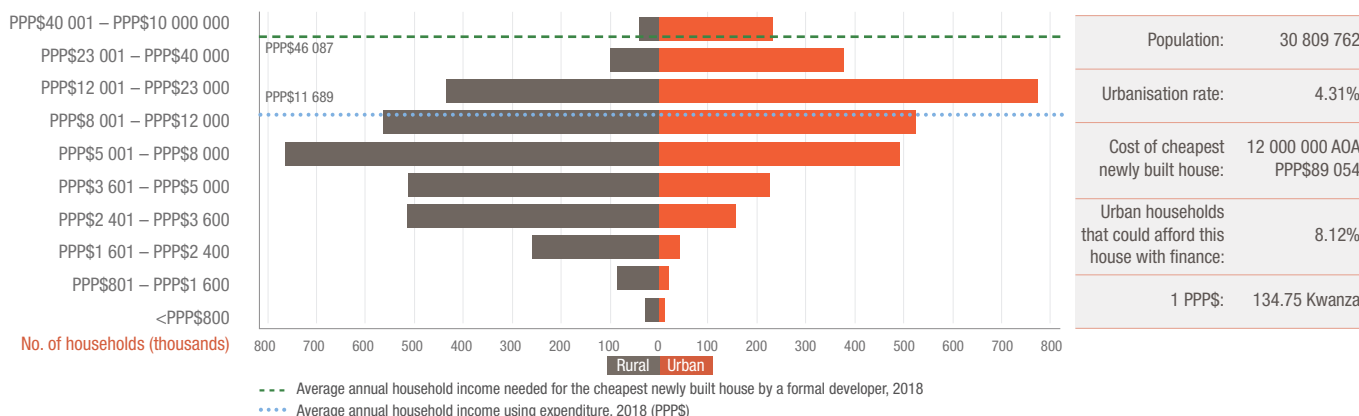
The PNUH's strategy for making housing affordable for the poor has been through the "directed self-construction" programme that was designed to benefit 685 000 families. Citizens with low incomes were to be able to buy serviced land at reasonable prices and procure subsidised building materials with state assistance.²⁷ To date only approximately 100 000 plots of land have been made available in state-designated "land reserves" that are often beyond the peri-urban perimeter of cities or in rural areas. Little has been done to subsidise the cost of building materials. For owner-builders the high local currency cost of housing construction is partly attributed to the weakness of building materials production industries in Angola. The government used the argument for reduction of tariffs on imported building materials. In 2018, 7 percent of the national value of imports, or US\$801 million, was of construction materials. As in previous years, the principal source of these imported materials was China.²⁸ By 2018, however, the principal building material, cement was actually overproduced in Angola. The market absorbed less than 30 percent of the Angolan cement due to the shutdown of most public works in the country and the diminished buying-power of local consumers and owner-builders.²⁹

The state has greatly subsidised those clients fortunate enough to receive housing through the PNUH. The initial release of houses was to be priced at cost and indexed to the foreign exchange that was invested in the construction, to create a sustainable funding mechanism to continue to finance the PNUH. Sale prices were slashed by 40 percent in 2012 when the first *centralidades* remained unoccupied. When the Angolan currency began to weaken from 2014, indexing to foreign exchange was stopped and the repayment of construction loans was assumed by the state as part of its oil-based debt servicing with foreign countries like China. The adoption of the rent-for-purchase scheme fixed selling prices for residents and insulated them from further currency depreciation. Instead of market interest rates, a 3 percent annual rate was fixed for contracts that extended for 20 to 30 years. Residents were therefore protected from the continued depreciation of the Angolan currency for the life of their contracts. Long-term bank interest rates are now between 15.88 percent to 20.06 percent so the state subsidy on interest is currently more than 12 percent per year.

Subsidies, however, reach few people in the low income groups, whose salaries were below Kz126 000 per month, approximately US\$760 in 2016 when most rent-for-purchase contracts were signed. The subsidies have therefore benefited mainly middle and upper-middle class civil servants or salaried employees. This economic group has also suffered the reduction of their capacity to pay for rents and other services. Over half of residents of urban *centralidades* were unable or unwilling to pay their monthly rent bills in 2018.³⁰

ANGOLA

Annual income profile for rural and urban households based on consumption (PPP\$)

Source <https://www.cgidd.com/C-GIDD, 2019>

Housing supply

While the state remains a significant holder of housing stock it has ceased to be a major supplier of new housing in the Angolan market. Only 9 101 units were released on to the market over the 12 months ending in June 2019.³¹ These are units that were started as part of the PNUH, were built by Chinese, Israeli and Portuguese firms, and left incomplete when the credit lines ran out. By the end of 2018, the country had 90 652 dwellings constructed, equivalent to 45.2 percent of the total planned by the government under the PNUH. The government had aimed to build 200 000 dwellings within 33 housing projects and 14 *centralidades*. Of those planned, only 12 housing developments are complete³² but most stock was not released on to the market. Most of the state-supplied housing was offered through rent-to-purchase agreements over 30 years. Of PNUH homes, 70 percent are sold to the public service and 30 percent to companies who provide housing to their workers. Forty percent of sales are supposed to target people under 40.³³

During the same period 8 050 building plots were released through the PNUH for owner-builders. The private sector similarly has delivered few housing units, as shown from the small number of 1 063 construction licences issued for home construction in 2017.³⁴ Of this number only 15 percent were issued to private contractors and most of the remainder was issued to residential owners. Getting a construction permit is a lengthy process, involving 10 steps and taking 173 days on average.³⁵

The social production of housing by owner-builders themselves using family savings and informal market inputs accounted for most units built in the last year. Owners themselves have built an estimated 30 000 housing units a year in Angola over the last decade.³⁶

The FFH is now responsible for 70 percent of state-built housing projects under the PNUH, while the remaining 30 percent is under the management of the National Housing Institute. Financing is offered to residents through three frameworks; outright purchase in cash, a purchase agreement with a 20 percent down-payment and the remainder over five years, or a rent-to-purchase arrangement where the resident acquires ownership after 30 years at a 3 percent interest rate. Most residents choose the rent-to-purchase option.

Most new houses built are in the main urban centres, as is evident from a survey by the National Statistics Institute (INE) of licences approved for the construction of buildings; 28.4 percent of the requests were made in Luanda, 14.7 percent in Cabinda, 9.6 percent in Zaire and 8.1 percent in Benguela.³⁷

The private housing construction sector is in decline. Real estate agencies in Luanda and more than 300 private housing construction companies have shut down. They cite difficulties accessing credit and a reduction in demand. A key difficulty for real estate agents is that projects built four years ago were constructed at higher costs per square meter than potential buyers today can pay. The Angolan

real estate market has depended on state investment. Lower economic activity and a high public debt has resulted in lower demand and therefore price reductions. Also, the state often failed to pay companies for work already contracted or completed in construction and housing projects.³⁸

The FFH estimates that the housing backlog in 2019 is still approximately 1.7 million units across the country. It estimates that approximately a third of Angola's population do not have adequate housing. Under the PNUH plan for the period 2018 – 2022, construction of a total of 122 000 social housing units is being planned. According to the National Housing Director, the strategy of building *centralidades* and employing international construction firms will still be employed.³⁹

Property markets

Angola is one of the most difficult countries to register property, ranked 170th out of 190 by the World Bank in 2019. On average 190 days are needed to register land and the cost is 2.8 percent of its value. Most maps of land plots, even in Luanda, are kept on paper and there is no electronic database for recording boundaries and checking plans and providing neither cadastral information nor a standardised identification number system. Private land disputes usually take over three years to resolve through the courts. The quality of the document and tenure security offered therefore is weak and may not be legally binding, being ranked by the World Bank as only seven on a 30 point scale.⁴⁰ Private sector real estate agents complain about the absence of legal documents, licensed land, and master plans for the cities.⁴¹

The real estate market of the country lost 90 percent of investments between the years 2014 and 2016, according to the secretary of APIMA. Five years ago, a plot of land for implementing housing projects cost around Kz5 million. Today, the same plot costs Kz1 million. "Unfinished works have consumed 50 percent of the bank credit, all culminating in bad debts, which prevents the raising of new financing." Therefore, without the participation of banks, new projects cannot be developed. The province of Luanda has close to 10 000 informal agents not regulated but active in the real estate market, resulting often in fraud in buying and selling real estate.⁴²

Approximately 60 percent of the formally built housing stock is not registered according to the Land Registry Conservatory. The lack of documentation applies to buildings and houses built in the colonial era and new housing, including the *centralidades*.⁴³ The president of APIMA argues for a revision of the land law to promote private investment. He recommends the creation of a "One-stop Property Office" to accelerate the legal and property regularisation processes. He argues that this would "end corruption and speculation in the process of creating a legal property market".⁴⁴

Policy and regulation

The state plans to continue implementing the incomplete PNUH that was started in 2009. Improvements in the sector are expected as the programme is

streamlined by Angola's reformist executive team. Government is considering a new spatial planning policy to reduce some of Angola's regional asymmetries. The government is committed to the New Urban Agenda⁴⁵ as is evident from Angola's assumption of a seat on the board of UN Habitat.

The state budget for 2019, made specific policy commitments on housing as follows:⁴⁶

- Promoting the allotment and infrastructure of land reserves, mobilising participation in the social housing programme through directed self-help construction.
- Providing infrastructure in all *centralidades* where houses are already completed and not inhabited.
- Promoting public private partnerships (PPP) to build new *centralidades* to increase supply of dwellings.
- Expanding water supply in urban areas,
- Reforming local government reform and improving municipal utilities.
- Increasing non-oil revenue by improving the General Tax Administration.

New municipal governments will be financed by the Urban Property Tax - *Imposto Propriedade Urbana* (IPU). The decentralisation reforms envision taxes and fees paying for local services. Mechanisms are to be tightened for collecting real estate taxes – and penalising defaulters. All citizens who occupy land or live in a building, home, apartment, house, or own land must pay the IPU.⁴⁷ Real-estate taxes are envisioned as an important contribution to the municipal supply of urban services. However, tax avoidance remains the norm and in 2018 property taxes provided less than 0.8 percent of public revenues and contributed to only 0.14 percent of GDP.⁴⁸ The transfer of property taxation to municipalities is scheduled for 2020. The legal regularisation of real estate will provide a facility to gather information necessary to update the property taxpayer register that would in turn facilitate the collection of IPU. The IPU will instead be applied to the value of land and real estate property⁴⁹ and therefore discourage the holding of dormant land for speculative purposes. However, the registration of occupation still does not entitle the holder to take a mortgage or for the land to be held as collateral to obtain credit from financial institutions.⁵⁰

Opportunities

Property continues to be seen as a safe-haven investment in the face of currency devaluation. Domestic buyers who have local currency remain the most active in the sector, albeit with lower demand than last year due to the difficulty in accessing housing credit.⁵¹

The many unfinished housing units in the country present a market opportunity for offering housing improvement loans in the form of micro-credit. Housing shells may be bought at discounted values from banks and financial institutions which may have repossessed properties from failed property developers. These properties, if in an urbanising district, are likely to have already acquired land titles and may even be served by water and electricity. A market demand still exists for properties affordable for low income families left out of PNUH projects. Micro-finance institutions should explore innovative financial arrangements that aid the incremental upgrading of housing.

The transfer of the responsibility for promoting housing and the management of urban services to the newly elected municipal governments in 2020 provides a unique opportunity. The legal regularisation of the housing stock within the municipality's jurisdiction could prove to be a lever for the reduction of poverty and financial sustainability. The municipal registration and regulation of land and housing may contribute to the country's transformation into a more attractive and diversified market.

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Benin

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Overview

Benin is a member state of the Economic Community of West African States (ECOWAS) and the West African Economic and Monetary Union (WAEMU). With limited mining commodities, the country has focused its economic development efforts on agriculture, which contributes more than 34 percent of its Gross Domestic Product (GDP).¹ Production of cotton, one of the country's biggest earners of foreign reserves, is expected to reach 800 000 tonnes in the 2019/2020 agricultural season, up from 670 000 tonnes in the 2018/2019 agricultural season, according to Ministry of Agriculture forecasts.²

Benin's economy is heavily dependent on trade ties to its neighbours, particularly Nigeria. Its economy has been growing steadily in the past few years, by 5.6 percent in 2017 and 6.7 percent in 2018. It is expected to grow by 6.7 percent between 2019 and 2024, driven by high agricultural production, rising private investment, and the development of new sectors such as tourism and the digital economy. However, despite a robust economic performance, poverty continues to increase (40.1 percent in 2015 from 33.3 percent in 2007)³ with inequality reaching alarming levels.⁴ Rural people stay in the margins of society and youth unemployment is problematic.⁵

Politically, Benin's democratic order was seriously compromised in 2019 when President Patrice Talon and the National Electoral Commission barred the country's main opposition parties from fielding candidates by using tough new eligibility rules.⁶ Despite an international outcry and opposition supporters' boycott, the elections went ahead, producing 83 Members of Parliament all allied to Talon. Several people were shot dead by security forces in the ensuing post-electoral violence.⁷

Access to finance

Benin, a low income nation of 11.4 million people, has the highest financial inclusion index (0.556) in the WAEMU zone, followed by Senegal (0.459), Togo (0.453) and Ivory Coast (0.410).⁸ A large informal sector, estimated at over 70 percent of GDP,⁹ spurs many people to access finance through Decentralised Financial Systems (DFS), which include microfinance institutions and tontines.

The number of adults holding deposit or credit accounts in banks stands at 16.48 percent, while 36.87 percent of the adult population use microfinance institutions

KEY FIGURES

Main urban centres	Cotonou, Porto-Novo, Abomey-Calavi, Seme-Kpodji, Parakou
Exchange rate: 1 US\$ = [a] 1 July 2019 1 PPP\$ = [b]	580.15 CFA Franc (XOF) 206.88 CFA Franc (XOF)
Inflation 2018 [c] Inflation 2019 [c]	1.0 2.0
Population [b]	11 485 048
Population growth rate [b] Urbanisation rate [b]	2.7% 3.89%
Percentage of the total population below National Poverty Line (2017) [d]	36.6%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	2.5%
Proportion of the adult population that borrowed formally (2017) [b]	9.4%
GDP (Current US\$) (2018) [b]	USD\$10 359 million
GDP growth rate annual [b]	6.9%
GDP per capita (Current US\$) (2018) [b]	US\$902
Gini co-efficient (2015) [b]	47.8
HDI global ranking (2017) [d] HD country index score (2017) [d]	163 0.515
Lending interest rate (2017) [b]	5.1%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding (2018)	539
Value of residential mortgages outstanding (US\$)	n/a
Number of mortgage providers [f] Prevailing mortgage rate	n/a
Average mortgage term in years Downpayment	15 n/a
Ratio of mortgages to GDP	n/a
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed [g]	47 000
Number of houses completed	n/a
Number of formal private developers/contractors [h]	32
Number of formal estate agents	n/a
Cost of a standard 50kg bag of cement [i]	3 500 XOF (US\$6.03)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [j]	20 000 000 XOF
Size of cheapest, newly built house by a formal developer or contractor in an urban area	n/a
Average rental price for this unit in an urban area (local currency units) [k]	150 000 XOF
Number of microfinance loans outstanding	n/a
Number of microfinance providers [l]	58
Number of housing construction loans outstanding	n/a
Number of providers of construction finance	n/a
World Bank Ease of Doing Business Rank [e]	153
Number of procedures to register property [e]	4
Time (in days) from application to completion for residential units in the main urban city	n/a

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[g] National Agency of the Domain and the Land
[b] World Bank World Development Indicators	[h] Go Africa Online
[c] IMF World Economic Outlook Database	[i] Office de Radiodiffusion et Télévision du Bénin (ORTB)
[d] UNDP: Human Development Reports	[j] Expat.com
[e] World Bank Doing Business 2018	[k] BENIN-IMMO
[f] Orabank	[l] Central Bank of West African States

as a reliable channel to access finance.¹⁰ The country had 2 141 463 microfinance customers as of 31 March 2019, an increase of 108 643 from 30 September 2018.¹¹

Total deposits at microfinance institutions increased to nearly CFA104 million (US\$173 190) by 31 March 2019 from CFA97.7 million (US\$ 162 697) on 30 September 2018, while the outstanding loans increased from CFA124.20 million (US\$206 827) to CFA134.20 million (US\$ 223 480) for the same periods.¹²

However, it is difficult to have a sense of the total cash that goes through the tontines, as they all operate informally within communities and among people who know each other:

The mobile money industry has also been growing, according to figures published by l'Autorité de Régulation des Communications Electroniques et de la Poste du Bénin (ARCEP-Benin), the telecommunication regulator. There are now 2.67 million active Mobile Money subscribers, and total cash transferred via the channel in 2018 stood at CFA2 081 billion (nearly US\$3.6 billion).¹³

Despite their term deposits decreasing by 4.6 percent in 2018,¹⁴ Benin banks still hold the country's biggest chunk of money and represent key stakeholders in local housing finance. Potential home buyers must meet the requirements imposed by the banks to buy a house on credit because there are no alternatives.

The financing model differs from one bank to the other. For instance, at the Banque Atlantique, housing is financed up to 100 percent without initial contribution. It includes a repayment period of up to 20 years, and an affordable multi-risk insurance package in case of fire and water damage and life insurance. Other banks that provide home loans include Bank of Africa, NSIA Banque and Banque Sahelo-Saharienne pour l'Investissement et le Commerce (BSIC).

Despite the boom of decentralised financial systems, it is highly unlikely that they will be able to play a major role in providing access to housing for people who are essentially excluded from the traditional banking system.¹⁵ It would be necessary to collect precise data on the structural capacity of DFS to integrate and manage housing microfinance products, their exposure to long-term financing, and how easy low and medium income clients find accessing housing finance products. As a result, the issue of long-term funding is likely to arise and play a critical role in the satisfaction of borrowers who have decided to move toward DFS to realise their dream of becoming a homeowner.¹⁶

Affordability

Most houses in Benin were built between 30 and 50 years ago for civil servants who were part of Benin's middle class. This housing stock has severely deteriorated due to decades of depreciation, underinvestment and lack of maintenance. Water and sanitation supply are inadequate (one tap and one makeshift toilet and bathroom for approximately 30 people). Overcrowding is rife. No space is left in many of these compounds as makeshift backrooms (usually made of zinc and cardboard) have been built there to accommodate the latecomers, mostly family members arriving from rural areas in search of a better life, or daughters and granddaughters returning with their children to the family house after a failed marriage. Houses built in low-lying areas become flooded when it rains.¹⁷

The dire housing situation is due to several factors, including the country's volatile economy, the low purchasing power of the population and the fast-growing population. In Benin, the minimum wage is CFA40 000 (US\$67), and the salary of a middle manager is CFA150 000 (US\$250), according to the latest available information. The exorbitant cost of building materials makes renovations, depending on social class, difficult to achieve on an average wage.¹⁸

Rental is popular as renting a room or a house in Benin is now less complicated than it used to be. Landlords used to ask for up to 10 months deposit, but the Act voted by the National Assembly on 24 April 2018 set the deposit at three months. However, rental is still too expensive for nearly half the population, who live on less than US\$1.25 a day.¹⁹

Buying a piece of land to build a house with private savings is difficult. People save less because they earn less.

Benin was among the top 10 fastest growing economies in Africa in 2018. However, the benefits of this unprecedented economic growth went only to a few. Today, inequality has reached extreme levels in the region. The rich have grown richer while the poor have become even poorer.²⁰ Land bought years ago remains empty and neglected, due to lack of money to build even a tiny house. As time goes by, the owner will end up selling it to someone who can afford to build a house on it.

Housing supply

The government is forging ahead with its flagship project of building 20 000 housing units by 2021, at the cost of CFA347 billion (nearly US\$600 million), as

Availability of data on housing finance

Official data on housing and housing finance in Benin is scarce. Given the other more immediate priorities, funding, capacity and skills have not been made available by government for the collection and maintenance of data. The lack of transparency in data has added to the lack of trust in how government funds are spent or how funding is allocated. Data supplied by international institutions often does not correspond with the reality on the ground, adding to the mistrust of data. Internet connectivity is slow, and affected by frequent power cuts, making accessing data online difficult.

part of its 2016-2021 Programme d'Actions du Gouvernement (PAG). The first phase, comprising 12 049 housing units, was due to start in October 2018.²¹

The PAG is made up of 45 key projects, 95 sectoral programmes, and 19 institutional reforms. Major urban projects are to be undertaken, at an estimated cost of CFA1.6 trillion (US\$2.7 billion). Access to water supply will be improved, waste collection will be modernised, and national, secondary and tertiary roads in major urban areas will be rehabilitated, among others.²² PAG will reportedly lead to the creation of 100 000 jobs in the construction sector.²³

The government's financial partners in its various social housing construction projects include Banque Ouest-Africaine de Développement (BOAD) which finances 3 034 units in Ouèdo, and Banque Islamique de Développement (BID), financing 2 819 units in Ouèdo. Poly International is building 450 homes in 12 cities in Benin. The CNSS (Caisse Nationale de Sécurité Sociale du Bénin - NSS) is building 3 175, of which 2 425 are in Ouèdo, 250 in Porto-Novo and 500 in Parakou. In addition, other real estate developers will realise 2 570 housing units in Ouèdo.²⁴

Once building is completed, a joint-stock company, which is overseeing and managing the project, will offer the houses for sale to the beneficiaries through a 17-year leasing mechanism at an interest rate subsidised by the state. The effective interest rate charged to the buyer is approximately one percent. Housing will be allocated on the basis of the beneficiary's ability to pay, once again bringing the issue of affordability to the fore. If the buyer stops paying the bank or insurance company issuing the guarantee will replace him or her.²⁵

Nevertheless, the government warned of challenges ahead, among them, the rising cost of building materials, the limited capacity of the country and region's real estate promoters to conduct large-scale operations, and the quality of the local workforce.²⁶

For the poor, corruption in the allocation of the new housing is a concern. "Will the allocation of these houses be transparent, will they be allocated to citizens without political connection? One thing is to build and the other is to distribute equitably to all, without vice, corruption, discrimination and favouritism," reported Adjinakou, a news website.²⁷

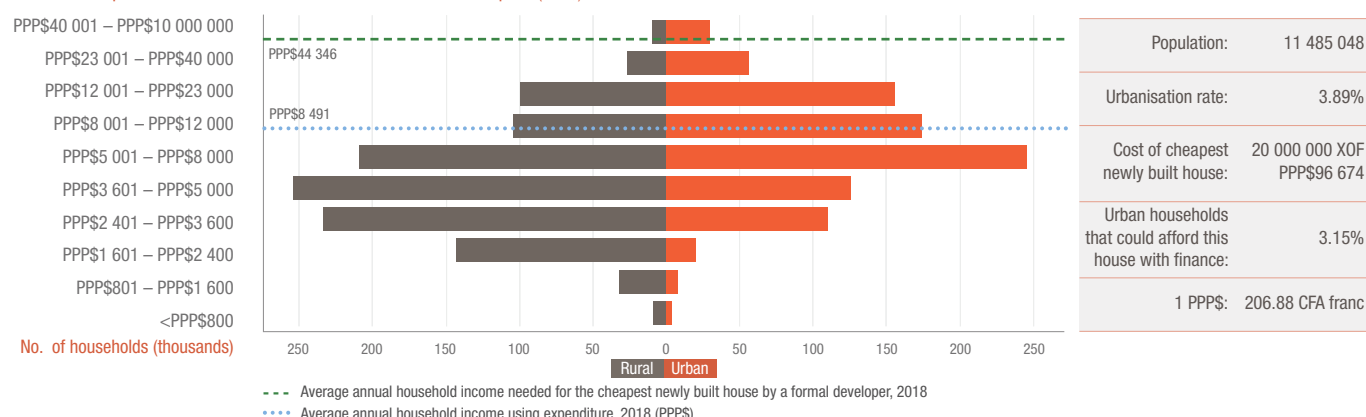
In an attempt at transparency, the government announced in February 2019 that it was planning to auction 10 000 housing units unallocated under the previous regime. The houses, in the areas of Abomey-Calavi, Parakou, Lokossa et Adjara, will be sold in their current conditions.²⁸ A picture published alongside a story in a local newspaper seemed to show some of these unfinished houses with bushes growing out of them.²⁹

Property markets

Most people owning houses and plots see them, first, as a commodity that they can sell to the highest bidder when prices rise. Prices triple or quadruple in a few years. Land that was worth CFA80 000 (US\$ 134.65) a hectare five years ago is worth CFA250 000 (US\$420.78) today. A plantation in the countryside that sold for CFA250 000 is worth CFA800 000 (US\$ 1 347) or CFA1 million (US\$1 683).³⁰

BENIN

Annual income profile for rural and urban households based on consumption (PPP\$)



Source <https://www.cgidd.com/C-GIDD, 2019>

The uncontrolled surge in house prices is due, among other things, to the imbalance between housing supply and demand. Indeed, the supply on the housing market in Benin is dominated by households, followed by the government through the Housing Directorate in partnership with the private sector. Despite significant efforts by the government in partnership with private developers to provide accessible housing, this formal housing supply has fallen behind demand.³¹

Real estate agencies, which act as brokers between sellers and owners, claim in their advertising have thousands of plots and houses for sale. However, only plots are really available. Despite rising prices, plots appear to be the first step and the ultimate solution for potential home buyers – especially those left out of the banking system – towards owning a decent home in this impoverished nation.

After buying property, registering it is a lengthy, difficult process. Benin ranks 130th out of 190 countries on the Ease of Doing Business registering property indicator;³² three places down compared to 2018. Overall, the country ranks 153rd in the Ease of Doing Business Report.³³

Four procedures are involved in property registration and the waiting period is up to 120 days, while the average waiting period in Sub-Saharan Africa is 53.9 days, according to the Doing Business Report 2019. It costs 3.4 percent of the property value to register a property in Benin, compared to 7.6 percent in Sub-Saharan Africa. The overall quality of land administration stands at 6.5 versus 8.8 in Sub-Saharan Africa and 23.0 in the OECD high income countries.

The Benin rental housing market presents distortions that affect the social welfare of the population, according to a July 2017 report on Cotonou housing published by the Centre d'Analyses des Politiques de Développement - CAPOD). The main distortions are non-compliance by building owners with building standards and high rents.³⁴ The price per m² for rent varies according to areas. For luxury housing the rent varies between CFA730/m² (US\$1.23) and CFA1 290/m² (US\$2.17) depending on the area. High prices are found in shopping centres and administrative centres (due to high demand), in peri-central and peripheral central districts (medium-demand) and in precarious housing areas (populated areas where building standards are generally not respected).

Rents for low income housing vary between CFA791/m² (US\$ 1.33) and CFA838/m² (US\$ 1.41). Foreign tenants are charged CFA65.45/m² more than nationals. This situation explains the preference that the owners have for foreign tenants.

Real estate is lucrative in the commercial capital Cotonou, even if the construction standards are not respected. In the peripheral areas, housing is more spacious and the rent is lower:

The concentration of economic activities in Cotonou has boosted housing demand there. Put off by the poor quality of the supply (the limited space and

lack of comfort of the offered housing), tenants move towards the peripheral zones (the communes of Sémé-Kpodji and Abomey-Calavi) where the rents are more reasonable and the dwellings are larger.³⁵

Policy and regulation

Corruption is rife in the housing sector and it is full of fraudulent activity, with, for instance, one property being sold to several buyers at a time.³⁶ Mindful of the chaotic state of affairs that still plagues the sector despite existing policies and regulations, the National Assembly adopted a legislative and regulatory framework for better land management by voting the Act N° 2017-15 of 10/08/2017, which amended and supplemented the Law N° 2013-01 of 14/08/2013 on land and land code in Benin.³⁷ This legal context has culminated in the launch on 9 April 2019 of the national land registry to solve the thorny problem of land conflict in Benin.³⁸ The launch is an initiative of the finance ministry and the Agence Nationale des Domaines et du Foncier (ANDF). Public finance management and fiscal reforms are therefore among the key reforms undertaken by the new government. These reform aims essentially to tackle numerous problems in the country, and speed up delivery of various services, improve the competitiveness of the business environment and promote social peace.

As for rental housing, Benin now has a legal framework, namely the Act No. 2017-02 which regulates the leasing contract, and the rights, obligations and responsibilities of the parties involved in a leasing transaction. The new law seems to have made renting easier by setting the maximum deposit at three months rent, rather than the 10 months landlords used to demand.³⁹ The law applies to commercial and non-professional leasing, finance leasing and house leasing. It also stipulates that the amount of the annual rental price must not exceed 8 percent of the total amount of the real value of the property. However, implementation and enforcement of this legislation may be a challenge.

Furthermore, the government continues to enact more laws to reform the sector. In accordance with the Act No 2018-39 of 28 December 2018 on finance management 2019, le Conseil Consultatif Foncier (CCF) du Benin recently announced official tariffs on the issuance of land and the formalisation of land transactions.⁴⁰

Opportunities

Rental housing could be the first step towards revitalising Benin's housing sector and solving the country's crisis. As one expert put it, "If we acknowledge that the rental housing sector is a legitimate option, then the question becomes what have we, as a continent, done or what are we currently doing to make sure that it is properly regulated and that it plays a bigger role in reducing the housing deficit in Africa."⁴¹ The government of Benin's recent move to put some order into the country's rental housing sector must be commended because it lays a solid base on which the rental housing sector can take shape.

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Botswana

Author: Professor Aloysius Mosha



Overview

With a population estimated at 2 313 575 in 2019,¹ Botswana has an excellent track record of political and macroeconomic stability besides a well-developed mining sector and sound regulatory environment. The economy relies heavily on diamonds and tourism, but potential exists in the coal mining, energy and transport sectors. Botswana is classified as an upper middle income country with a gross national income (GNI) per capita between P44 060 and P136 187 (US\$4 036 and US\$12 475). Botswana's GNI per capita for 2018 was P84 605 (US\$7 750), a 10.4 percent increase from 2017.² The gross domestic product (GDP) per capita levels are high by Sub-Saharan Africa standards, at an estimated P90 157 (US\$8 258) in 2018.³ This is far removed from a per capita income level of a mere P764 (US\$70) and the discouraging prospects faced by the country 50 years ago.

Exports shrank more sharply in April-May 2019 as overseas sales of diamonds, which account for more than nine-tenths of total merchandise exports, swung to contraction amid slowing global growth and escalating trade tensions.⁴ The non-mining sectors are expected to pick up, driven by structural reforms in 2018, including an amended immigration law that ensures expeditious processing of work and residence permits, and a move that provides utilities at reasonable prices to encourage domestic manufacturers. The construction sector, which contributed 6.5 percent of the GDP in 2017, is expected to continue benefiting from ongoing fiscal stimulus.⁵

Headline inflation increased to 2.9 percent from 2.8 percent, registering an increase of 0.1 percent point in June 2019.⁶ The Bank of Botswana medium short-term objective is to keep inflation within three percent to six percent. The investment of many homeowners has not only kept up with inflation but outpaced it. Property developers have earned positive return through escalating rentals and home prices. The low inflation rate has propelled the market to develop more properties to increase the yield value.⁷

The Monetary Policy Committee maintained the bank rate at five percent as at July 2019.⁸ Interest rates in Botswana averaged 10.36 percent from 2006 until 2016, reaching an all-time high of 15.50 percent in June of 2008 and a record low of five percent in October 2017, due to low inflation and prospects of continued price stability in the medium term.⁹ As a result, the commercial bank prime lending rate by most commercial banks remained unchanged at 6.5 percent in the first

KEY FIGURES

Main urban centres	Gaborone, Francistown, Lobatse, Sowa Town, Selebi Phikwe
Exchange rate: 1 US\$ = [a] 1 July 2019	10.65 Botswana Pula (BWP)
1 PPP\$ = [b]	4.53 Botswana Pula (BWP)
Inflation 2018 [c] Inflation 2019 [c]	3.2 3.6
Population [b]	2 254 126
Population growth rate [b] Urbanisation rate [b]	2.2% 3.3%
Percentage of the total population below National Poverty Line (2017)	16.3%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	18.1%
Proportion of the adult population that borrowed formally (2017) [b]	5.2%
GDP (Current US\$) (2018) [b]	US\$18 616 million
GDP growth rate annual [b]	4.5%
GDP per capita (Current US\$) (2018) [b]	US\$8 259
Gini co-efficient (2017) [b]	61
HDI global ranking (2017) [d] HD country index score (2017) [d]	101 0.717
Lending interest rate (2017) [b]	6.5%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding (2018)	17 500
Value of residential mortgages outstanding (US\$) [f]	US\$1.173 million
Number of mortgage providers [f] Prevailing mortgage rate [g]	9 7.50%
Average mortgage term in years [g] Downpayment [g]	10 10%
Ratio of mortgages to GDP	0.01%
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed [h]	890 000
Number of houses completed [i]	1 785
Number of formal private developers/contractors [j]	685
Number of formal estate agents [k]	195
Cost of a standard 50kg bag of cement [j]	58 BWP (US\$5.45)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [j]	385 000 BWP
Size of cheapest, newly built house by a formal developer or contractor in an urban area [i]	58m ²
Average rental price for this unit in an urban area (local currency units) [i]	3 500 BWP
Number of microfinance loans outstanding [m]	20
Number of microfinance providers [m]	12
Number of housing construction loans outstanding [m]	20
Number of providers of construction finance [m]	27
World Bank Ease of Doing Business Rank [e]	86
Number of procedures to register property [e]	4
Time (in days) from application to completion for residential units in the main urban city	105

NB: Figures are for 2019 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF):

Botswana Building Society
Botswana Housing Corporation

[a] Coinmill	[h] Deeds Registry Botswana
[b] World Bank World Development Indicators	[i] Botswana Housing Corporation
[c] IMF World Economic Outlook Database	[j] Statistics Botswana
[d] UNDP: Human Development Reports	[k] Real Estate Advisory Council
[e] World Bank Doing Business 2018	[l] Vantage Properties
[f] Bank of Botswana	[m] Non Bank Financial Regulatory Authority
[g] First National Bank Botswana	[n] Gaborone City Council

quarter of 2019. This saw commercial banks tightening their screws on mortgages, affecting property affordability.

The exchange rate remained stable and the managed rate of crawl against a basket of currencies continues to serve the country well. The pula and basket of currencies is managed based on the differentials between expected inflation in Botswana and its major trading partners and continues to show stability, with the real effective exchange rate registering a marginal appreciation of 0.1 percent over the 12 months to October 2017.¹⁰ Botswana imports the majority of

construction material such as concrete products; cement; roofing and floor materials as well as key structural raw materials from South Africa.¹¹ Therefore foreign exchange rate determines the overall cost of the final housing product.

Access to finance

The financial sector is composed of the banking sector and the non-bank financial sector. The commercial bank sector in Botswana consists of 10 principal banks with some quasi government-owned financial institutions. The non-bank financial sector in turn incorporates all other financial corporations, which includes insurance companies, pension funds and other institutions.

Twelve entities across Botswana have been fully registered with microlending licences to provide short to medium-term loans targeting government and quasi government employees under the payroll deduction model. These loans are predominantly consumption loans for education, family emergencies and agriculture. The country's largest microlender, Letshego, is listed on the stock exchange. Letshego provides loans between P5 458 (US\$500) and P655 011 (US\$60 000), mainly through the deduction at source model. The microfinance institutions in Botswana are not specialised and they extend unsecured loans without having to provide any guarantees through valuable assets like vehicles or property. Letshego in 2016 piloted an affordable housing product, offering loans from P80 000 (US\$7 328) upwards, at an interest rate of twice the prime interest rate.¹²

The banks have been significant in extending mortgage lending and they compete on loan-to-value ratios, sometimes offering more than 100 percent to provide a contribution to property transfer fees and minimise the deposit required from borrowers. Some commercial banks have been offering up to 85 percent for equity and refinance. The share of mortgages in total bank credit to households decreased slightly from 27.8 percent in December 2017 to 27.4 percent in December 2018. In addition, the level of non-performing loans to total credit remained modest at about five percent between December 2017 and December 2018.¹³ The decline in uptake of mortgages was attributed to tighter credit rating standards adopted by banks following the drop in interest rates, thus locking out potential borrowers. Mortgage uptake has been slow in Botswana and this has been attributed to low incomes and high property prices, with the average mortgage loan size increasing to P950 000 (US\$87 021) in 2016 from P830 000 (US\$76 029) in 2015.

Mortgages are available for up to 25 years, or up to the age of 60 years. Mortgages are typically provided at an interest rate of prime plus six percent (the prime rate is currently 6.5 percent). The Central Bank of Botswana's Monetary Policy Report 2019 indicated a 0.4 percent drop in the uptake of home loans. There are an estimated 16 500 mortgages from banks in Botswana, with an average size of approximately P800 000 (US\$73 280), plus another 7 000 mortgages from Botswana Building Society (BBS), Citizen Entrepreneurial Development Agency (CEDA) and National Development Bank (NDB).¹⁴

The pension fund sector has a total asset base estimated at 50 percent of the country's GDP, mostly invested in offshore investments and only listed entities locally, and is seen as conservative as there are no third part loans or provision of housing loans to its members.

Botswana has 170 registered cooperative societies with a membership of 86 300 people and a total employment of 835 people. Savings and Credit Cooperative Societies (SACCOS) in Botswana are registered under the Cooperative Societies Act No.5 of 1989 and they promote saving among members by mobilising savings and creating a source of funds for onward lending between 17 percent and 24 percent rate of interest. The loans have generally been used to finance consumer spending, education expenses and emergencies, with little on property purchases.

Affordability

Botswana's unemployment rate increased to 17.94 percent in December 2018, from the previously reported number of 17.63 percent in December 2017.¹⁵ Of those employed in 2015/16 Botswana Core Welfare Indicators Survey (BCWIS) estimated average household disposable incomes per household at P9 630.41 (US\$882), P5 731.47 (US\$524) and P3 250.84 (US\$298) for cities/towns, urban villages and rural areas respectively.¹⁶ This is the average monthly salary including

Availability of data on housing finance

Data for real estate is not readily available in Botswana. Data is available from public organisations and government departments, however, the available information is either outdated or incomplete, making it hard to deduce meaningful conclusions. Data available from private organisations is usually available on subscription or by purchasing various reports. Private organisations are usually secretive about their business and can choose not to disclose information. The primary sources of housing finance data are:

Bank of Botswana which provides financial information such as interest rates, mortgage uptake, exchange rates and inflation rates. Most data is available online. However, data on the number of mortgages is not available.

Statistics Botswana collects information about the population and its demography. There are also multiple surveys on business, household incomes and expenditure. Despite some incomplete information on the real estate sector, additional information is online.

Botswana Housing Corporation keeps information on property listings, and development occurring in the sector. It is however not possible to find any price catalogues and property information.

housing, transport, and other benefits. Salaries differ drastically between different jobs. The median salary is P11 364 (US\$1040) a month, which means that half (50 percent) of the population are earning less than P11 364 (US\$1 040) while the other half are earning more than P11 364 (US\$1040). The median represents the middle salary value. Household consumption expenditure was estimated at P3 926.63 (US\$359) in 2015/16 by BCWIS. Average households' expenditure on housing increases with urbanisation in cities/towns and urban villages. Given that the debt coverage ratio on houses is 40 percent with most lenders, urban households can afford a housing expense of P3 852.16 (US\$352) and urban villages can afford up to P2 292.4 (US\$209) housing expenses. The average house price is P650 000 in urban areas and P450 000 for urban villages. Clearly even if mortgages were available to these households, they are not affordable, and the financial institutions will not have adequate security on a property purchased below these prices.

Banks also prefer to finance the purchase of ready-built structures rather than providing loans for housing construction. For a customer to qualify for a mortgage, their monthly repayments should not exceed 25 percent to 50 percent of their net income. Joint income can be considered for married couples. The monthly instalment is deducted directly from the current account or by direct debit from another bank. This means that for customers to qualify for mortgage they need to have fixed salaries and a bank account.

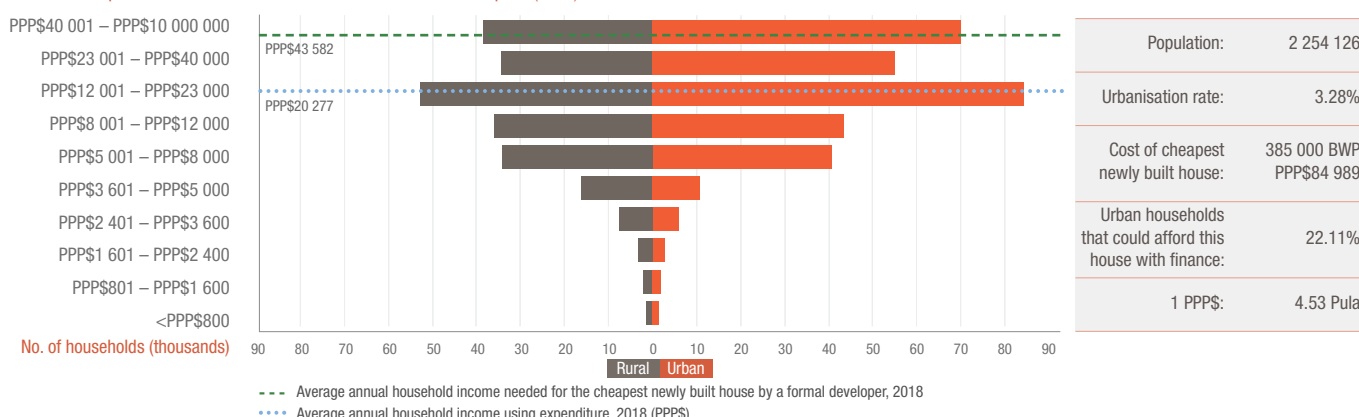
The NDB considers customers with a net income of P600 (US\$55) up to P1 500 (US\$137) a month as the basic entry requirement for accessing a mortgage. One does not have to be employed to access NDB products. Barclays Bank (Absa) has been offering a 50 percent debt ratio limit, increasing access to its home loans, mainly for prime borrowers, a clear indicator of stiff competition in the sector.

Of particular interest is the government initiative of financing youths through the Youth Housing and Instalment Purchase Scheme, which provides preference to purchase high-density and multi-residential units for the youth and first-time homeowners earning between P3 000 (US\$292) and P7 000 (US\$682.50). However, the creditworthiness of youth as a market remains a challenge, given that most youths have salaries below P3 000.¹⁷

Innovative property acquisition methods like Instalment Purchase Schemes/Agreements have been sought by developers such as the Botswana Housing Corporation (BHC) as an affordable housing strategy, and the Public Officers Housing Initiative (POHI) and Youth Housing which has provided Botswana a more affordable alternative to acquiring housing. The Government Employee Motor Vehicle Advance Scheme is a government initiative scheme

BOTSWANA

Annual income profile for rural and urban households based on consumption (PPP\$)



Source <https://www.cgidd.com/C-GIDD, 2019>

providing bank loans for government employees by guaranteeing up to 80 percent of the loan, while the remaining 20 percent is provided by a financial institution. Payments are managed through the Botswana Savings Bank and are eligible to permanent and pensionable civil servants for real property development or purchase. To qualify for the scheme, employees must have a minimum monthly net income of P1 200 (US\$108) after loan repayments and deductions.

Another government financing initiative is the Self Help Housing Agency (SHHA) loan. This is the provision of low-income housing on a subsidised loan. It is available for citizen of Botswana earning P4 400 (US\$403) – P36 400 (US\$334) per annum. Applicants must be formally employed or legitimately self-employed. The SHHA loan is payable over 20 years at no interest. However, a 10 percent penalty interest is levied on default of the monthly instalment. The SHHA Turnkey programme involves the design and construction of basic core houses for eligible low income households. On occupation, the beneficiaries pay the cost of the built houses for a period of 20 years at P375 (US\$34) a month at no interest save for a penalty interest that is charged to beneficiaries who default. The turnkey loan amount is P90 000 (US\$8 240).

Land prices exacerbate affordability problems, thereby pushing most households into the rent market. Serviced land in cities/towns average P1 320 (US\$121) per m². Serviced land in rural villages within a 40km-60km range of Gaborone is priced at a mean price of P230 (US\$21) per m² while serviced land in urban villages averages P260 (US\$24) per m².¹⁸ This means that the cheapest and smallest plot of 300m² metres in Gaborone would cost P396 000 (US\$36 275) and is only affordable to people earning P10 000 (US\$916) and above in the event they are able to get a mortgage. The repayment period for this loan would be over 20 years.

Affordable housing also has an element of affordable rent. A low-cost BHC house valued at P0.4million (US\$36 640) will cost P600 (US\$54) per m² rental and a loan repayment will cost P5 000 (US\$458) a month. It is far cheaper to rent than paying the mortgage instalment. The 2015/16 Botswana Multi-Topic Household Survey Report showed that 65.2 percent of households lived in rented housing units. This showed an increase in rented housing units, compared to 32 percent and 39 percent for the 2002/03 Household Income and Expenditure Survey and the 2009/10 BCWIS report.¹⁹

Housing supply

The physical growth of urban areas because of rural migration has spurred the growth rate of the urban population. This population growth has exerted enormous pressure on land. Shortage of land in Botswana has created a squatters with an increase in conflict between Land Boards and the squatters.²⁰

The provision of affordable housing in urban centres is inadequate due to rapid urbanisation, thus resulting in a backlog as the housing supply is not commensurate with housing needs and demands. Botswana has a housing backlog of ±36 000

units out of approximately 500 000 households in the country.²¹ In 2011 the government targeted to build 10 200 low-income houses by 2020 through the BHC.²² BHC by holding over 17 000 houses in the urban centres, besides having over 7 500 housing units through institutions and councils, is the largest housing developer in Botswana. Private property developers have shown that they are profit-motivated institutions and their housing prices are targeted at the upper middle and high income households for a two-bed of 45m² selling for P650 000 (US\$59 540).

The present land tenure regime in Botswana is fraught with inherent problems. Three different land tenure systems co-exist within the same economy, each having distinctive characteristics. State land (23 percent of the total) covers wildlife and forest reserves and most urban areas. Urban land tenure is through Fixed Period State Grants, usually 50-99 year lease. Tribal land (71 percent) granted under Customary Land Grant (for citizens) or Common Law Lease (for foreigners or commercial properties). The Customary Land Grant can be converted to Common Law Leasehold subject to the necessary cadastral survey and used as collateral. Freehold or leasehold land (six percent of the total) is generally farming land, but some peri-urban developments fall under this, particularly new townships on the outskirts of the major centres.

The latest trend is that freehold farms near urban areas are being gradually converted for urban land use such as residential, commercial and industrial. These conversions are controlled through the Town and Country Planning Act, which was enacted in 1977 and reviewed in 2013. Sectional title has recently been added to these land tenure formats and is still in its infancy in Botswana. Townhouse and cluster dwelling projects now fall under this modified Fixed Period Grant title.

The role private property developers play in providing housing is worth noting as an important one as it reduces pressure on the government pertaining to housing provision in Botswana.²³ There are over 685 property development companies in Botswana and just over 50 are registered with the Registrar of Companies as property developers.

Freehold land, which is mostly available around the cities, has been selling at market rates of between P500 (US\$46) to P1 750 (US\$160) a m² and this has deterred the government from buying land in a bid to expand cities. The unavailability of affordable land has created a shortage of serviced land and stimulated demand to overtake supply.

Property markets

The property market has been on a slow growth path for some time. Borrowing costs are at record lows, however, opportunities in the property sector are few and far between. The low interest rate environment is also not doing much to boost credit growth by commercial banks in the country.²⁴ Households' annual credit growth decreased slightly, from 7.2 percent in 2017 to 6.2 percent in 2018.²⁵

The lower rate of increase in lending to households was mostly due to the slower uptake of personal loans, from growth of 9.2 percent in 2017 to seven percent in 2018. Banks have also been reducing their appetite for extending unsecured loans to the household sector, as shown by the contraction in unsecured loans from 8.8 percent to 6.8 percent. Mortgage lending also slowed to 27.4 percent from 27.8 percent reflecting the weaker residential market.²⁶ Residential properties are struggling on the high end of the market amid a sluggish economy, while there are few barriers to entry on the lower end allowing for multiple entrants and competition.

Policy and regulation

One of the key concerns of land tenure for housing finance providers was the feasibility of repossession in the case of delinquent loans. The limited commercial value of land in the more remote parts of the country was the chief limiting factor in the granting of loans in rural areas.

The Government of Botswana has identified areas of reform such as the Land Administration System which was a barrier in property development. The lengthy process for conversion from tribal to common law land, as required for mortgage lending, has been cited as a problem especially by those who acquired land through Land Boards. The introduction of the Land Administration, Procedures and Systems (LAPCAS), which should ease constraints to using land acquired under different tenures as collateral for mortgages, is a welcome development. Overall LAPCAS is considered a successful project. For this reason, none of the commercial banks are willing to provide finance for rural property development unless secured by another form of collateral such as a bond on a paid-up urban property. Consequently, commercial banks have resorted to focusing mortgage finance on towns/cities and urban villages and have maximum loan limits for rural villages.

A Transfer Duty Act was approved by parliament in July 2019. One of the significant changes is the exemption of citizens from paying transfer duty under certain circumstances, such as when a citizen acquires residential property for the first time to be used as own home. The transfer duty has been increased from five percent to 30 percent for non-citizens.²⁷ The amendment also increases the exemption threshold from P200 000 (US\$18 320) to P1 000 000 (US\$91 600) for purposes of computing duty payable on transfer of property. The latter changes should encourage homeownership, especially by young families and people starting their lives.

Opportunities

The price of land in Gaborone is five to seven times more expensive than the surrounding villages and this explains why population density is increasing in satellite villages.²⁸ This is an opportunity for developers to make investments in these surrounding areas to absorb excess persons per square metre.

The country is managed with the aid of six-year rolling plans, known as National Development Plans (NDP), which set the government's development strategy and priorities. The current development plan is the 11th NDP (National Development Plan 11 Volume I April 2017 – March 2023, 2017), which created clear guidelines on the engagement so that it is obvious to all players how to engage in that market. A useful tool is the promulgation of private-public partnerships. Accordingly, the Government of Botswana is promoting the use of public-private partnerships in developing and operating public infrastructure and related facilities. Infrastructure development and services such as roads, wastewater and electricity reticulation has been a challenge in the provision of housing in Botswana.

In the World Bank Doing Business 2019 report, Botswana is ranked 86 among 190 economies and is in the top five African countries.²⁹ According to Transparency International (2017), Botswana is the least corrupt country in Africa and has been ranked comparably to several OECD and European countries for decades. Even more relevant, Botswana is ranked second in the African countries in the JLL Real Estate Transparency Index 2018, only bettered by South Africa in the region.³⁰ Consequently, it is relatively easy for real estate investors to access relevant information, and property rights are well-protected.

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Burkina Faso

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Overview

Burkina Faso is a low income nation of 20.4 million people and a member of both the West African Economic and Monetary Union (WAEMU) and the Economic Community for West African States (ECOWAS).¹ Formerly known as the Republic of Upper Volta, Burkina Faso has known very little peace, dating back to the government of President Blaise Compaoré who ruled the country with an iron-fist for 27 years before being overthrown in October 2014 by a popular resistance.² Roch Marc Christian Kaboré was elected as President in November 2015.

However, security has continued to deteriorate as non-identified armed groups and terrorists stage regular attacks on armed forces and the local population. The ongoing conflict has already killed more than 500 people,³ forcing schools to close⁴ and generating an unprecedented humanitarian crisis, as well as high levels of food insecurity and malnutrition.⁵

The economy in this cotton-producing nation grew at an estimated seven percent in 2018, compared with 6.7 percent in 2017. Key contributors to the growth were food agriculture (up 14.2 percent in 2018), the extractive industry (20.5 percent) and cotton ginning (eight percent). The economy is projected to grow by six percent in 2019 and 5.9 percent in 2020, driven mainly by cotton ginning, cash crop farming, and financial services.⁶ Inflation, which increased to an estimated 1.4 percent in 2018 on the back of higher food prices, was expected to stay below two percent and therefore not exceed WAEMU's three percent threshold.

Rural exodus due to armed conflict and persistent poverty has seen the urbanisation rate reach one of the highest on the continent (5.29 percent between 2015 and 2020),⁷ worsening an already severe housing crisis in the capital Ouagadougou (or Ouaga) and second-largest city, Bobo-Dioulasso.

Notwithstanding the unstable security and severe humanitarian situation, the government continues to implement its post-Compaoré flagship reconstruction programme, the 2016-2020 National Economic and Social Development Plan (NESDP), which aims to improve the quality of life by providing access to a water supply, sanitation and quality energy supplies. Through the NESDP, 40 000 housing units are being built in 351 municipalities, including Ouagadougou and Bobo, at an estimated cost of CFA348.5 billion (nearly US\$580.8 million).⁸

KEY FIGURES

Main urban centres	Ouagadougou Bobo-Dioulasso
Exchange rate: 1 US\$ = [a] 1 July 2019 1 PPP\$ = [b]	580.15 CFA Franc (XOF) 205.73 CFA Franc (XOF)
Inflation 2018 [c] Inflation 2019 [c]	2.0 2.0
Population [b]	19 751 535
Population growth rate [b] Urbanisation rate [b]	2.8% 5.0%
Percentage of the total population below National Poverty Line (2017) [d]	40.1%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	6.3%
Proportion of the adult population that borrowed formally (2017) [b]	9.1%
GDP (Current US\$) (2018) [b]	US\$14 442 million
GDP growth rate annual [b]	6.5%
GDP per capita (Current US\$) (2018) [b]	US\$731
Gini co-efficient (2014) [b]	35.30
HDI global ranking (2017)[d] HD country index score (2017) [d]	183 0.423
Lending interest rate (2017) [b]	5.1%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding (2018) [f]	974
Value of residential mortgages outstanding (US\$)	n/a
Number of mortgage providers [f] Prevailing mortgage rate	15 n/a
Average mortgage term in years Downpayment	15.0% n/a
Ratio of mortgages to GDP	n/a
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed (2015) [g]	720
Number of houses completed	n/a
Number of formal private developers/contractors	n/a
Number of formal estate agents	n/a
Cost of a standard 50kg bag of cement	6 000 XOF (US\$10.34)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [h]	18 000 000 XOF
Size of cheapest, newly built house by a formal developer or contractor in an urban area [i]	300 m ²
Average rental price for this unit in an urban area (local currency units) [j]	25 000 XOF
Number of microfinance loans outstanding	n/a
Number of microfinance providers [f]	69
Number of housing construction loans outstanding	n/a
Number of providers of construction finance [f]	15
World Bank Ease of Doing Business Rank [e]	151
Number of procedures to register property [e]	4
Time (in days) from application to completion for residential units in the main urban city	n/a

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[f] Central Bank of West African
[b] World Bank World Development Indicators	[g] Zoom sur le Foncier Magazine
[c] IMF World Economic Outlook Database	[h] MondesAffaires.com
[d] UNDP: Human Development Reports	[i] Expat.com
[e] World Bank Doing Business 2018	

Access to finance

In terms of financial inclusion, Burkina Faso ranks fifth in the WAEMU zone behind Benin, Senegal, Togo and Cote d'Ivoire, with an index of 0.351.⁹ Informal financial channels, including the decentralised financial systems (DFS), are the most important means of saving and borrowing in the country. There were nearly two million customers affiliated to 68 DFS as of 31 December 2018, with a total deposit of CFA201 million (nearly US\$345 000), and total credit granted was CFA 168.3 million (nearly US\$290 000).¹⁰

Furthermore, there are national funds (known in French as "Fonds nationaux de financement") which fight poverty and underdevelopment by intervening through direct and indirect financing, including loans, guarantees, training, subsidies, bonus funds, equity investments (acquisitions of shares, bonds and shares). The country's 19 national funds granted credit of CFA86.745 billion (nearly US\$150 million) between 2012 and 2016, according to a recent report.¹¹

The Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO) estimated that 15 commercial banks and four credit institutions (établissements financiers) were operating in Burkina Faso as of 30 June 2019.¹²

Housing loans are available in the country. Société Générale Burkina Faso, a subsidiary of France-based Société Générale, grants loans of between CFA5 million (US\$8 528) and CFA500 million (US\$852 800). The terms of payment depends on the amount of the loan, but it can vary from five to 25 years, with an interest rate of 10 percent and administrative fees of CFA30 000 (US\$ 50).

Coris Bank International has a product called "Coris Bayiri", designed specifically for Burkinabè living outside of the country. Its main characteristics include a benefit of four percent per annum on all savings, regular contributions over a period of four years, and a credit rate at seven percent excluding taxes per year over a period of five to 10 years. The loan granted equal to 2.5 times the amount of savings collected over four years and may serve as a guarantee for the granting of a bank loan.¹³

Banque de l'Habitat du Burkina Faso (BHBF) was founded by the state in July 2005 to deal with the issue of housing finance. BHBF was privatised in October 2018 and renamed International Business Bank (IB Bank).

Affordability

Agriculture and animal husbandry provide nearly 80 percent of the country's total jobs.¹⁴ However, with an unemployment rate of 6.1 percent,¹⁵ and a monthly minimum wage of CFA34 664 (US\$58),¹⁶ poverty persists and is estimated at 40 percent of the population. This impacts negatively on the housing market, as buying a plot or a piece of land in formal, decent neighbourhoods is a privilege only the lucky few can afford. The other alternative is to live in informal areas known in French as "quartier non-lotis", where water and electricity are scarce and sanitation inadequate. In these areas, the prices are affordable because plots bought are small even if the price per m² remains high because of the high demand for this type of land.¹⁷

Land prices continue to rise in Burkina Faso. Land that cost CFA4 million (nearly US\$6 666) some years ago, now trades at nearly CFA10 million (US\$16 666).¹⁸

The armed conflict also appears to have worsened the situation of many rural Burkinabe, destroying their livelihoods and forcing them to leave their homelands for the uncharted territories of the urban areas. In response, the government in June 2019 extended its Programme d'urgence pour le Sahel (PUS-BF) 2019-2021 to 77 new municipalities facing terrorist attacks, bringing the total to 106 areas affected by violent extremism being serviced by this programme. The programme, in which the state has invested nearly CFA81.5 billion (nearly US\$136 million) in 2017 and CFA98.5 billion (US\$164.3 million) in 2018, aims to improve security conditions and reduce the vulnerability of the population. It will be implemented in four phases: first prioritising social emergencies, then strengthening of the presence of the state, followed by responding to security challenges, and last, laying the foundation for resilience.¹⁹

The programme has already delivered the construction of maternity units, clinics, health and social promotion centers, generic essential drug depots, incinerators and latrine blocks. Schools (pre-school, primary, post-primary, high school) have been built, as well as offices housing units for teachers, shops, boreholes and food acquisition for school canteens.

Many people on the ground have publicly said that they would not be able to afford to own the 40 000 housing units currently being built by the government. The marketing of the houses is being done by subscription through a request sent to the Centre de Gestion des Cités (CEGECI), a state-controlled real estate development company. A committee at CEGECI analyses the application. If the application is successful, the beneficiary will be asked to pay a contribution of 10 percent of the total amount for social housing and 30 percent for the economic one. The remainder is to be paid by a mortgage. Challenges of the process include lack of water and electricity and the lack of funds.²⁰

Availability of data on housing finance

Unlike English-speaking countries such as South Africa, Kenya, Tanzania, Namibia and Nigeria where newspapers report extensively on the country's housing and real estate sector, in most Francophone countries the media does not cover this. It is difficult to have a comprehensive analysis of these countries' property markets. Information is generally less available to journalists, researchers and consultants on where the sector is headed, and how it is doing or what is inhibiting it from developing, or what are its prospects for the future. Data is scarce, and when it is available, it is either outdated or subjective, and not always reliable. International organisations also do not have all the sectors' data all the time. There is no centralised structure that collects information and statistics of the housing sector and feeds it to the media, researchers and consultants working in this field. It is therefore difficult to get figures, for instance of the number of mortgages granted, how many real estate agencies operate in the country, the price of a square meter for building, selling and renting, in the cities or rural areas, as well as other data.

Housing supply

Rural dwellers fleeing the war in the countryside continue to arrive in the Ouagadougou, sheltering in schools due to the lack of accommodation.²¹ At least 20 670 of the 40 000 planned housing units will be built in Ouaga. Bobo-Dioulasso is also struggling to cope with the influx of people. Informal settlements have sprung all over the place, as people desperately look for a safe place to stay. Illegal occupation of land is common, prompting the government to evict squatters by force and demolish their makeshift houses.

On 5 April 2019 frustration with the housing crisis in Ouaga made informal settlements residents take to the streets to protest against the lack of housing, calling on the government to give each household a piece of land or a plot.²²

On 22 March 2019, 60 new owners out of over 500 beneficiaries received the keys to their new houses in Bassinko, in the outskirts of Ouagadougou. Built in a plot of 204m² each, they have a living room, two bedrooms, a kitchen, and an internal shower. Beneficiaries paid CFA7.5 million (US\$12 755.25) for a house.²³

Banfara, a town located 85km southwest of Bobo, has 300 houses planned through a one-year project overseen by real estate company Barro Boubacar (EBB Immo), in collaboration with the Banque de l'Union-Burkina Faso. The houses will be rented to people for CFA40 000 (US\$67) for a period of 20 years.²⁴

Construction of other housing units is also set to start in the city of Tenkodogo (Central East region) in December 2019. The Cité de la Diaspora has 1 000 units planned, targeted at the Burkinabe living abroad. Houses will be of type F3, F4 and F5. The plots will range from 330m² for F3 and F4 to 450m² for F5. The government, which said it would not be able to supply every Burkinabe with a plot,²⁵ has hinted at constructing a set of buildings to house the poor, known in French as Habitation à Loyer Modéré. Though land seems to be posing problems, overall at least 4 000 units were ready by 8 May 2019. Finally, the programme will encourage homeowners to self-build because almost 30 percent of the 400 000 plots in Ouagadougou are not developed.

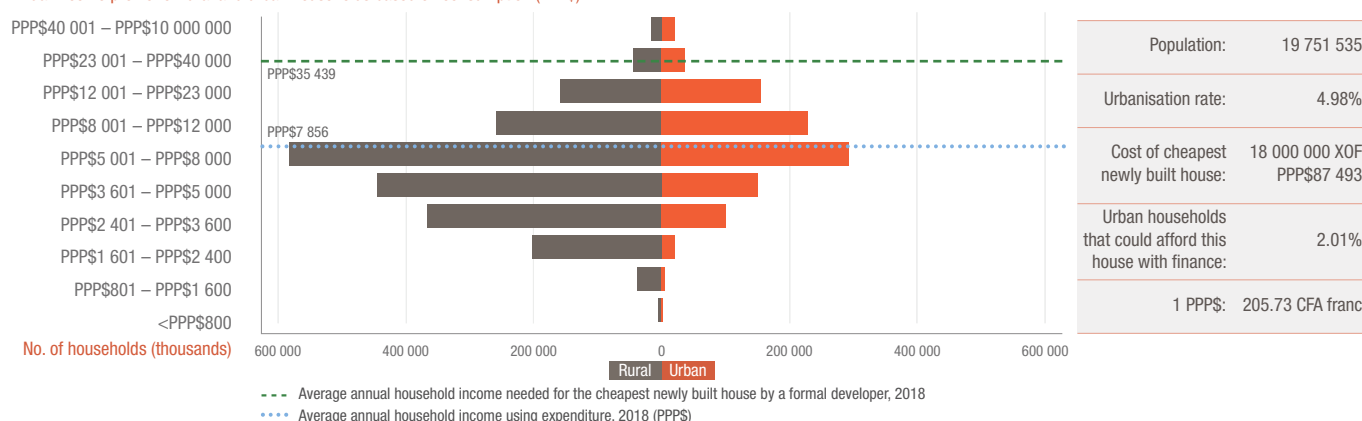
Property markets

There is no reliable data that analyses thoroughly the state of the residential market in Burkina Faso. It has been like this every year. However, it would appear that real estate companies and promoters continue to dominate the Burkina Faso property market. They supply plots, houses and apartments for sale and for rent to the highest bidder by twisting and turning prices as they see fit. Therefore, they have become the targets of the media,²⁶ ordinary citizens and housing protestors,²⁷ who blame them for the worsening housing crisis.

Those who buy property in Burkina Faso have to go through a lengthy, complicated process to get it registered. Registering property takes four procedures and 67 days (the average is 53.9 days in Sub-Saharan Africa and 20.1 days in OECD high income countries). Registration costs 12 percent of the

BURKINA FASO

Annual income profile for rural and urban households based on consumption (PPP\$)



Source <https://www.cgidd.com/C-GIDD>, 2019

property value (the average is 7.6 percent in Sub-Saharan Africa and 4.2 percent in OECD high income countries). Quality of land administration index is 11.5 (8.8 in Sub-Saharan Africa and 23.0 in OECD high income countries). Burkina Faso has been ranked 151 in the ease of doing business in 2019 by the World Bank.

The property price to income ratio in Burkina Faso is 284.69, mortgage as percentage of income is 2.547 percent and the loan affordability index is 0.04. Price to rent ratio in the city centre is 353.32 and price to rent ratio outside of centre is 23.74. The gross rental yield in the city centre is 28 percent and the gross rental yield outside of centre is 4.21 percent. The figures are compiled by Numbeo.²⁸

Land prices are volatile and depend on one real estate owner to the other. The lack of information is also problematic. However, in the rural areas, it is possible to pay only US\$44 per hectare to the peasant who “owns” the land. But as ultimately the land belongs to the state, expenses associated with taxes to the government, taxes and fees to municipal experts (environmental, architectural), and other “unofficial” municipal fees can lead to the buyer paying between US\$5 000 and US\$6 000 for the hectare purchased for US\$44. At the opposite end of the market, there are three expensive areas in the capital Ouagadougou: Zone du Bois, ZACA and Ouaga 2000. In these areas an average price of empty land is CFA100 000 (US\$167) per square metre, and if a duplex is built on it, the price per square metre raises to CFA500 000 (US\$834). These are average prices coming from a global study on land price based on thousands of prices given by real estate companies, done in November 2017.²⁹

The rental housing market remains chaotic and expensive for the average Burkinabe despite legislation adopted by the Transitional National Council of Burkina Faso on 22 December 2015 and adopted by the cabinet three years later; but which still has to be promulgated and gazetted, and therefore become the legal basis of the rental housing sector.

Policy and regulation

In Burkina Faso, the constitution enshrines the right to housing in article 18. The Act No 034-2012/AN of 2 July 2012 repealed all previous contrary provisions, in particular the Act No 014/96/ADP of 23 May 1996 on the agrarian and land reorganisation in Burkina Faso.³⁰ The law determines, on one hand, the status of land in the national land area, the general principles governing the planning and sustainable development of the territory, the management of land resources and other natural resources, and the regulation of real estate; and on the other hand, the framework of an agrarian policy.

It includes 358 articles divided into nine titles, notably the general provisions (Title I); national land area (Title II); spatial planning and sustainable development (Title III); national land management (Title IV); regulation of real property rights (Title V); national lands located abroad and lands of diplomatic and consular missions,

international governmental and non-governmental institutions in Burkina Faso (Title VI); evaluation of land and estate transactions (Title VII); offenses and sanctions (Title VIII); transitional and final provisions (Title IX).

Also, on 22 December 2015, the Transitional National Council (interim Parliament after the fall of the Compaoré regime) voted a law to regulate private rent called Loi No-103-2015/CNT portant bail d'habitation privé au Burkina Faso. In Section 6 of the law, the rent price is set according to the rental value capped at seven percent of the cost of construction of the premises. The government in 2018 stated that the process of implementing this legislation could take months because it must be inclusive and participatory so that all stakeholders (donors, civil society organisations, tenants and technical structures) could contribute their views.

Opportunities

The real estate sector is struggling to develop. It needs to be organised at all levels: promoters, administration, and financial partners. Funding is also badly needed.³¹ Some industry players believe that housing prices would not have been high if the sector was not paying taxes or custom duties and have pleaded for fiscal exemption. The high price of building materials, insufficient funding and low purchasing power hinder the development of real estate activity in Burkina Faso. The mortgage market remains unreachable, especially for the poorest segments of the population who are most in need. The conditions under which the banks grant mortgage loans limit the demand. Loan opportunities do not reach the neediest. Those who are eligible find the interest rates too high.³²

There are also several opportunities in the rental sector market, where the government seems to be the biggest client, investing large sums of money in real estate rental to house its offices, housing and stores.

However, an attempt to control the price of the rent through the still to be enacted Act No 103-2015 /CNT of 22 December 2015 will send a wrong message to potential investors, according to an expert. Real estate companies will invest less and there will not be enough supply as existing companies will turn away from the business and potential investors will not be incentivised. Pressure of demand combined with the lack of supply will again drive up prices and the country will be caught in another vicious cycle. In contrast, rent price freedom will ensure market supply by preserving entrepreneurs' incentives to invest and produce. Competition will eventually bring down prices and thus safeguard the purchasing power of tenants.³³ Furthermore, internal and external migration could represent an instrument for housing opportunities in a country like Burkina Faso, where people living in conflict zones and rural impoverished areas are constantly moving to the cities in search of peace and jobs.

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Burundi

Author: Duncan Kayiira



Overview

Burundi's economy has begun the journey to recovery after two years of recession, following the 2015 civil strife that resulted from disputed elections. This culminated in a drop in the gross domestic product (GDP) growth rate to -3.9 percent in 2015 and -0.6 percent in 2016. Thereafter, signs of political stability created an impetus for a positive investment environment, resulting in improvements in GDP growth rates to 0.5 percent in 2017 and 1.6 percent in 2018.¹

In 2019, the economy is expected to grow at a modest rate of 1.8 percent, on account of a relatively fragile political system and lack of adequate budgetary resources to support investments in public infrastructure.² In addition, the economy suffers from persistent foreign exchange shortages as a result of significant declines in export earnings. This has significantly affected the country's international reserves. Furthermore, there has been a deterioration of the current account deficit to 19.2 percent of GDP in 2018 from 11.3 percent in 2017.³ The low levels of foreign currency available for imports has seen the central bank intervene with several measures aimed at stabilising the local currency. These interventions include imposing restrictions on foreign exchange transactions and liquidity injections aimed at minimising domestic currency depreciation.

The Burundi franc depreciated by 2.4 percent against the US dollar at the official exchange rate over the year to December 2018. Private sector importers and exporters have, however, found it easier to access foreign currency on the parallel market at a premium of up to 50 percent above the official foreign exchange rate. For developers seeking to import construction materials for the housing sector, the foreign exchange premium directly increases the price of housing units and rental costs. From a segment-wise perspective, challenges in the foreign exchange market have had a greater impact on importation of consumer goods compared to capital goods. Whereas there was a six percent drop in consumer goods imported for the year to December 2018, importation of capital goods increased by 20 percent over the same period.⁴ This rise is indicative of a positive economic outlook and higher anticipated investments across a number of sectors including housing and construction.

At a macro level, the drop in external financial support arising from the fragile 2015 political climate has exacerbated the government fiscal state, causing it to increase its dependence on domestic tax revenue for its recurrent and capital expenditure. As a result, a number of tax hikes in excise duty have been

KEY FIGURES

Main urban centres	Gitega, Ruyigi, Muyinga, Ngozi, Bujumbura
Exchange rate: 1 US\$ = [a] 1 July 2019 1 PPP\$ = [b]	1 846.14 Burundi Franc (BFI) 661.09 Burundi Franc (BFI)
Inflation 2018 [c] Inflation 2019 [c]	1.2 7.3
Population [b]	11 175 378
Population growth rate [b] Urbanisation rate [b]	3.1% 5.7%
Percentage of the total population below National Poverty Line (2017) [d]	40.1%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	1.6%
Proportion of the adult population that borrowed formally (2017) [b]	n/a
GDP (Current US\$) (2018) [b]	US\$3 078 million
GDP growth rate annual [b]	1.6%
GDP per capita (Current US\$) (2018) [b]	US\$275
Gini co-efficient (2017) [b]	n/a
HDI global ranking (2017)[d] HD country index score (2017) [d]	185 0.417
Lending interest rate (2017) [b]	14.8%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$)	US\$76.8 million
Number of mortgage providers [f] Prevailing mortgage rate	5 n/a
Average mortgage term in years Downpayment	10 30%
Ratio of mortgages to GDP	2.6%
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed	n/a
Number of houses completed	n/a
Number of formal private developers/contractors	n/a
Number of formal estate agents	n/a
Cost of a standard 50kg bag of cement	27 000 BFI (US\$14.56)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units)	57 505 000 BFI
Size of cheapest, newly built house by a formal developer or contractor in an urban area	80m ²
Average rental price for this unit in an urban area (local currency units)	350 000 BFI
Number of microfinance loans outstanding	n/a
Number of microfinance providers [f]	2
Number of housing construction loans outstanding	6 200
Number of providers of construction finance [f]	5
World Bank Ease of Doing Business Rank [e]	168
Number of procedures to register property [e]	5
Time (in days) from application to completion for residential units in the main urban city	270

NB: Figures are for 2019 unless stated otherwise.

- [a] Coinmill
- [b] World Bank World Development Indicators
- [c] IMF World Economic Outlook Database
- [d] UNDP: Human Development Reports
- [e] World Bank Doing Business 2018
- [f] Central Bank of Burundi

implemented to supplement government domestic borrowing through issuance of treasury securities to commercial banks. This move has, in part, negatively affected the banking sector's capacity to extend credit to the private sector, including for housing and real estate. The narrow tax base and increased borrowing has consistently increased the country's debt burden as a percentage of GDP to 50 percent in December 2018, up from 42.9 percent in 2016 and 44.2 percent in 2017.⁵

Although there was a noted improvement in yields for the bulk of Burundi's agricultural exports, including coffee and tea, the country has recorded a slump in its foreign exchange receipts in 2019.⁶ This decline in export performance has caused ripple effects across a number of economic sectors given that 90 percent of the total population is dependent on the agricultural sector, which contributes 40 percent of the country's GDP.

Despite these difficulties, a bumper harvest in food production coupled with a pick-up in industrial output resulted in a stronger GDP performance for 2018. Food prices witnessed a downward trend culminating in a sharp decline in inflation to minus 2.6 percent for the period to December 2018.⁷ There was, however, a marginal rise in housing, water, electricity and gas inflation by 100 basis points to 11.3 percent from 10.3 percent between December 2017 and December 2018. This could have resulted from increases in fuel prices and a rising demand for housing as economic activity started to return to normalcy after a period of low productivity.

This improvement in the general investment climate has also been reflected in key sectors of the economy including banking and finance. Credit to the private sector increased by 12 percent between March 2018 and March 2019.⁸ Total credit, inclusive of government borrowing from commercial banks, increased to FBu946.5 billion (US\$ 510.24 million) in March 2019, rising from FBu810.8 billion (US\$ 434.07 million) in March 2018. Commercial banks' aggregated claims on government increased by 150 percent to FBu7.5 trillion (US\$4 billion) in March 2019 from FBu3 trillion (US\$4.62million) in March 2018 and FBu2.2 billion (US\$1.19 million) in March 2017. This unprecedented rise in government borrowing impedes the banking sector's ability to extend private sector credit as the government sources domestic funding for its budget deficit. Overall, average lending interest rates reduced marginally to 15.57 percent in March 2019 from 15.97 percent in March 2018. This had little impact on improving credit affordability for most Burundians, whose income level is significantly lower than average earnings in neighbouring countries.

One driver of loan interest rates across the country has been the high level of loan impairment as a measure of loan portfolio quality. The banking industry has noted an improvement in the quality of the loan portfolio, which has improved with a significant reduction in loan impairment from 21.8 percent in April 2018 to 15.2 percent at the end of April 2019.⁹ However, interest rates remained relatively high because of low prospects for the business and other sectors. The housing and construction sector's performance has been much better with the impairment rate dropping from 13.2 percent in April 2018 to 5.8 percent in April 2019.

Potential gains that would be realised through the use of credit reference have not been fully exploited. The country's credit reference bureau, established in 2012 with support from the International Finance Corporation, still suffers from low usage because of a high concentration of credit among a few large borrowers. Credit to the housing sector remains a key challenge due to the absence of large-scale projects that can be financed through the banking sector.

Access to finance

Access to financial services continues to be a key development challenge in Burundi with only about 12.5 percent of the country's adult population operating accounts in formal financial institutions. This low level of financial inclusion in the country is attributed to lower incomes, low levels of financial education, and limited coverage of financial institutions in areas outside the capital city of Bujumbura. The level of financial inclusion is likely to grow with the progress of government programmes and the goals on poverty alleviation, since most of the population (which is purely agrarian), live in rural areas.

The government of Burundi signed a US\$24.9 million (FBu46.19 billion) grant agreement with the International Fund for Agricultural Development (IFAD) in October 2017 to increase the availability of financial services in rural areas where demand far outstrips supply.¹⁰ This co-financing arrangement involves the government contributing US\$2.6 million (FBu4.82 billion). The IFAD programme/project, aims to provide access to financial services, and other diversified services, to foster the emergence of a wide range of income generating enterprises, with a focus on assisting the rural poor. Over the seven-year project period, 99 200 rural households across several provinces of Bubanza, Cibitoke, Gitega, Karusi, Kayanza and Muramvya will realise benefits of financial inclusion and access to affordable funding. Solidarity guarantee groups formed to eliminate the requirement for collateral will enhance access to credit for about 9 000 households as well as 60 000 small producers and members of rice cooperative groups, and 19 200 small producer members of cooperative groups. A number of stakeholders are involved in the project to ensure its smooth implementation. Burundi's central bank is at the forefront for ensuring that regulatory concerns regarding the project financing aspects are addressed, while the private banking

Availability of data on housing finance

Information on housing financing is largely compiled and shared by Burundi's central bank under its supervisory oversight function for the banking industry. This information is collected on a quarterly basis and available online at <https://www.brb.bi/en/content/money-and-credit>. Such data is, however, quite general and relates to private sector credit.

The key challenges in collecting information include high levels of privacy exercised by financial institutions, making it virtually impossible to obtain data on the size of their mortgage book and key housing-related projects financed over the period. In addition, current data on new housing units constructed is scattered in several institutions (some private) and not easily accessible. The main sources of data remain government agencies mandated to collect and publish data on a regular basis as well as key private sector players, including financial institutions, property developers and international development finance institutions.

sector is structured to manage the funds and ensure adequate refinancing for the microfinance establishments directly involved with the farmer cooperatives. With 92 percent of Burundi's workforce already in agricultural sector employment, this financial inclusion initiative will have several trickle-down benefits in consumer demand including the housing sector, among others.

Across the banking industry, a number of commercial banks have introduced inclusive delivery channels in the financial services sector including installing Automated Teller Machines (ATMs) and agent banking. The introduction of agent banking has enabled financial institutions to penetrate the deeper peri-urban areas that accommodate most of the unbanked. By using cheaper Point of Sale (POS) telecom connected gadgets, an agent can facilitate a number of transactions including cash deposits and withdrawals, intra-bank transfers and balance enquiries. Although this initiative has been seen to work as a deposit mobilisation channel in Burundi, and across a number of countries within the East African region, the credit offering side through the agent networks has not progressed. Financial institutions have not yet developed the capacity to extend credit through their relatively cheaper agent networks, given the lack of credit risk assessment. Prospective borrowers must, therefore, approach a physical branch to access any credit facility in the country.

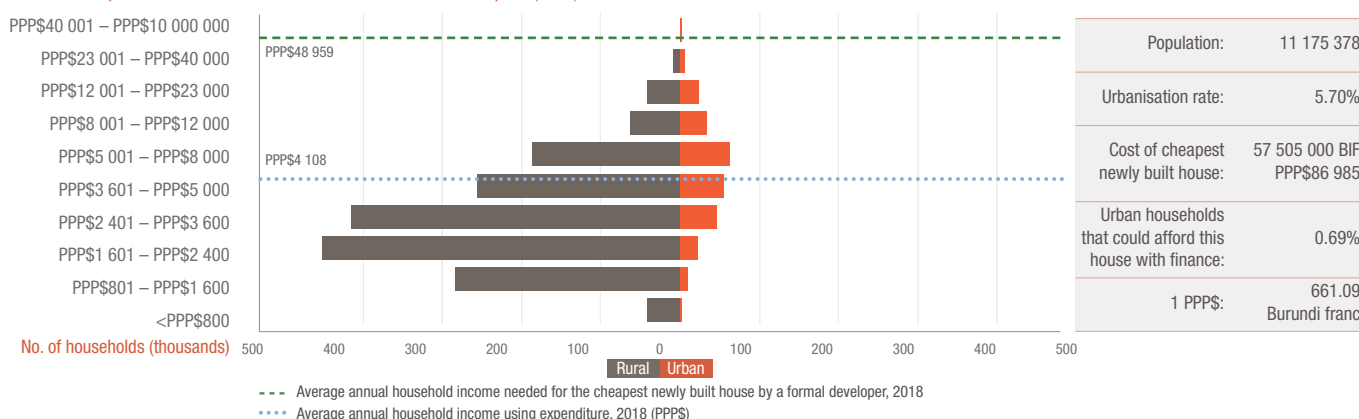
Overall, the leading mortgage lenders in the country including the Urban Housing Promotion Fund, National Bank of Economic Development Burundi, Burundi Bank of Commerce and Investment, Ecobank Burundi and KCB Bank have been instrumental in providing housing finance-related solutions. Across the sector, these lenders offer several products including home construction, home completion, home improvement and refinance mortgages for short- to medium-term borrowing up to seven years and long-term borrowing ranging between 15 to 20 years. The loan-to-value ratio is unique to institutions and ranges between 30 percent and 50 percent, depending on the nature of perceived risk of the prospective borrower and charge rates of interest ranging between 16 percent and 19 percent for most housing finance products. Existing lenders appear to be meeting the housing finance needs of middle to high income clients, however, the gap in financing affordable housing is huge and requires collaborative efforts to establish a vibrant market for micro-mortgages accessible to the majority of low-income earners.

Affordability

Burundi's poverty level has continued to rise since the 2015 political crisis reflecting a low per capita GDP growth rate, attributed to a combination of a slow rate of GDP growth, limited external budgetary funding support and a high rate of population growth fuelled by a high average fertility rate of 5.5 children per woman. Rated as one of the poorest countries in the world with a poverty rate of 71.8 percent, the country's GDP per capita declined to US\$274 (FBu508 270) in 2018 from US\$315.2 (FBu584 696) in 2017, according to the World Bank.¹¹ Even though the economy has survived the worst downturn in a decade and is recovering to its anticipated growth potential, housing affordability remains a key challenge from both the demand and supply side.

BURUNDI

Annual income profile for rural and urban households based on consumption (PPP\$)



Source <https://www.cgidd.com/C-GIDD, 2019>

On housing demand, the majority of Burundi's population are largely dependent on peasantry agriculture and have been confined to poor living conditions. Although the poverty rate based on US\$1.9 (FBu3 525) reduced to 71.8 percent in 2018 from 74.7 percent in 2017, affordability of decent housing is still a challenge across the country.¹² The country's housing market, therefore, suffers low levels of effective demand for decent housing.

On the supply side, financing options for housing-related investments have remained unaffordable for both investors and prospective homeowners. Financial institutions have maintained interest rates at relatively high levels, averaging 15.98 percent, making it difficult for most citizens with modest income sources to afford credit. Whereas the benchmark Central Bank Rate¹³ has consistently been declining over the past few years to 6.9 percent in 2018 from 9.1 in 2015, commercial banks have, on the contrary, consistently increased their lending rates to highs of 17.16 percent in December 2018 (for medium-term housing loans and 16.32 percent (from 15.70 in December 2017) for long-term housing loans.¹⁴ There is therefore a need for affordable financing options to support the growing housing need of the country's population.

Housing supply

The supply of housing units in Burundi is still at a low level of development with few participants on the housing supply side. Over the recent past, the country has been relatively unsuccessful in attracting large-scale property developers due to its fragile political state, low levels of economic development and high incidences of poverty. With the recent return to political stability and renewed hope for economic development, the city of Bujumbura is beginning to increase its supply of new houses, mainly from a few individual investors.

However, prospective developers still face a number of challenges, unrelated to the demand side for housing units. These include a lack of appropriately priced financing products for developer support, scarcity of foreign currency for importing non-domestic construction materials, and lack of support infrastructure for housing sector developments. Extension of public utilities has been a key constraint, with less than five percent of the population having access to electricity, of which 52.1 percent are in urban areas and two percent are in rural areas. The influx of returnee refugees is also exerting pressure on the housing situation in Burundi. About 67 000 refugees are estimated to have returned out of the 400 000 Burundians who fled to neighbouring countries in 2015 according to the United Nations High Commission for Refugees (UNHCR).¹⁵

Property markets

The recent upsurge in economic activity has breathed renewed hope into Burundi's property market. A number of residential units will be needed to accommodate urban populations returning to productive engagement and hoping to be part of private and public ventures. The land code adopted in 2011 introduced certificate of title as an alternative way to record land rights in rural areas, where land was mainly communally owned.¹⁶ However, the provision of

communal land registration services has challenges around the pledging of such certificates as collateral for borrowing, due to vested multi-stakeholder interest. The property market has generally lacked large-scale developers in the housing segment because of insufficient demand for moderately priced housing apartments. The real estate market in Burundi has therefore been dominated by secondary transactions involving new transfers of old housing stock. Given the absence of large-scale property developers, pricing of residential housing units is mostly unstandardised and largely influenced by buyer-seller negotiations. Prices of two- and three-bedroom apartments in most places around Bujumbura range from FBu57.5 million (US\$30 997) to FBu85 million (US\$45 822). Although the quoted property pricing in Bujumbura is significantly out of range for most low-income earners in Burundi, the average prices are relatively cheaper than properties in Kampala, Nairobi and Kigali.

Monthly rent in 2019 for a residential 85m² furnished unit in a prime area in Bujumbura is estimated at about FBu3 million (US\$1 617) a month. The more in-demand smaller 45m² furnished studio in a similar area is estimated at about FBu0.5 million (US\$267). The cost of utilities (heating, electricity, and gas) for one month in a 45m² studio is FBu1 000 000 (US\$53.9) per person. Yet, the average monthly income for a renting household is about FBu42 355 (US\$ 22.83). This has resulted in a significant number of rental units remaining unoccupied for lengthy periods.

The government of Burundi has not played a significant role in delivering housing units. With the exception of providing public infrastructure across the country, government agencies have not actively participated in setting up residential apartments for the growing population.

The market landscape therefore offers opportunities in the affordable housing market segment. Although heavily dependent on the country's political state, Burundi's projected growth path over the medium term is likely to attract a few small and mid-sized investors into the real estate sector.

Policy and regulation

Burundi's housing and property transactions are governed under the 2008-established National Urban Planning and Housing Policy. The policy provides the regulatory framework for the management of water, environment, land and urban developments.

However, despite the existence of this policy, enforcement of property right and contracts remain a key challenge. According to the World Bank, property rights and rule-based government policies are among the lowest in the world with the country scoring a lowly two points out of six in the 2015 Country Policy and Institutional Assessment.¹⁷ A 2009 study by Wagner also identifies limitations to the rule of law and lack of asset security as key constraints to growth in Burundi.¹⁸ Indeed, the implications of a weak regulatory system were highlighted in the April 2019 Bujumbura court ruling that granted government permission to seize

buildings belonging to opposition politicians. Implementation of an effective policy enforcement mechanism will therefore be crucial for mapping out the sustained development of Burundi's housing sector.¹⁹

Opportunities

Burundi's economic recovery over 2017 and 2018 points towards a path of firm sustained growth spurred by the return to relative political steadiness. Several sectors have already registered commendable growth rates of 7.4 percent (services sector) and 3.2 percent (manufacturing and agro-processing).²⁰ Further, the effective implementation of the IFAD financial inclusion project, which significantly improves the livelihood of over 99 000 households engaged in the agricultural sector will have a catalytic impact on more than 92 percent of the population and all sectors of the economy. Development of affordable housing will, therefore, remain an inviting opportunity along with initiatives to overcome financing challenges. The country's relatively low levels of household income, particularly for the informal sector, calls for innovative financing solutions in the micro-mortgage space. The rapidly growing population in urban areas in an environment of a resurgent economy offers a clear opportunity for small-scale property developers both in the medium and long term.

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Cabo Verde (Cape Verde)

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Overview

Cabo Verde is an archipelago of 10 islands, of which nine are inhabited. It is 500km off the west coast of Africa with an estimated population of 520 500.¹ Politically the country is a stable multi-party democracy with a fair and effective election process, in which the two primary political parties' alternate power regularly. Cabo Verde's economy is mainly driven by tourism and although the country has efficient banking and telecommunication services it is also highly indebted, has high rates of unemployment (15 percent), poor infrastructure and a lack of maintenance of public infrastructure. The risk profile of the country is defined by its susceptibility to external shocks. In 2019, economic growth has been mainly driven by European tourism, trade and foreign investment with limited public investment and restrictive fiscal policy.² The gross domestic product (GDP) growth was an estimated 3.9 percent in 2018, down marginally from four percent in 2017, although 2019 projections estimate a rate of 4.1 percent.³

The local currency, the Cabo Verdeans escudo, is pegged to the euro. The national fiscal policy is considered restrictive as it seeks to control the debt sustainability which is projected to over 130 percent of GDP in 2019. In an effort to curb spending, the government plans and has begun to reform the management of state-owned enterprises (SOEs), including those with heavy cost burdens such as the Cabo Verde Airlines (formerly TACV Cabo Verde Airlines), Imobiliária, Fundiária e Habitat, IFH (social housing company) and Electra (water and power).⁴ Support investment tax reforms have been introduced, including tax exemption during the start-up period of a business, as well as tax incentives for emigrants, to further encourage private and economic investment initiatives.

A crucial policy framework structuring the economic priorities for the country is the Sustainable Development Strategic Plan 2017-2021 (PEDS), intended to support and drive medium-term economic diversification, stimulate economic transformation and diversification, improve resilience to climate change, and strengthen regional integration within the Economic Community of West African States.⁵ The plan aims to encourage development of the following sectors and platforms to diversify and solidify economic growth: tourism, air transportation, maritime infrastructure, commercial and industrial, finance, information and communications technology (ICT), and culture (investment from the diaspora).⁶ This is being further supported through the introduction of an 18 month Policy Coordination Instrument (PCI) programme run and funded by the International Monetary Fund to enhance macroeconomic stability and underpin the authorities'

KEY FIGURES

Main urban centres	Praia
Exchange rate: 1 US\$ = [a] 1 July 2019	97.53 Cape Verdean Escudo (CVE)
1 PPP\$ = [b]	45.53 Cape Verdean Escudo (CVE)
Inflation 2018 [c] Inflation 2019 [c]	1.3 1.5
Population [b]	543 767
Population growth rate [b] Urbanisation rate [b]	1.2% 1.9%
Percentage of the total population below National Poverty Line (2017) [d]	27.0%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	10.3%
Proportion of the adult population that borrowed formally (2017) [b]	n/a
GDP (Current US\$) (2018) [b]	US\$1 987 million
GDP growth rate annual [b]	5.5%
GDP per capita (Current US\$) (2018) [b]	US\$3 654
Gini co-efficient (2017) [b]	47.20
HDI global ranking (2017) [d]	125
HD country index score (2017) [d]	0.654
Lending interest rate (2017) [b]	9.0%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (2018) (US\$) [b] [f] US\$415 million	
Number of mortgage providers [f]	7
Prevailing mortgage rate [g]	14.5%
Average mortgage term in years Downpayment	20 20%
Ratio of mortgages to GDP (2017) [f]	20.9%
What form is the deeds registry? [e]	Computer - Scanner
Total number of residential properties with a title deed	n/a
Number of houses completed	n/a
Number of formal private developers/contractors [h]	288
Number of formal estate agents	n/a
Cost of a standard 50kg bag of cement	801 CVE (US\$8.21)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [i]	2 475 000 CVE
Size of cheapest, newly built house by a formal developer or contractor in an urban area [i]	45m ²
Average rental price for this unit in an urban area (local currency units) [i]	36 250 CVE
Number of microfinance loans outstanding	n/a
Number of microfinance providers [f]	5
Number of housing construction loans outstanding	n/a
Number of providers of construction finance	n/a
World Bank Ease of Doing Business Rank [e]	131
Number of procedures to register property [e]	6
Time (in days) from application to completion for residential units in the main urban city	n/a

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[f] Central Bank of Cabo Verde
[b] World Bank World Development Indicators	[g] Statista.com
[c] IMF World Economic Outlook Database	[h] Cabo Verde National Statistics Institute
[d] UNDP: Human Development Reports	[i] Expatistan.com
[e] World Bank Doing Business 2018	

reform programme. The PCI is framed to continue building precautionary reserves; reinforce the resilience of the financial system; reform lossmaking SOEs; and advance structural transformations to support private sector-led growth.⁷

The inflation rate estimated at one percent in 2018 is projected to increase to 1.6 percent in 2019.⁸ The central bank, Banco de Cabo Verde (BCV), has slowly undertaken an expansionary monetary policy, reducing reserve levels and the central bank lending rate in a bid to boost the rate of inflation and economic growth. There is limited data around the mortgage contribution toward the economy, and this is constrained by the performance of the finance sector; the lack of economies of scale, a necessary dependence on imports for construction materials, and recent economic performance.⁹

The core vulnerability for Cabo Verdean housing is degradation of existing stock, primarily in rural areas. A National Institute of Statistics (INE) survey shows that 78.6 percent of households live in free-standing houses, compared to 20 percent that live in apartments. For building materials, 84.4 percent of residents live in units that are constructed out of reinforced concrete, while 50 percent of residents have cement floors and 48.8 percent have mosaic flooring. The majority of the houses have three rooms or divisions. A few have five or more. There is, however, a discrepancy in the data as the survey does not represent the scale or proliferation of self-built informal housing, located on serviced land, fueled by rapid urbanisation.

Access to finance

The Cabo Verdean finance sector is dominated by banks, which are liquid but risk averse.¹⁰ The banking sector is highly concentrated,¹¹ with more than 85 percent of total financial sector assets, with two of seven licensed banks, Banco Comercial do Atlântico (BCA), and Caixa Económica de Cabo Verde, dominating the credit and deposit markets with a combined market share of almost 70 percent. Bank liabilities are primarily deposits from residents, migrants and government.¹² In June 2017, the BCV cut its policy rate by 200 basis points to 1.5 percent, which prompted a decline in commercial banks' average lending interest rate from 6.5 percent to 4.5 percent at the end of 2018. This resulted in an expansion to credit to the economy by 7.5 percent.¹³

Banking institutions within Cabo Verde grapple with low asset quality, low profitability, and limited capital buffers. Despite improvements in the overall economic growth, the level of non-performing loans (NPLs) increased to 14.04 percent of total loans as of March 2019 from 12.86 percent in December 2018.¹⁴ The average return on assets from 2011-2016 was only 0.3 percent, and capital was only 7.7 percent of total assets at the end of 2016, varying across the banks, with some experiencing capital constraints.¹⁵ In March 2017, the BCV had to respond to the insolvency of the state-owned bank, Novo Banco, which was established in 2010 to support micro, small and medium-sized enterprises (MSME) finance and low-income housing, resulting in the BCV revoking Novo Banco's licence in June 2017. To diminish future risks, the BCV focused on strengthening banking supervision capacity, increasing the frequency of on-site audits, and urging banks and corporates to recognise and address NPLs while rebuilding capital buffers.¹⁶

In February 2018 the International Development Association initiated a five-year, US\$15 million specialised project to aid in the diversification and access to finance for MSMEs in Cabo Verde.¹⁷ The three outputs of the project are the Partial Credit Guarantee (PCG) Fund, Technical Assistance, and Improved Credit Information Systems (ICIS). The PCG Fund is intended to improve access to finance for MSMEs. The Technical Assistance is focused on generating and providing information to financial institutions supporting their loan applications, and includes the provision of accounting and auditing services, support for preparation of business plans and feasibility studies for new ventures. The ICIS output supports upgrading and expansion of the coverage and depth of information in the central bank's credit registry.

The primary vehicles for finance access development are mainly geared toward supplying the MSME markets. Finance costs are on average high, with lending rates of approximately 10 percent for loans of up to one year. Following previous failed attempts at monetary easing, the BCV introduced more aggressive monetary stimulus measures in 2017, which saw the reduction of the benchmark interest rate from 3.50 percent to 1.50 percent. In general, the cost-to-income ratios, given the archipelago's lack of economies of scale, are very high (an average of 69 percent over the past five years), indicating room for improvement in banking sector efficiency.¹⁸

With an approximate client base of 50 000 the microfinance sector remains small. The sector has limited penetration and visibility with only five registered microfinance institutions operating in the country and potential users predominantly unaware of the services offered by these bodies. Microcredit programmes in Cabo Verde are seen as a potential financial instrument for poverty alleviation and improving family income.¹⁹ Programmes have been initiated using microfinance as a means of poverty reduction, income generation, self-employment and equality of gender promotion. A number of projects have been oriented to

Availability of data on housing finance

There is a recognition and prioritisation of housing development in Cabo Verde; however, the nature of an archipelago in which general access is a crucial issue also translates into a lack of access to information. Survey data is mainly outdated and, although there is information available on the programmes and initiatives instituted, there is little verification on the outcomes. Increased growth and involvement from trading partners, from both China and the US, will have a positive impact on the availability of data and increased project indicator reporting.

the creation of micro and small businesses providing self-employment and jobs for poor people and allowing families to have access to income sources they would otherwise not have, that have specifically target women clients.

BCA, the largest bank in the country, provides mortgages for up to CVE 30 million (US\$307 607) for terms up to 30 years. BCA offers both fixed and variable rate mortgages: the nominal fixed rate is between eight and 11.5 percent and the nominal variable rate has a floor of 7.7 percent, is based on BCA index rate, and has a range of 3.5 percent.²⁰ This translates into an effective rate of 12.04 percent for a variable rate mortgage and 12.3 percent for a fixed rate mortgage, compared to the 15.11 percent offered for consumer loans. BCA also charges a fee equivalent to 3.5 percent of the mortgage value, which is not capped but is at a minimum CVE 20 000 (US\$205). Caixa offers mortgages for up to 30 years and charges a fee of 1.26 percent of the mortgage, which must be at least CVE 10 000 (US\$103).²¹

The nominal interest rate on mortgages is 10.75 percent, equivalent to an effective rate of 11.4 percent. For loans to purchase land, Caixa offers a nominal interest rate of nine percent on a sixty-month loan. Banco Interatlântico (BI) offers mortgages to purchase or construct a house at 90 percent of property value. Banco Internacional de Cabo Verde offers mortgages for terms up to 25 years, with a loan-to-value ratio of up to 70 percent. First-time home buyers are exempt from taxes on the interest portion of mortgage repayments.²²

The credit market is inhibited by the absence of a credit bureau to regulate and monitor the sector; however there have been substantial legal and systematic reforms intended to strengthen the efficiency and private sector growth, providing an optimistic outlook for the financial sector.

Affordability

Like many developing countries in the region, Cabo Verde is economically disparate with over 30 percent or 156 000 people living in absolute poverty. The unemployment rate sits on 12.2 percent as at 2018, with a monthly minimum wage of CVE 13 000 (US\$ 133).²³ Cabo Verde is primarily rural and those living in poverty mainly rely on agriculture for their livelihoods. The lack of resources and the country's narrow economic base mean that poverty in Cabo Verde is primarily a structural problem.²⁴

On average an apartment within the city centre costs Esc80 000 (US\$820) per square meter, while purchasing outside the centre the per square meter average is Esc55 000 (US\$564). These costs are lower than previous years, showing a positive shift toward more increased affordability.²⁵ The rental market for a one-bedroom apartment in the city centre is Esc30 000 (US\$307) and outside the city centre the average is Esc12 500 (US\$128).²⁶ Housing affordability is, however, questionable with a minimum wage far below the available housing rates and a median net monthly income of only Esc25 086 (US\$257). To rent a one-bedroom unit out of town would equate to roughly half of the median income.

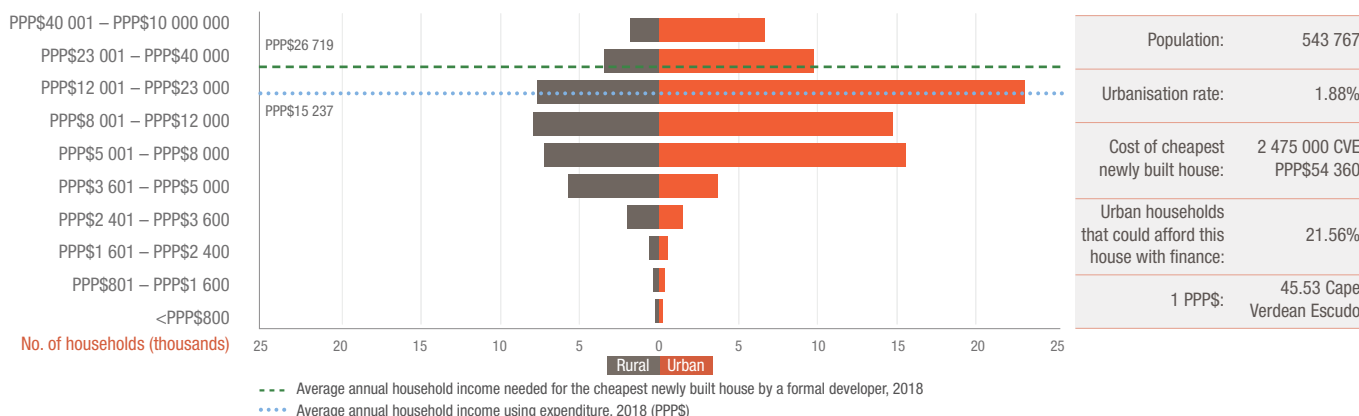
Tenure is primarily found in rural areas. In urban areas, housing access relates predominantly to private rental accommodation or self-constructed housing units, in informal settlements, often on land that has not been serviced.

Housing supply

A component of the PEDS is focused on an assessment of the housing situation within Cabo Verde, intended to review the basic and extended housing deficit as

CABO VERDE

Annual income profile for rural and urban households based on consumption (PPP\$)



Source <https://www.cgidd.com/C-GIDD>, 2019

well as the definition of a new national housing policy. In Cabo Verde, only 1.4 percent of households live in non-traditional housing, which includes shanties. Most, 98.6 percent, live in independent housing or apartments. In general, households have electricity, piped water and sanitation facilities, and at least two out of three households occupy and own their own dwellings, (with the largest numbers among the poor); 72 out of every 100 poor households occupy homes that they own, as compared to 63 percent of non-poor households.

The problem of housing degradation means that, nationally, 49 out of every 100 households live in homes with roof problems and 52 out of every 100 have infiltration and moisture problems in their walls. This is particularly serious among the poor; where 64 out of every 100 people live in houses with roof infiltration problems and 65 out of every 100 dwellings have problems with infiltration and moisture in the walls. The costs of repairs is often beyond the means of most households.

Although the proliferation of informal housing is relatively low, the lack of maintenance and infrastructure in an environment in which 64 percent of the population is urban, with a two percent annual growth rate, is causing concerns. Increased demands for housing will be constrained by the lack of water or sanitation services. In response to this growing trend, UN Habitat and the Ministry of Environment, Housing and Territorial Planning initiated the Participatory Slum Upgrading Programme (PSUP) to strengthen community, city and national key stakeholders' capacities in participatory slum upgrading. The PSUP has culminated in several national programmes, such as the Social Housing Programme and the National Programme on Urban Development and Empowerment of Cities. PSUP's is a participatory development approach to slum upgrading, with the strategy formulation and policy review providing the opportunity to institutionalise the community-based prioritisation and planning of interventions.²⁷ The PSUP has to date mainly been used as a strategy and planning tool and has not, given the evidence available, culminated in any built developments.²⁸

There have been attempts to encourage social and sustainable development goals. For example, in 2009 the Sistema Nacional de Habitacao de Interesse Social (National System of Housing for Social Interests) was launched, informally known as Casa Para Todos (Houses for All) through the IFH. The programme was intended to reduce the national housing deficit, however, initially committing to the delivery of 8 400 housing units in the form of high density, three- to five-storey condominiums, throughout the country, this would equate to 20 percent of the quantitative housing deficit. The programme's delivery target was, however, reduced to 6 010 units because of the reluctance of financial institutions to provide mortgages to low-income beneficiaries mainly working in the informal sector, who were meant to be primary beneficiaries of the programme.²⁹ By 2017, only 5 695 were built, 3 453 for sale and 2 242 on social lease. After the IFH faced insurmountable financial constraints, it was agreed that the completed houses earmarked for low income users would be transferred to the municipalities for distribution between August 2018 and January 2019.³⁰

A secondary component of the *Casa Para Todos* programme was the rehabilitation of approximately 16 000 houses across the country, to enhance existing housing units, including in informal settlements, mostly in relation to the actual structure of the house. The government coupled this with Operation Esperança (Operation Hope), financed through the Cabo Verde Solidarity Fund (2005 and 2009) in which approximately 3 127 homes were rehabilitated or upgraded, benefiting around 18 205 individuals. These programmes did not, however, look to promote, support or encourage tenure and the full impact is difficult to confirm as there is insufficient data on the impacts of these initiatives. The current housing deficit is quantified to range between 40 000 to 60 000 residential units.³¹

In 2017, the Cabo Verdean government entered into an agreement with China, which was positioned to invest in the tourism sector of the country, to negotiate the development of housing for low income families. The first phase of the project, set to break ground in September 2019, is intended to deliver 88 residential units. The successful delivery of the development will determine the rollout plan for further units.³²

Property markets

Cabo Verde has an efficient property registration system. Registering a property takes 22 days. This is more efficient than the regional average of 53.9 days, and costs 2.3 percent of the property value, below both the OECD (4.2 percent) and Sub-Saharan Africa (7.6 percent) rates.³³ The country has a functional deeds registry, which takes between two days to obtain an ownership certificate at a cost of Esc1 243 (US\$13.75) and seven days to register a new public deed with the property registry at a cost of Esc24 150 (US\$247.62). Act 9 Decree of law 10/2010 specifies the law governing the Conservatoria do Registo Predial (Land Registry), for which there is an electronic database, and which does not yet include all properties in Cabo Verde. The database can be checked for mortgages on the property, but there is no electronic record on cadastral information.

Most established estate agents offering rentals and properties at a wide variety of prices on Cabo Verde's larger islands and cater predominantly for international demands, which are seen as a means of adding to the economy. To further grow this sector, permanent residence permits are issued to foreign nationals who acquire properties worth a minimum of €80 000 (US\$94 000) in municipalities where GDP per capita is lower than the national average and for more than to €120 000 (US\$141 000) where GDP per capita is higher than the national average. The policy includes the exemption of Single Property Tax for the property involved as well as a further 50 percent reduction in the tax due over the next 10 years.

There is little detailed information specifically on the affordable, low-cost and social housing market, development and distribution. Further the failures of the IFH have created tensions and mistrust around an effective delivery model. Property development and investment is dominated by, and caters to, the luxury and resort development portfolio. The housing market is therefore driven and dominated by the expatriate and tourism sector.

Policy and regulation

In 2012, the Millennium Challenge Corporation (MCC) (US government funding mechanism) partnered with Cabo Verde to implement a five-year, US\$66.2 million programme intended to reduce poverty through economic growth. The programme combined infrastructure improvements with ambitious policy and institutional reforms to strengthen property rights and increase access to clean water and sanitation. The tenants of the programme recognise socio-economic opportunity that is generated through land tenure. As such the MCC supported the government in transforming the land management sector to fight poverty and drive growth.³⁴ The expectations were for growth within primarily the tourism sector; however, through the attribution of land tenure the expectation was also to create an environment for small business development. The programme was completed in November 2017, included US\$17.3 million to help the government establish a single, reliable source of land rights to facilitate private investment across the islands.³⁵

Opportunities

Cabo Verde is faced with the challenge of building an economy with a high level of sustainable and inclusive growth to overcome key constraints, structural vulnerabilities, external dependence, unemployment, poverty, inequality in income distribution, and reduced opportunities for emigration and consequent drop in remittances, on which there is high reliance. The country is constrained by natural vulnerabilities, resource or tradable goods deficiencies and reliance on the European economy through its pegged currency.³⁶

Development opportunities are constrained by Cabo Verde's small territorial, demographic and economic size, and its isolation from the African continent. Despite this, there has been an uptake in investment predominantly from China within the tourism sector.

The financial sector's adversity to risk and the lack of competition has resulted in high interest and lending rates. Further, the high levels of debt and the tight fiscal policy of the state indicate a necessary frugality that is contrary to the public investment necessary to stimulate further investment and develop the necessary infrastructure and maintenance thereof to support development goals.

Given the geography and high cost of construction, due to a dependence on imports, a large-scale housing development is unlikely to be an effective solution for the housing deficit. It may be necessary to reinforce subsidies and funding support programmes for the refurbishment and maintenance of existing, degrading stock and a means of reinforcing the access to services in less formal settlements. The core opportunities for housing development should also be focused or localised around the urban centres, where there is a growing demand for housing supply at this level. The resolution of property registration processes and increased of availability and affordability of title deeds will go a long way to increasing the investment and growth in the property sector, as well as supporting small business and home industry development.

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Cameroon

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Overview

Cameroon is a lower middle income country with a population of close to 25 million covering 475 440 km². Located along the Atlantic Ocean, it shares its borders with Chad, the Central African Republic (CAR), Equatorial Guinea, Gabon, and Nigeria. Two of its border regions with Nigeria (northwest and southwest) are English-speaking, while the rest of the country is French speaking. Cameroon has rich natural resources, including oil and gas, minerals, high-value species of timber, and agricultural products such as coffee, cotton, cocoa, maize and cassava. With a population growth rate of 2.5 percent a year and an urbanisation growth rate of 3.6 percent a year in 2018, Cameroon is now 55.8 percent urbanised. Cameroon is classified as one of the world's least developed countries, with an estimated annual per capita income of US\$1 446.70.

Cameroon is the largest economy in the Central African Economic and Monetary Community (CEMAC), a region experiencing an economic crisis triggered by the steep fall in oil prices. Along with its CEMAC partners, Cameroon has therefore had to put fiscal adjustment measures in place to adjust to the terms of trade shock and restore macro-stability and confidence in the common currency.

On a more positive note, gross domestic product (GDP) growth in Cameroon accelerated in 2018 and is expected to reach 3.8 percent for 2019. The rebound is driven by an increase in natural gas, with a new liquefied natural gas offshore terminal coming online; an uptick in agriculture, boosted by stronger demand from neighbouring Chad, CAR, and Nigeria; and public works preparations for the 2019 Africa football cup.

Cameroon suffers from weak governance, hindering its development and ability to attract investment. It ranks 152 out of 180 countries in the 2018 Transparency International Corruption Perceptions Index, and 163 out of 190 economies in the World Bank's Doing Business 2019 report. In addition, the terrorist group Boko Haram, which aims to establish an Islamic caliphate across Africa, conducts lethal bombing attacks and assaults, displacing thousands of people, especially in the Far North Region of Cameroon. This has worsened the housing crisis with a lot of people from the far north, the northwest and the southwest regions relocating to other regions along with the destruction of existing housing, putting further strain on the housing market and the government.

KEY FIGURES

Main urban centres	Yaounde, Douala, Bafoussam, Garoua, Bamenda, Nkongsamba
Exchange rate: 1 US\$ = [a] 1 July 2019 1 PPP\$ = [b]	580.15 CFA Franc (XAF) 225.01 CFA Franc (XAF)
Inflation 2018 [c] Inflation 2019 [c]	1.0 1.2
Population [b]	25 216 237
Population growth rate [b] Urbanisation rate [b]	2.6% 3.7%
Percentage of the total population below National Poverty Line (2017) [d]	64.9%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	4.3%
Proportion of the adult population that borrowed formally (2017) [b]	6.5%
GDP (Current US\$) (2018) [b]	US\$38 502 million
GDP growth rate annual [b]	3.90%
GDP per capita (Current US\$) (2018) [b]	US\$1 527
Gini co-efficient (2017) [b]	46.50
HDI global ranking (2017) [d] HD country index score (2017) [d]	151 0.556
Lending interest rate (2018) [i]	13.50%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$)	n/a
Number of mortgage providers Prevailing mortgage rate [f]	n/a 20%
Average mortgage term in years [f] Downpayment [f]	20 20%
Ratio of mortgages to GDP	n/a
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed	n/a
Number of houses completed	n/a
Number of formal private developers/contractors	n/a
Number of formal estate agents	n/a
Cost of a standard 50kg bag of cement (US\$)	5000 XAF (US\$8.61)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [g]	19 587 750 XAF
Size of cheapest, newly built house by a formal developer or contractor in an urban area [g]	80m ²
Average rental price for this unit in an urban area (local currency units) [g]	125 000 XAF
Number of microfinance loans outstanding	n/a
Number of microfinance providers	n/a
Number of housing construction loans outstanding	n/a
Number of providers of construction finance	n/a
World Bank Ease of Doing Business Rank [e]	166
Number of procedures to register property [e]	5
Time (in days) from application to completion for residential units in the main urban city [g]	215

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[e] World Bank Doing Business 2018
[b] World Bank World Development Indicators	[f] Central Bank of Cameroon
[c] IMF World Economic Outlook Database	[g] Ministry of Urban Development and Housing
[d] UNDP: Human Development Reports	[h] Central Intelligence Agency World Factbook

Though Cameroon's financial system is the largest in the CEMAC region, it is still in its infancy. There are 14 commercial banks and 412 licensed microfinance institutions (MFIs), as well as non-banking financial establishments. From July 2019, Douala (the economic capital of Cameroon) now officially hosts the unified standard exchange of CEMAC, combining what was previously two exchanges into one. The banking sector is highly concentrated in the main urban areas and dominated by foreign commercial banks. Banks readily lend to government, multinationals and businesses but neglect retail and small businesses. Some commercial banks provide some housing-related finance in the way of mortgage loans.

Access to finance

The domination of Cameroon's financial system by foreign commercial banks is not helpful for access to finance as these banks prefer lending to government, multinationals and businesses. Only 39.6 percent of Cameroon's population has

bank accounts.¹ Cameroon's long-term housing finance market remains underdeveloped as only about five percent of Cameroonians have access to mortgage finance from the formal private banking system.

The Bank of Central African States (BEAC) regulates the banking and MFI sectors through the Central African Banking Commission (COBAC). Both COBAC and the Ministry of Finance and Budget licenses banks, and there are special regulations for small-scale credit cooperatives. The system is bank-centred, and the commercial banks in the country mainly fulfil traditional banking functions, with a tendency to prefer dealing with large, established companies, government and medium to high net-worth individuals. The geographic distribution of bank branches is heavily skewed towards the main urban and semi-urban centres, with most of the semi-urban and rural areas having limited access to formal banking facilities. This is a gap that MFIs are exploiting.

According to the Doing Business 2019 report, Cameroon is ranked 73 in the ease of getting credit out of 180. Mobile money is increasing financial accessibility with companies such as MTN and Orange offering this service.² The percentage of the population who report having an account at a financial institution or using a mobile money service has increased from 15.8 percent (2014) to 39.6 percent (2017). However, the percentage of population who report borrowing any money has decreased from 56.7 percent (2014) to 52.7 percent (2017).³

Access to housing finance is low. It is available mainly to government employees through the government agency Crédit Foncier du Cameroun. The government continues injecting more funds into Crédit Foncier du Cameroun and has instituted reforms, such as providing financial guarantees and broadening the types of assets that can be used as collateral, to make it easier to access housing finance.

Property developers and private equity funds are getting into local partnerships to provide end-user financing for housing. A few partnerships are already in place. These include Ecobank and Credit Foncier du Cameroun, and China Development Bank and Afriland First Bank. Both these partnerships help provide end-user financing to individuals to buy or build houses.

Title deeds are attached to only a small percentage of land because implementing the legal provisions on land ownership has been impeded by inter-governmental disputes as well as the high cost of title deeds. The low level of title deeds also results in low level of mortgages.

Microfinance is mainly managed by associations, savings and credit institutions and cooperatives. The licensed MFIs have many branches across the country, a growing client base, and total deposit of more than US\$1 billion. About half the MFIs belong to the Cameroon Cooperative Credit Union League, the largest network of MFIs. While MFIs have become increasingly important, their development has been hampered by a loose regulatory and supervisory framework.

Liquidity is a problem, and many MFIs are only able to satisfy a third of their customers at any time, depending on their credit requirements. This is mainly due to credit rationing imposed by the central bank (BEAC) and the banking commission (COBAC). To make more funds available for lending activities, including housing finance, the government has established a wholesale fund, financed by the African Development Bank. The fund is CFA21 billion (US\$40 million).⁴

The most popular Cameroonian credit institution is called *njangi* in English and *tontines* in French. This rotating savings model is usually made up of people of the same social class, same community or same cultural affiliation who have similar incomes or who engage in similar activities. Two types are commonly used for housing purposes: rotating funds, and savings and loans funds.

Rotating funds, which are popular in the country, allow members to have an alternative housing finance source. Rotating funds involve groups of individuals who come together regularly with agreed fixed sums of money that are interest free. At each meeting, a lump sum is given to one of the group members. The member who receives the money is agreed in advance by consensus among the group, and the number of members determines the loan period. A slightly different rotating savings model, made up of individuals with different income brackets, is

Availability of data on housing finance

Most of the data for Cameroon was obtained from the World Bank. The collection and preservation of statistical data has not been prioritised by the Cameroonian administration.

Mortgage data and land transaction statistics are virtually non-existent or, when they exist, are not categorised, processed or analysed rigorously enough to be reliable.

The National Institute of Statistics is mandated to collect, process and publish all socio-economic and financial data. However, it does not have data on the financing and promotion of social housing. At the bank level, the BEAC collects and keeps the data, but access is difficult for the public.

Several other technical services (Domains, Town Halls, Town Planning, Housing and Cadastre) hold registers of various federal acts but the data are disparate and poorly archived. The activity reports of MINDUH services are partial and unpublished. Apart from the published results of externally funded censuses and government studies, it is difficult to obtain reliable data from public administrations except for primary data extracted directly from official registers. Sometimes, some institutions simply refuse to provide data in their possession.

more flexible. The money collected is auctioned and those who have not yet received a loan may bid for it. The person with the highest bid gets the loan.

Savings and loan funds allow members to contribute more than the agreed regular sum of money into a savings fund that is then loaned to other members in need with interest of 10 percent to 15 percent per annum. The saver may withdraw the money but only after sufficient notification has been given to the association. This money earns interest for the saver.

Affordability

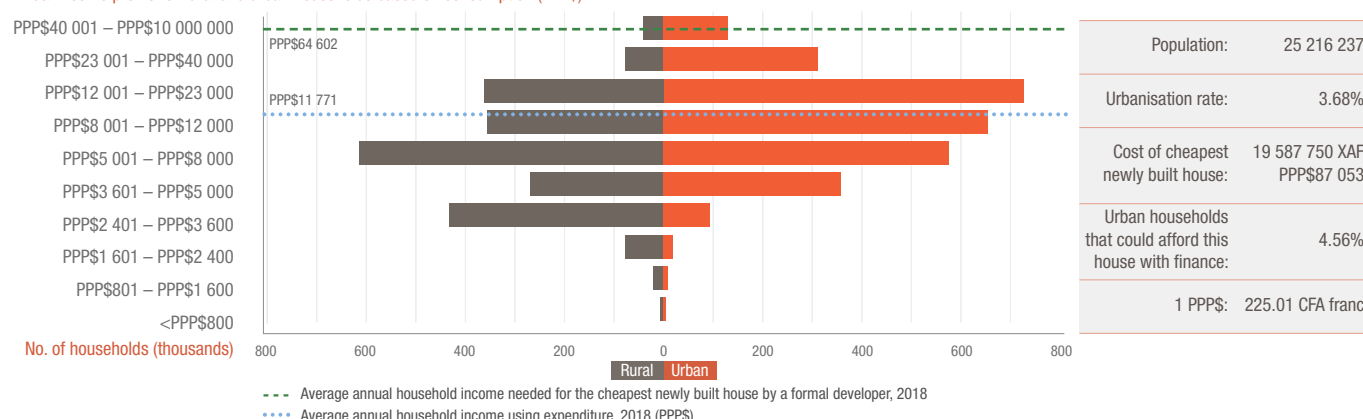
The unemployment rate in Cameroon is 4.3 percent as of 2018, with a projection of 3.9 percent in 2020 and underemployment reported to be about 76 percent of the workforce, which may worsen given the current socio-economic and political situation in the country. The population below the poverty line was 37.5 percent in 2014 and 40 percent in 2018. The national Gini-index was 46.5 in 2017, suggesting relatively high levels of inequality. Between 1990 and 2017, Cameroon's Human Development Index value increased from 0.440 to 0.556, an increase of 26.3 percent. This puts the country in the Medium Human Development category. Most people (70 percent) earn an income or survive in the informal economy through subsistence agriculture and small, micro and medium-scale businesses. The formal private sector is not well developed, employing only a small percentage of the labour force. The government, through its agencies and parastatals, is the largest formal sector employer.

The average monthly household income in the formal public sector is CFA150 000 (US\$270); the average household income in the private sector is slightly higher at CFA175 000 (US\$315).⁵ Most families receive monthly remittances from the growing diaspora population and remittance inflows from the diaspora continue to increase. In 2017, the value of personal remittances received was estimated at CFA152 billion (US\$262 million). These remittances are used primarily for the basic needs of families and to fund projects for those in the diaspora; for the latter this often includes housing construction.

Building costs are high compared to other countries in the sub-regions. It is difficult to build houses with uniform standards at a cost affordable to lower and middle income households; there is a discrepancy between construction costs and purchasing power. Government has helped to reduce housing production costs to make housing more affordable by setting up government agencies to encourage the use of local materials and to reduce the price of land and inputs such as cement and sand. It has also stepped up funding for government agencies in this sector.

CAMEROON

Annual income profile for rural and urban households based on consumption (PPP\$)

Source <https://www.cgidd.com/C-GIDD, 2019>

Companies such as Quality Habitat Corp have set up factories to manufacture building materials, which should reduce cost of inputs. The government is also rolling out affordable housing projects across the country. Individuals provide 20 percent as their equity investment upfront and take a loan for the remaining 80 percent, which the government guarantees. Though at a slow pace, this is helping to improve access to quality housing as individuals in the private and informal sectors are also beneficiaries.

Housing supply

The country has a big housing supply problem. Most of the supply available is too expensive for most of the population. The challenge is to provide housing for the growing and urbanising population, almost half of which live in informal dwellings and settlements.

Average rental prices for three-bedroom homes range from CFA 60 000 (US\$102) to CFA 125 000 (US\$215)⁶ in urban and semi-urban areas, respectively. As the middle class grows and the rate of urbanisation increases, there is a shift from ownership towards rentals, especially for new households in the urban and semi-urban areas. Despite ongoing efforts towards increasing housing supply, Cameroon's housing backlog is still large and significant. Government, private companies and individual investors (both local and in the diaspora) are looking to supply the housing demand of more than 100 000 units a year through ongoing investments in housing.

A government programme to build 10 000 social housing units was launched in 2010 and is almost complete in the cities of Douala and Yaoundé. The purchase price of housing varies from CFA19 587 750 (US\$33 750 for a two-bedroom, two-bath home) to CFA22 314 250 (US\$38 400 for a three-bedroom, two-bath home), which is largely out of reach of the average Cameroonian.

Since 2010, Cameroon has a government plan for social housing. The Olembe project in the north of Yaoundé supports the construction of 33 buildings combined with 660 social housing units, spread over approximately 12 hectares including community facilities.

The Ministry of Urban Development and Housing (MINDUH) also received provisional acceptance on 25 April 2017 for the Douala-Mbanga Bakoko project, covering 660 dwellings. In addition to these two flagship projects in Cameroon's two largest cities, the cities of Limbe, Bafoussam, Bamenda and Sangmélina will each benefit from 50 housing units as part of the project to build 1 500 social housing units. This vast global programme of the government aims at constructing a total of 10 000 social housing units.

Property markets

All untitled land in Cameroon rests with the state. Obtaining ownership rights over land in the private domain of the state is possible. This requires, however, that land be registered (and in most cases developed). Nonetheless, most land is

still managed informally through local arrangements, whose malleable rules create uncertainty, foster land conflicts, and hamper local development. Formally, most land today is considered National Land, administered by the state for the "public good". National Lands include untitled lands occupied or used by rural communities. The state can evict communities from these lands and reallocate them to guarantee the lands' "effective exploitation".

Rural communities can title their customary land, and titles are the only protection against such evictions. But communities can only title land that was used and occupied prior to 1974. Neither land occupied after 1974 nor unoccupied non-farmland can be titled, even if it is vital to the community. Despite the law's intent to encourage land titling, by the early 2000s, less than two percent of Cameroon's land was registered or titled.

Land reform in 2005 simplified land titling by reducing the number of steps and departments involved, and cut the time needed to obtain a land title from several years to less than one. Yet, it did not address significant hurdles including contradictory laws, poor record keeping, and reliance on traditional authorities to allocate land rights. In addition, titles still could not be granted for land occupied after 1974 or deemed vacant or ineffectively used. Today, as the government, urban elites, agricultural-industrial companies, and powerful traditional leaders acquire more land, neither legal processes nor customary tenure systems provide ordinary people with adequate security over their land.

The process for registering private property, culminating in the attainment of a title deed, is considered costly and time-consuming. According to the Doing Business 2019 report, it takes 81 days and five procedures, and costs on average 15 percent of the property value to register a property, resulting in a ranking of 176 out of 190 countries for registry of property. There is a deeds registry but accurate figures on the number of deeds is not available. Property tax is also growing in importance in Cameroon, which stems from the taxable potential of the land sector and the real estate boom, especially in metropolitan areas.

The formal real estate market is concentrated in urban and peri-urban areas such as Yaoundé, Douala and Limbe, and trading is concentrated in the middle-to-higher value market. Fifty-three percent of people own their own homes, which are mostly self-built, while 30 percent are tenants. Both housing for ownership and rental is in high demand.

Despite the focus on ownership, opportunities for rental accommodation are increasing. Because supply increasingly lags demand, there has been at least a 10 percent year-on-year increase in rentals. On average, it takes up to one month to find quality accommodation in Douala, Yaoundé and other main cities. This time has not decreased even with the increasing number of new housing units on the market.

A growing number of real estate companies are providing buying, rental, and management services to clients. On average, it can cost up to CFA125 000 (US\$225) a month to rent a standard three-bedroom house in Douala and Yaoundé. This amount is about 20 percent lower in the provincial cities such as Buea, Limbe, and Bamenda. It costs up to CFA10 million (US\$17 885) to build a standard three-bedroom house, excluding the cost of land in the main cities like Douala and Yaoundé. Construction costs are about the same or higher in the smaller cities as the cost of standard inputs increases the further away the city is from Douala; most of the standard inputs are imported to, or manufactured around, the main cities. The average size of a standard three-bedroom house is 120m². The cost of a serviced 500m² piece of land in the urban areas is CFA5 million (US\$9 000). Land prices are generally increasing.

Policy and regulation

Given the bilingualism character of the country, Cameroon has a dual legal system consisting of both the French civil law system and the English common law system. In 1959, just prior to independence, the Territorial Assembly of Cameroon legally recognised customary tenure systems, potentially increasing rural people's secure rights to land. However, in 1963, the new government of Cameroon repealed this measure. Perceiving land titles as more modern than traditional undocumented systems, it made land titles and leases the only legal means of holding property rights to land.

In 2012, Cameroon made amendments to the Organization for the Harmonization of Business Law in Africa (OHADA) Uniform Act on Secured Transactions that broadened the range of assets that can be used as collateral, making it easier for people to access finance.

Opportunities

Cameroon's housing sector continues to attract investment as there is a huge need for housing in all segments of the market and housing value chain. The housing market is destined for sustainable growth, building on economic growth, a huge and increasing housing backlog in all segments of the housing market, growing middle and upper classes, increasing capital inflows from Cameroonians in the diaspora and other international investors, increased local investment, and better legislation and reforms.

The challenge is to provide housing for the growing and urbanising population, almost half of which live in informal dwellings and settlements. This could be an opportunity for developers, rental housing, sale housing and housing finance providers.

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Central African Republic

Author: Christian-Lambert Nguena



Overview

The Central African Republic (CAR) is a landlocked country at the heart of the African continent. Aside from abundant land, CAR is well endowed with natural resources such as timber, gold and diamonds. The country has a population of 5 865 118, of which 32.5 percent are between 25 and 54 years. The urban population of CAR has substantially increased from 20.1 percent in 1960 to 41 percent of the total population in 2018, growing at an average rate of 2.7 percent (higher than the 2.1 percent total population growth rate). Subsistence agriculture, together with forestry and mining, remain the backbone of the economy; the agricultural sector generates more than half of gross domestic product (GDP). Timber and diamonds account for most export earnings, followed by cotton. CAR is classified as one of the world's least developed countries, with a decrease of the estimated annual per capita income from US\$547 purchasing power parity (PPP) in 2014 to \$418 PPP in 2017.

Since the end of 2012, CAR has been facing an increasingly complex political and humanitarian crisis due to the civil war. Intensified armed opposition to the central government by a coalition of armed movements called *Séléka* resulted in a coup d'état in March 2013, which was accompanied by numerous human rights violations and large areas becoming controlled by armed groups (80 percent of the territory). By the end of 2013, one-fifth of the population (one million people) were displaced. At least 1.2 million people have been forced out of their homes, resulting in one in four people in CAR being either internally displaced or having sought refuge in neighbouring countries. In 2017, the number of internally displaced people (IDPs) increased by 70 percent. However, the country is undergoing an internationally supervised transition involving several constitutional referendums as well as presidential and parliamentary elections.

In addition, limitations on economic development in CAR include the country's landlocked geography, poor transportation system, mainly unskilled work force, and a long history of misdirected macroeconomic policies. Economic revitalisation is greatly hindered by the separatist fighting between the government and its opponents. The distribution of income is particularly unequal; the Gini-coefficient is 56.2 percent. Since 2009, the International Monetary Fund (IMF) and the government have worked together on reforms that have resulted in some improvement in budget transparency, but other problems remain. Other international aid includes the approval of a three-year extended credit facility valued at US\$116 million by the IMF. Also, in late 2016, the World Bank approved a US\$20 million grant to restore basic fiscal management, improve transparency,

KEY FIGURES

Main urban centres	Bangui
Exchange rate: 1 US\$ = [a] 1 July 2019	580.15 CFA Franc (XAF)
1 PPP\$ = [b]	325.18 CFA Franc (XAF)
Inflation 2018 [c] Inflation 2019 [c]	3.0 3.0
Population [b]	4 666 377
Population growth rate [b] Urbanisation rate [b]	1.5% 2.5%
Percentage of the total population below National Poverty Line (2017) [d]	37.5%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	6.0%
Proportion of the adult population that borrowed formally (2017) [b]	3.5%
GDP (Current US\$) (2018) [b]	US\$2 380 million
GDP growth rate annual [b]	4.30%
GDP per capita (Current US\$) (2018) [b]	US\$510
Gini co-efficient (2017) [b]	56.20
HDI global ranking (2017) [d] HD country index score (2017) [d]	188 0.367
Lending interest rate (2018)	2.95%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	355 618
Value of residential mortgages outstanding (US\$)	n/a
Number of mortgage providers Prevailing mortgage rate	2 15%
Average mortgage term in years [f] Downpayment	10 n/a
Ratio of mortgages to GDP	n/a
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed	n/a
Number of houses completed	n/a
Number of formal private developers/contractors [f]	7
Number of formal estate agents	n/a
Cost of a standard 50kg bag of cement (US\$)	9 800 XAF (US\$16.89)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [f]	13 445 760 XAF
Size of cheapest, newly built house by a formal developer or contractor in an urban area [f]	50m ²
Average rental price for this unit in an urban area (local currency units)	100 000 XAF
Number of microfinance loans outstanding	n/a
Number of microfinance providers	2
Number of housing construction loans outstanding [f]	27 895
Number of providers of construction finance	2
World Bank Ease of Doing Business Rank [e]	183
Number of procedures to register property [e]	5
Time (in days) from application to completion for residential units in the main urban city [f]	183

NB: Figures are for 2019 unless stated otherwise.

- [a] Coinmill
- [b] World Bank World Development Indicators
- [c] IMF World Economic Outlook Database
- [d] UNDP: Human Development Reports
- [e] World Bank Doing Business 2018
- [f] Ministry of Urban Development and Housing

and assist with economic recovery. Participants in the Kimberley Process, a commitment to remove conflict diamonds from the global supply chain, partly lifted the ban on diamond exports from CAR in 2015.

The GDP is finding it hard to recover to its pre-2013 level due to the continuous insecurity. Economic recovery which began in 2014, though uncertain at the start, is strengthening gradually, with a real GDP growth rate that reached 4.3 percent in 2018.¹ This improvement came with the recovery of the extractive sector, which surged by 22.8 percent following the partial suspension of the Kimberley Process. Inflationary pressures, which were strong during the crisis as forecasted, lessened in 2017 and 2018 due to the recovery of transport options in the Douala-Bangui corridor and to improved food supply. The inflation rate, which was as high as 11.6 percent in 2014, was expected to gradually ease from an average of 4.7 percent in 2016 to 3 percent in 2018. CAR's membership of the

Central African Economic and Monetary Community (CEMAC) both limits it and provides the security of having a regionally based economic structure, but means it is directly affected by the regional economic fluctuations and market. For instance, CAR is affected by the 2.1 percent inflation rate for the Central Africa sub-region. CAR, being a member of Banque des états de l'Afrique Centrale (BEAC), which is the regional central bank, lowered its benchmark interest rate by 50 basis points to an all-time low of 2.45 percent in 2015. This loose monetary policy is likely to be transmitted to the country's financial institutions. Indeed, interest rates in CAR which are actually 2.95 percent, averaged 3.46 percent from 2009 until 2018, reaching their all-time highest level of 4.25 percent in July of 2009 and lowest level of 2.45 percent in July of 2015.

Access to finance

The CAR financial system, the smallest in CEMAC, is underdeveloped, and access to financing for businesses remains limited. About 16 percent of adult Central Africans have access to an account with a formal banking institution.² The financial sector plays a limited role in supporting economic growth. Suffering from weak market infrastructure and legal and judicial frameworks, the financial system remains small, underdeveloped, and dominated by commercial banks. Because of economic and security concerns, financial institutions, and particularly microfinance institutions (MFIs), have consolidated their businesses in the capital, Bangui, over the past few years.

CAR was making progress in providing access to finance until the last political crisis again disrupted efforts. The financial sector accounts only for 17.6 percent of GDP today, is mainly underdeveloped and has a limited role in supporting economic growth. In addition to the BEAC National Office, there are four commercial banks, holding approximately 93 percent of the total financial system's assets in addition to MFIs, two post office banks, three insurance companies, and a social security fund. Other financial institutions are largely absent from the country's financial system, and their development remains hampered by weak market infrastructure and the lack of the necessary legal, judicial, prudential, and regulatory frameworks. While the sector has seen moderate expansion in recent years, financial intermediation levels are among the lowest in the world, and credit to the economy, which was 15 percent of GDP in 2014, represented only 12.9 percent of GDP in 2017. In addition, in the same year, the main sectors benefitting from bank loans are trade (20 percent), transport and communications (16 percent), forestry (12 percent) and other services (28 percent).

The uneven geographical coverage of the country by MFIs is significant and characterised by an imbalance between the capital Bangui and the rest of the country. The actors are mainly concentrated in the capital at the expense of rural areas. Of the 16 prefectures in the country, only seven are covered by structured institutions.

The main players present are Crédit Mutuel de Centrafrique, the Central African Union of Caisses d'Epargne and Credit in crisis, the Société Finance Française de Crédit SA and Express Union SA having the legal status of a public limited company, and the mutual fund of Cifadiennes de Centrafrique. On the sidelines are several microfinance non-governmental organisations (NGOs) such as the Danish Refugees Council, the Catholic Relief Service and the International Partnership Human Development.

Political and social instability has weakened the social fabric, reducing saving and investment among the population, and lessened the number of donors involved in the microfinance sector. Between 2007 and 2011, the United Nations Capital Development fund (UNCDF), United National Development Programme (UNDP), the CAR government and various microfinance sector players launched a four-year US\$4 million programme to support the emergence of an inclusive financial sector and give the low-income population access to sustainable financial products and services, provided by MFIs operating in a sustainable legal and institutional framework. At the beginning of 2010 there were only five licensed MFIs comprising 31 branches and 32 000 clients. Credit Mutuel de Centrafrique (CMCA) is the most important MFI network in CAR, with a gross loan portfolio of US\$3.9 million shared by 6 109 accounts owners, and deposits amounting to US\$8.8 million in 2013. SOFIA Credit, another MFI, began operations in March 2009, and by end 2014 had 330 borrowers with total loans of US\$0.24 million; however, during the same year, SOFIA deposits amount were higher (US\$3.25

Availability of data on housing finance

Access to data on housing finance in CAR is limited as the government provides little information on its activities. The adoption of the IMFs Enhanced General Data Dissemination System by the country has led to some improvements in access to macroeconomic data. Therefore, although the data is still insufficient, it should improve with time.

million), highlighting the issue of financial access in CAR. No more recent data is available.

In the World Bank Doing Business 2019 report, CAR is ranked 144 on getting credit. This data shows only 14 percent of the population has accessed mobile money in the past 12 months and only five percent of the population report having an outstanding loan with a formal financial institution.³ Clearly, informal lending is strong, as 36.7 percent of the population reported having borrowing money for any reason and from any source in the past 12 months in 2017.

CAR is primed to establish a housing bank.⁴ Leading officials of Shelter Afrique, a real estate and housing firm based in Nairobi, Kenya are considering establishing a bank for housing (according to a publication on APA News website). Until now there have been almost no housing finance instruments available in the country. The housing finance landscape remains underdeveloped, offering many opportunities for developing this subsector. A few banks, such as Ecobank Centrafrique and the Sahelo-Saharan Bank for Investment and Commerce, offer housing credit (over a maximum fifteen-year term) and credit for equipment (for a maximum of three years) to individuals at between 8.5 percent and 17 percent interest a year, plus value-added tax (VAT), for up to CFA50 million (US\$85 280) for credit for equipment and without a maximum amount for housing credit. These loans are secured by first-priority mortgages on the properties and are generally supplied to public and private administration workers. Additionally, the minimum income required for a prudent mortgage in CAR is US\$13 894 per annum⁵ and only 0.5 percent of the population can afford this. Access to the mortgage market is therefore challenging for almost all of the population.

Affordability

Affordability is of great concern in the CAR housing sector. The high cost of building materials, low incomes of Central Africans, and the general political and economic volatility make owning a house an impossible dream for the average citizen. In 2019, a simple one-bedroom housing unit with a modern toilet costs on average CFA13.9 million (US\$24 000). Compared to the average monthly income of only CFA20 844 (US\$36), the cost of a one-bedroom house represents 576 times the monthly income. It is obvious that only a tiny proportion of the population can access formal housing.

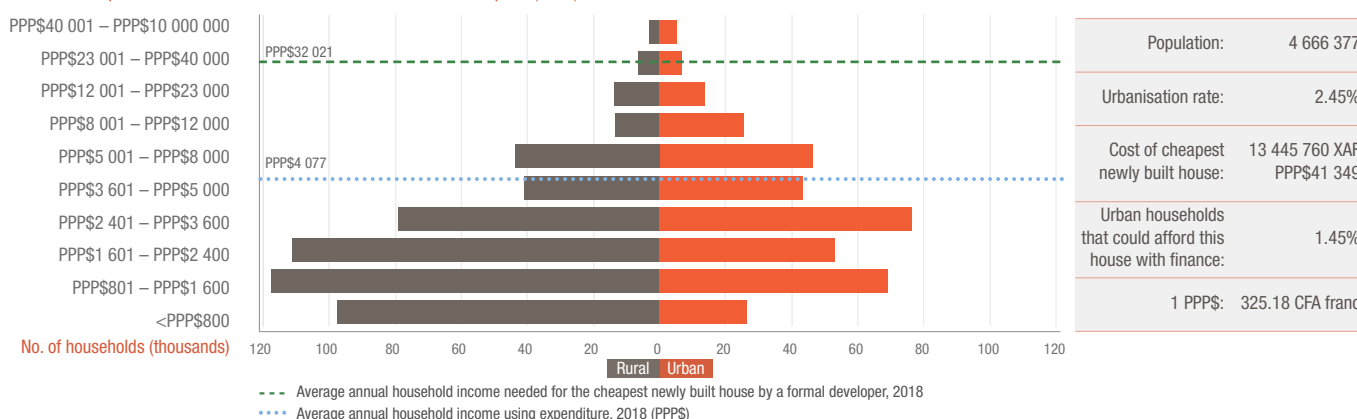
The urban population rate, which was 35.5 percent in 2005, was 41 percent in 2018 with a forecast of 61.6 percent in 2050. This increasing housing demand on the one hand, combined with the small proportion of the CAR population which can access formal housing on the other hand, highlights the lack of housing affordability and the urgent need for a clear policy to solve the issue.

Many IDPs occupy rental units (estimates are around 70 percent). Unsurprisingly, the main challenge for IDPs has been the inability to pay rent, having lost their livelihoods. In Carnot and Sibut the monthly rent varied between CFA2 895 to CFA5 790 (US\$5.27- US\$10.54), while in Bangui this could be anything between CFA52 110 to CFA579000 (US\$95-US\$1 054), depending on the size of the house and the main purpose of renting.

In 2017 a standard 50kg bag of cement cost as much as CFA10 000 (US\$18.21). A major development in 2012 was the completion of the only cement manufacturing plant in the country, realised with Indian investment. It was expected that the price of a standard 50kg bag of cement bag could drop to CFA7 500 (US\$13.66). However, the CAR's energy problems will have to be solved first as there is not enough electricity to run the cement plant full time, and given the recent political crisis, it is not clear when this plant will help achieve the previous expectation.

CENTRAL AFRICAN REPUBLIC

Annual income profile for rural and urban households based on consumption (PPP\$)

Source <https://www.cgidd.com/C-GIDD, 2019>

Housing supply

CAR's urban areas have been strongly affected by the recent political and security crisis, which particularly damaged prospects and ambitions for the development of good standardised towns and cities. A government project is under way to redesign urban/housing development and planning in Bangui, with the main aim of bringing structure and establishing a sustainable healthy housing environment. Since the emergence of the crisis, a large portion of CAR's housing stock has been pillaged, burnt or destroyed. The United Nations High Refugee Commissariat (UNHRC) estimates that at least 170 houses in Bangui's 8th district and 900 in the 5th district have been destroyed, fully or partially, since December 2013. An estimated 800 and 100 houses have been destroyed in Begoua and Sibut town, respectively.

Even though the CAR Ministry of Housing has initiated or is implementing several projects, the recurring crises has seriously inhibited many international companies' willingness to build housing in CAR. For example, in 2011, the Ministry of Housing received funding from Celtel (based in Nairobi, Kenya) to build 300 homes on two sites (one in the neighbourhood Boy-Rabe (Bangui) and the other in the village on the road to Kozobilo Boali). Unfortunately, this project has not been completed. In addition, the Kingdom of Morocco has financed the construction of 100 homes in the Sakai area; however, while 70 percent of the financing has been raised, the project has yet to start.

Property markets

The 1964 Land Code classifies land as being either within the public or the private domain of the state. The public domain is defined as all natural and artificial resources that, by their very nature, should be publicly managed for the benefit of the population. The private domain of the state is defined as all unregistered land, landholdings acquired by the state through the exercise of eminent domain.

Obtaining ownership rights over land in the private domain of the state is possible. This requires, however, that land be registered (and in most cases developed). The process for registering private property, culminating in the attainment of a title deed, is considered costly and time consuming. According to the World Bank's Doing Business 2019 report, it takes 75 days and 5 procedures, and costs on average 11.1 percent of the property value to registry, resulting in a ranking of 172 out of 190 countries for registry of property. This, as well as the government's weak land administration and management capacity in most parts of the country, explains why only 0.1 percent of land has been registered for private title.

Between 1899, when title deeds were introduced, and by July 2012 only 8 579 title deeds were issued according to the land registry at the Ministry of Finance, most of which were for properties in Bangui and other urban areas. Homeowners in rural areas frequently only enter into verbal agreements on their ownership, often with involvement of a chief. The inclusion of unregistered land in the private domain of the state is therefore a significant feature of CAR's land tenure system. Ownership of registered property can be transferred via purchase, inheritance

and lease. The real estate market in the Central African Republic is almost non-existent, as there are no real estate operators in the country. As most houses are self-built, when owners want to sell, they advertise in the newspapers or announce their intention informally within their social networks.

Policy and regulation

CAR's legal system is based on the French civil law system. As with other branches of government in CAR, the judiciary has suffered from decades of insecurity and poor governance. Prior to the current crisis, several key legislative documents, such as the Family Law (Code de la Famille) and the 1964 Land Code were under revision. Due to the events of late 2012 and early 2013, these review processes have still not been concluded and other housing strategies and plans have been sidelined.

The decree explaining the organisation and functioning of the Ministry of Housing stipulates the construction, management and promotion of administrative housing as its main directive. Other officials indicated that the focus on housing provided for civil servants would remain. The Ministry of Urbanism allocates and manages CAR's land. It allocates land to, for instance, private parties but also to bigger projects such as housing schemes. The Ministry also manages the country's cadastre, a department which provides technical expertise to assess and demarcate land, determine criteria for the development of land and issues construction permits and title deeds.

The technical aspect of the cadastre is complemented by the Ministry of Finance and Budget, which takes care of the financial side of land registration. It also houses the land registration office (known as the Office of Domaines). This means that once the land registration office has issued a title deed, the related files are transferred to, and stored at, the Ministry of Finance and Budget.

In addition to the existing regulatory frameworks governing the housing sector, other recent policies include introducing a new conciliation procedure for companies in financial difficulties and a simplified preventive settlement procedure for small companies to make resolving insolvency easier; and in 2009 the National Strategy for Inclusive Finance 2010-2014.

Opportunities

There is a huge need for cost-effective housing in all segments of the market and housing value chain because of the high prices for building materials. Also, with the completion of the new cement plant, which is expected to lower the price of cement simultaneously, the effective demand for housing should increase over the coming years, while affordability is expected to grow too. The current reconstruction period has high economic growth potential, with a huge housing demand, growing middle and upper classes, increasing capital inflows from CAR citizens in the diaspora and other international investors, increased local investment and better legislation and reforms.

Of relevance for development investors is that economic research indicates reconstruction after years of conflict, which devastated infrastructure, is a key determinant of housing finance.⁶ Other planned structural reinforcements such as the potential housing bank are indicative of a market open for expansion and primed for the introduction of new finance and housing products.

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Chad

Author: Dr Sazoulang Douh



Overview

An independent state since 1960, Chad inaugurated the Fourth Republic in May 2018. The new Constitution enshrined significant administrative reforms and the removal of the position of Prime Minister and some major institutions. From 1990 to 2019, 209 political parties were created,¹ but the political scene is dominated by the Patriotic Movement of Salvation (PMS) and its allies. Frequent armed rebellions have created three decades of socio-political instability, intensified by the poor political governance of successive regimes. Despite the renewed peace and substantial resources generated by oil exploitation in recent years, Chad is still struggling to develop. To blame is not only this legacy of instability but also difficult climatic conditions, high levels of economic and financial vulnerability because of an exclusive dependence on oil, a fragile and non-inclusive social system, and recurrent conflicts on its borders.²

Chad is a vast territory of 1 284 000km² in Central Africa and a member of the Central African Economic Community (CEMAC). Its population, estimated at 14.9 million at the end of 2018, is predominantly rural with growing urbanisation, rising from 22.52 percent of the total population in 2015 to 23.06 percent in 2018.³ It is a landlocked country surrounded by many hotbeds of tension, forcing it to take in 465 343 refugees and asylum seekers, and 174 340 displaced persons.⁴ It also faces widespread threats, caused by the presence of jihadist groups as well as an upsurge in inter-ethnic clashes. Dealing with these threats consumes a great deal of public resources which could otherwise have been put towards development.

Chad has been under structural adjustment since 2015, when the debt level was 25.23 percent of Gross Domestic Product (GDP).⁵ Its GDP per capita in 2018 was CFA405 809 (US\$730).⁶ With a score of 39.36 in the Doing Business index, Chad ranks 48th in Africa and 181st out of 190 in the world.⁷ Its economic growth rate is estimated at 3.9 percent in 2019 and inflation at 4.7 percent.⁸ According to experts, real GDP growth is expected to accelerate to 5.8 percent in 2020, thanks to the rebound in oil prices and the renegotiation of Glencore debt.⁹ According to the Minister of Planning, Chad's economy is recovering although much more needs to be done.¹⁰ As proof, the International Monetary Fund (IMF), satisfied with the results recorded in the first half of 2019, decided in June 2019 to disburse US\$51 million to the country. Chad hopes for more support from the international community, including the World Bank.

KEY FIGURES

Main urban centres	Abeche et Sarh, Moundou, Ndjamena
Exchange rate: 1 US\$ = [a] 1 July 2019 1 PPP\$ = [b]	580.15 CFA Franc (XAF) 206.54 CFA Franc (XAF)
Inflation 2018 [c] Inflation 2019 [c]	2.5 2.9
Population [b]	15 477 751
Population growth rate [b] Urbanisation rate [b]	3.0% 3.9%
Percentage of the total population below National Poverty Line (2017) [d]	62.0%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	5.9%
Proportion of the adult population that borrowed formally (2017) [b]	2.8%
GDP (Current US\$) (2018) [b]	US\$11 303 million
GDP growth rate annual [b]	2.60%
GDP per capita (Current US\$) (2018) [b]	US\$730
Gini co-efficient (2017) [b]	42.10
HDI global ranking (2017) [d] HD country index score (2017) [d]	186 0.404
Lending interest rate (2018)	14.00%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$)	n/a
Number of mortgage providers [f] Prevailing mortgage rate [g]	1 12%
Average mortgage term in years [g] Downpayment [g]	15 20%
Ratio of mortgages to GDP	n/a
What form is the deeds registry? [e]	Computer - Scanner
Total number of residential properties with a title deed [h]	6 945
Number of houses completed [i]	70
Number of formal private developers/contractors [i]	3
Number of formal estate agents	8
Cost of a standard 50kg bag of cement [j]	8 750 XAF (US\$15.08)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [f]	5 785 091 XAF
Size of cheapest, newly built house by a formal developer or contractor in an urban area [f]	46m ²
Average rental price for this unit in an urban area (local currency units) [f]	140 000 XAF
Number of microfinance loans outstanding	n/a
Number of microfinance providers [k]	215
Number of housing construction loans outstanding [l]	25 557
Number of providers of construction finance [f]	4
World Bank Ease of Doing Business Rank [e]	181
Number of procedures to register property [e]	6
Time (in days) from application to completion for residential units in the main urban city	210

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[h] National Institute of Statistical, Economic and Demographic Studies (Chad)
[b] World Bank World Development Indicators	[i] Ministry of Territorial Development, Urban Planning and Housing
[c] IMF World Economic Outlook Database	[j] Gazelle Hardware
[d] UNDP: Human Development Reports	[k] Association of Micro Finance Institutions of Chad
[e] World Bank Doing Business 2018	[l] Bank of Central African States (BEAC)
[f] SOPROFIM	[m] African Society of Architecture
[g] Housing Bank of Chad	

With a Human Development Index (HDI) of 0.396, Chad was ranked 186th out of 188 in 2016. In particular, the infrastructure deficit is pronounced and has an index score of 7.239/100, ranking Chad 51st out of 54 African countries in 2018.¹¹ The banking network is embryonic and covers only a few cities, with insufficient loan amounts to build decent housing.

Despite these constraints, prospects for social housing in Chad are promising. One sign is the levy of one percent on all salaries of public officials to set up a real estate development fund. Another is that contracts for the implementation of the first 100 social housing units, financed by Shelter Africa in collaboration with the Company for the Promotion of Real Estate (SOPROFRIM), are signed and activity is set to begin in October 2019.¹² These developments, taken with the upcoming operationalisation of the Housing Bank of Chad (HBC) housing loans, point to significant progress in the social housing sector since 2018.

Access to finance

With Chad being a member of CEMAC, all primary banks and microfinance institutions operating in the country are accredited and controlled by the Bank of Central African States (BCAS) and the Central African Banking Commission (COBAK). The regional currency is the Franc of the French Colonies of Africa (FCFA or CFA) which has a fixed parity with the euro.

Chad's banking system is well developed with nine commercial banks, 215 microfinance institutions, two insurance companies and two pension funds. These institutions are concentrated in the capital city, N'Djamena, and two other cities (Moundou and Abéché), thus limiting access to bank accounts for rural people. According to global Findex, in 2017, 21.8 percent of the Chadian population over the age of 15 had an account with a financial institution or a mobile payment service provider, and 3.6 percent of adults had access to credit.¹³ In 2018, 25 557 new loans were granted by all banks, amounting to CFA311.75 billion (US\$537.08 million).¹⁴

Orabank, Ecobank, Bank of the Sahel, and Société Générale of Chad offer real estate loans only to wealthy and credit-worthy employees at interest rates of more than 14 percent over a period of up to 10 years. The Chad Housing Bank, whose mandate is to promote access to housing finance, requires a 20 percent contribution of the total amount of the loan requested or 24 months of savings before the remaining 80 percent is granted. Although opened on 16 August 2017 without a guarantee fund, the HBC does not yet provide real estate loans for building new housing or for refinancing existing housing.¹⁵ The more dynamic microfinance institutions attract many clients by simplifying procedures and not requiring an elaborate business plan or a real guarantee. However, interest rates are high and range from 18 percent to 24 percent for an average period of three years.¹⁶ The amounts of these loans range from CFA500 000 to CFA1 500 000 (US\$862 to US\$2 585) and are not enough to build or buy decent housing for a household.

Private offices and non-governmental organisations providing real estate loans do not exist. Finally, the difficulty of obtaining indicative figures on the number of mortgages clearly shows that this activity is at an embryonic stage in Chad. Access to social housing financing will remain a major challenge for most Chadians, especially those living in rural areas, until the Housing Bank of Chad is effectively operational.

Affordability

The average cost per m² of decent housing is estimated by local engineering firms and architects to be more than CFA300 000 (US\$517). However, with a per capita GDP equal to CFA405 809 (US\$730) and a Guaranteed Interprofessional Minimum Wage (GIMW) of CFA60 000 (US\$103) per month (which has not changed since 2011),¹⁷ housing is unaffordable for the 47.5 percent of the population living below the poverty line.¹⁸ These households also cannot afford or qualify for housing finance. In addition, the drastic reduction in public officials' salaries in 2016 has completely slowed housing self-construction projects. Although the use of improved local materials tested by SOPROFIM could reduce the cost of 46m² built to CFA5 800 000 (US\$9 997), this remains beyond the reach of the GIMW of CFA60 000 (US\$103) a month.

According to the Ecofine Agency, "Mercer's 2018 cost of living ranking", the city of N'Djamena ranks eighth in terms of the most expensive city in the world and second in Africa after Luanda, Angola. By way of illustration, the average rent had reached CFA675 000 (US\$1 163) in 2010. This is mainly due to the high cost of both local and imported building materials. However, there has been a general downward trend in the price of goods and materials since the beginning of 2019.¹⁹ The annual inflation rate as measured by the consumer price index in August 2019 was minus 0.6 percent.²⁰ The price of a cement bag has been reduced by the manufacturer CIMAF from CFA8 750 (US\$15.08) to CFA7 750 (US\$13.36) as of 1 August 2019. Between 2015 and 2019, the average rent fell significantly, from CFA675 000 (US\$1 163) to CFA300 000 (US\$517), and the construction cost from CFA30 000 000 (US\$51 710) to CFA25 000 000 (US\$43 092) for 100 m² built.²¹ In addition, a local concrete iron production project by a Chinese company is being negotiated and this will certainly contribute to the reduction of the overall cost of construction in the future.

Availability of data on housing finance

The collection and retention of statistical data and its judicious, rational and beneficial exploitation are not highlighted as priorities by the Chadian administration. Mortgage credit data and statistics on property transaction are almost non-existent or, where they exist, are not classified, processed or rigorously analysed to be reliable.

In Chad, NISESD is mandated to collect, process and publish all socio-economic and financial data. However, the Institute does not have data on the financing and promotion of social housing. At the banking level, BCAS collects and retains data, but access is difficult for the public. Several other technical services (Domains, Town Halls, Urbanism, Habitat, Cadaster, Single desk) hold records of various federal deeds but the data are dissimilar and poorly archived. MATDUH's activities reports are partial and unpublished. The aggregation into specific indicators is made by experts from specialised institutions.

Apart from published results of externally funded censuses and government studies, it is difficult to obtain reliable data from public administrations except for primary data extracted directly from the official registries. Sometimes, some institutions simply refuse to provide data in their possession. Often data can only be accessed through meetings with key individuals who can enable access to primary data sources.

To make social housing affordable, revenues have been grouped into two tranches by the Ministry of Spatial Planning, Housing Development and Town Planning (MATDHU). The first bracket is low income earners, between CFA60 000 and CFA250 000 (US\$103 and US\$431). The second includes middle incomes of CFA251 000 to CFA450 000 (US\$434 to US\$776). These two categories will be eligible for HBC real estate loans. The amounts proposed for these tranches are CFA7 500 000 (US\$12 928) and CFA15 000 000 (US\$25 855) respectively for a minimum term of 10 years but not more than 15 years.²²

Housing supply

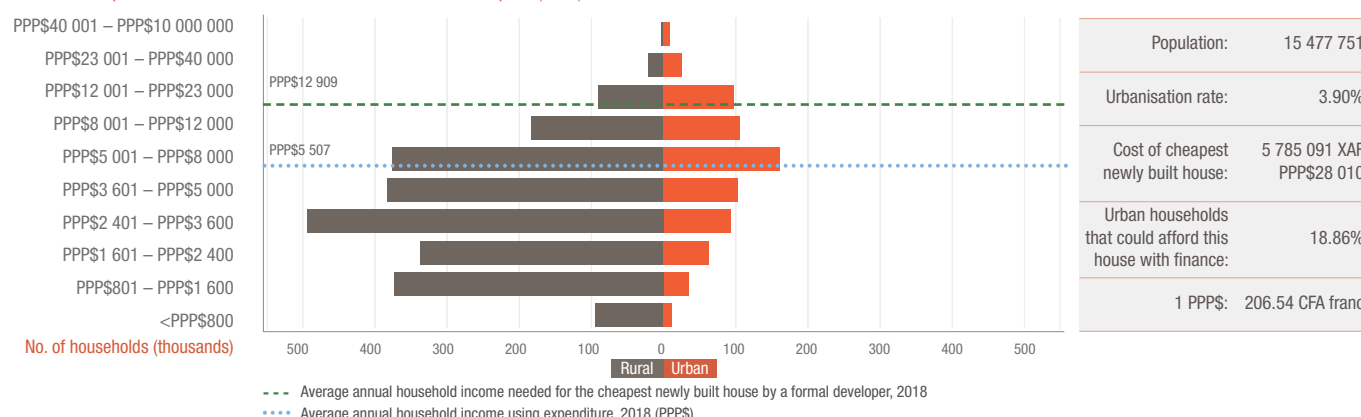
Chad suffers from a severe shortage of social housing, with MATDUH estimating a deficit of 370 000 housing units.²³ The Urban Development and Housing Improvement Project (UDHIP) jointly funded by the Government and UN-Housing has failed to deliver as planned. Only 70 villas of the 1 000 planned were produced on the Patte d'Oie site at the northern region of N'Djamena, a completion rate of only 7 percent. Furthermore, the Company for the Promotion of Land and Real Estate that was set up in 2009 is totally paralysed due to a lack of funding as promised by the state.²⁴ The ongoing economic recession has slowed government's original commitment to more strongly promote social housing. It is also for this reason that the HBC has not yet started granting real estate loans. Thus, in two decades, the country has registered only 70 formal social housing units and four villas built by the Moroccan Real Estate Agency ADDOHA.²⁵ Moreover, the objectives of the National Development Plan (NDP) 2017/21 have been reduced to 30 000 social housing units per year compared to 125 000 housing units expressed as an annual need in 2015.²⁶

More generally, the three formal real estate development agencies do not have their own resources to pre-finance the construction of social housing. There is no formal social housing financing structure outside the HBC. There is no public subsidy for social housing either. As a result, households are forced to resort to microfinance establishments or informal self-construction with family savings. This last option imposes a long construction period of three to six years, excluding the estimated acquisition time of the parcel between two and five years, depending on the income of the interviewees. Consequently, the majority of Chadian households live in precarious housing and remain tenants for at least four years before becoming homeowners.

There have, however, been some recent positive developments in the sector. Since January 2019, the Company of Land and Real Estate Promotion has sold 800 serviced plots on the Toukra Mousgoun site, at promotional prices.²⁷ The

CHAD

Annual income profile for rural and urban households based on consumption (PPP\$)

Source <https://www.cgidd.com/C-GIDD, 2019>

collection of one percent of all salaries of public officials this year has enabled the HBC to start real estate credit operations immediately.²⁸ Finally, the first phase of the construction of 100 housing units of the Land and Real Estate Development Company is planned to start in October 2020.

Property markets

Land in Chad, whether occupied or not, belongs to the state and can only become private property when the awardee has obtained a Land Title (LT) according to legal procedures.²⁹ As a result, most rural residents do not hold title deeds. In urban cities, the majority of city dwellers are homeowners and have Land Title. The main methods of acquiring a plot are through inheritance, purchase or attribution. However, the current land market is characterised by uncontrolled speculation of the prices of plots. A multiplicity of intermediaries, an administrative slowness in the allocation of plots, and a systematic acquisition and excessive accumulation of strategic urban and rural land by the wealthiest households have created this speculation. As a result, the majority of city dwellers are forced to migrate to outlying neighbourhoods to land without basic social services (water, sanitation and electricity).³⁰

The Directorate of Domains, Registrations and Stamps within the Ministry of Finance manages and maintains all land documents records, with technical support from a single desk that processes the files. The process of acquiring a parcel of land consists of nine steps and lasts more than six months.³¹ The single desk, created and operational since 2015, is far from achieving the expected results because the digitisation of land documents is not complete, nor the total computerisation of the file since this service and other departments continue to process files manually. In addition, for new constructions made of immovable materials, a building permit is required, with an estimated average delivery time of 90 days and with several steps to complete.³²

With 6 945 land titles created to date, and an average signature of 312 orders for over-the-counter sale orders per year; the rate of regulated properties is very low.³³ As a result, the majority of the residents do not own the land from the point of view of the Law, but rather in terms of usufructs. The reduction in the duration of the proceedings and the forgery of title deeds are also not perceivable by users.³⁴

Policy and regulation

The creation of the legal and regulatory environment for the promotion of social housing is the responsibility of the government, while the production, sale and rental of social buildings is reserved for private operators. Since 2010, Chad has established a satisfactory legal and regulatory framework for the promotion of social housing with Law No. 023/PR/2010 of 24 November 2010 establishing the Fundamental Principles of Financing and Housing Promotion. The creation and support of the Society for the Promotion of Real Estate and the Observatory of Housing and Urban Development (OHDU) was part of this framework, as well

as the opening of the HBC in August 2017. Finally, for this law to be effectively implemented, the four draft implementing decrees pending adoption by the Council of Ministers must be promulgated. These include:

- Decree determining the modalities of operation of the Social Housing Promotion Fund (SHPF), which will be used to finance social housing production operations;
- Decree determining the organisations and operation the Loan Guarantee Fund (LGF);
- Decree on the organisation and operation of the Interest Bonus Fund (IBF); and
- Decree determining low- and middle-income brackets.³⁵

Previously any housing subsidy was only indirect through the removal of certain taxes on the prices of local and imported materials.

A proposed new law on the security of land ownership was introduced in parliament in 2013, but has repeatedly been rejected since then by lack of consensus. This law needs to consider customary and Islamic land rights, the delimitation of grazing and growing areas, mechanisms for managing natural resources and resolving farmer-breeder conflicts, if it is to be passed. These farmer-breeder conflicts are particularly prevalent and have resulted in dozens of casualties recently. This situation has led the government to declare a state of emergency in three provinces of the country. The Global Peace Index, published on 4 July 2019 ranks Chad 137th out of 163 with a decline of 2 places compared to 2018.³⁶

Although the government adopted a decree in August 2019 to return to the domain of sites attributed to the Moroccan real estate agency ADDOHA,³⁷ which is considered to be underperforming, there has been progress. Notably, the government has included in the Finance Act 2019 the collection of one percent on all salaries of public officials and is implementing the extension of the single desk to the whole country. The construction of the first 100 social housing units for the Development of Property and Real Estate on financing of Shelter Africa has also been agreed to.

Opportunities

Chad's economic upswing predicted in 2018 is materialising. The Tribune states: "A few months after the signing of a debt rescheduling agreement with Anglo-Swiss trading Glencore, the domestic resources mobilisation recorded an unprecedented performance during the first quarter of the current year."³⁸ There has also been an announcement of the imminent opening in N'Djamena of a branch of the Moroccan bank Attijariwafa Bank that could support the real estate agency ADDOHA. Importantly the IMF's Executive Board agreed to granting US\$51 million in support in June 2018 as well as support from the World Bank. The Chad-Arab World Forum (stemming from the 2017/21 NDP) from 26 to

28 June 2019 in the capital N'Djamena, raised US\$850 million in investment commitments from Arabian partners. All these significant decisions mark the beginning of a new economic dynamic in the country and offer many opportunities.

Other positives include the Order of Engineers, Geometers and Urban Planners of Chad which contributes to the optimisation of the issuance of building permits. The mobilisation and direct involvement of the Chamber of Commerce in the mass awareness of its members in order to apply a fair price since February 2019 has led to the decline and stabilisation of the prices of basic necessities. The government's announced intention to pay domestic corporate debts this year through improved non-oil revenues could be the trigger for the likely improvement of the housing sector. Above all, the actual constitution of the expected funds from the one percent levy on the salaries of public officials will certainly be an effective starting point for the real estate credit operations promised by the Housing Bank of Chad. Government pressure on ADDOHA could finally trigger the production of 3 000 houses promised since 2015. Nevertheless, the construction of social housing will still take time and additional efforts are needed. The focus should be on the optimisation of local materials and the massive involvement of local economic operators if reasonable progress is to be made.

Certainly, the harshness of the Sahelian environment, the geographical enclave, the economic and financial difficulties that fuel the social grumbling, the threat of jihadist groups, all remain challenges that severely undermine the opportunities presented. However, the government's expressed desire to achieve this, gives legitimate hope for an imminent improvement of decent social housing in Chad.

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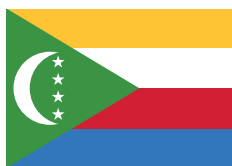
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Comoros

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Overview

The Union of Comoros (Comoros) is an archipelago of three islands and several islets in the Western Indian Ocean, just south of the Equator and less than 322km off the East African coast. Comoros lies approximately halfway between the island of Madagascar and northern Mozambique at the northern end of the Mozambique Channel. The population was estimated at 855 552 as of mid-2019, a slight increase from the 2018 estimate of 832 322.¹ The United Nations estimated that approximately 29 percent of the population lived in urban areas in 2018.² Urban areas in the country include Moroni, Mutsamudu, Fomboni and Domoni, these also serve as the four municipalities in the country. Moroni is both the capital and the largest city in Comoros, and it is located on the semi-autonomous island Grande Comore.

Formerly a French colony, Comoros became independent in 1975. It comprises three islands (Anjouan, Moheli and Grande Comore). A fourth island (Mayotte) in the archipelago is still a French territory. More than 20 coups or attempted coups and a long period of political and institutional instability characterise the political history of Comoros. In 2001, the Fomboni Accord led to the adoption of a new constitution, establishing the Union of the Comoros with broad autonomy for the islands. A secession attempt in 2008, which required military intervention from the international community, resulted in an amendment to the constitution in 2009 limiting presidential terms to a non-renewable five years. The president is assisted by three vice presidents, one from each of the three islands and the number of ministers is set constitutionally at 10. The national congress convened in February 2018 to assess conditions after 42 years of independence and recommended an overhaul of the system of a rotating presidency among the islands through potential constitutional reforms. As a result, a constitutional referendum which suspended the rotating presidency of the three islands until 2030 was held in July 2018.

Comoros is one of the poorest countries in the world with a GDP per capita of CF392 024(US\$874) in 2018 and most of its population rely on subsistence agriculture and fishing for sustenance. The Comoros economy is highly dependent on foreign aid, remittances and tourism. Cassava, sweet potatoes, rice and bananas are the staple crops along with yams, coconuts and maize. Meat, rice and vegetables are leading imports. Comoros is the world's second-largest producer of vanilla, with one-third of exports going to France, and the world's leading producer of ylang-ylang, a perfume oil. Cloves and copra are also exported. The fishing industry has potential for growth, but it is still mainly undeveloped.

KEY FIGURES

Main urban centres	Moroni
Exchange rate: 1 US\$ = [a] 1 July 2019	2.87 Comorian Franc (KMF)
1 PPP\$ = [b]	213.04 Comorian Franc (KMF)
Inflation 2018 [c] Inflation 2019 [c]	2.0 2.0
Population [b]	832 322
Population growth rate [b] Urbanisation rate [b]	2.2% 2.9%
Percentage of the total population below National Poverty Line (2017) [d]	46.7%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	4.3%
Proportion of the adult population that borrowed formally (2017)	n/a
GDP (Current US\$) (2018) [b]	US\$1 203 million
GDP growth rate annual [b]	2.8%
GDP per capita (Current US\$) (2018) [b]	US\$1 445
Gini co-efficient (2017) [b]	n/a
HDI global ranking (2017)[d] HD country index score (2017) [d]	165 0.503
Lending interest rate (2017) [b]	10.5%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$)	n/a
Number of mortgage providers [f] Prevailing mortgage rate [g]	7 11.5%
Average mortgage term in years [g] Downpayment [g]	10 20%
Ratio of mortgages to GDP	n/a
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed	n/a
Number of houses completed	n/a
Number of formal private developers/contractors	4
Number of formal estate agents	4
Cost of a standard 50kg bag of cement [h]	3 625 KMF (US\$8.33)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [i]	30 000 000 KMF
Size of cheapest, newly built house by a formal developer or contractor in an urban area in square meters [i]	150m ²
Average rental price for this unit an urban area (local currency units) [j]	278 000 KMF
Number of microfinance loans outstanding	n/a
Number of microfinance providers [e]	3
Number of housing construction loans outstanding	n/a
Number of providers of construction finance	n/a
World Bank Ease of Doing Business Rank [e]	164
Number of procedures to register property [e]	4
Time (in days) from application to completion for residential units in the main urban city [e]	30

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[f] Central Bank of Comoros
[b] World Bank World Development Indicators	[g] Meck-Moroni
[c] IMF World Economic Outlook Database	[h] BatiPro & Co
[d] UNDP: Human Development Reports	[i] MPL Immobilier
[e] World Bank Doing Business 2018	

With approximately 457 inhabitants per square kilometre, Comoros is densely populated. Over half of its population is under the age of 20, with the median age in the country estimated at 20.³ The last household survey conducted in 2014 revealed that almost 18 percent of the population live under the international poverty line of CF853 (US\$1.9) per capita a day. The most recent Gini index measure of inequality available rated Comoros 45.3 in 2013. Comoros was ranked at 165 out of 189 economies on the United Nation's Human Development Index in 2017 and the country continues to suffer hunger and malnutrition.⁴ The high levels of poverty and developmental challenges in Comoros have restricted the progress of the housing sector, including social housing. Comoros receives a considerable amount of foreign aid, including for housing.

In 2018, real economic growth remained stable at an estimated 2.8 percent, close to the 2.7 percent in 2017. Real GDP growth is projected to reach 2.8 percent

in 2019 and 2.9 percent in 2020, almost unchanged from 2018.⁵ From the supply side, growth was driven mainly by improved access to electricity, increased telecommunications activity, and diaspora remittances. From the demand side, growth was driven by public investment and exports, boosted by rising vanilla prices. External debt, an estimated 26.5 percent of GDP in 2018, and down from 30.1 percent in 2017, is considered sustainable. In 2018 inflation was an estimated at 2 percent, up from 1 percent in 2017. The current account deficit was an estimated 6 percent of GDP in 2018, up from 4.3 percent of GDP in 2017. The economic outlook is expected to be more favourable due to a gradual improvement in the electricity sector and to the commitment to a major development program, with the gross investment rate expected to increase from 22.5 percent in 2017 to 25.1 percent in 2019. The World Bank's 2019 Doing Business report ranks Comoros at 164 out of 190 countries surveyed in ease of doing business compared to 158 in 2018.

Comoros is regularly ranked in the group of countries whose performance is inadequate in terms of accountability, political stability, absence of violence, government effectiveness, regulatory quality, rule of law and control of corruption.⁶ However, some progress has been made in most of the indicators over the years. The Comorian economy is structurally dominated by the public sector. This is reflected in the size of the wage bill of the civil service. The wage bill, approximately 8 percent of the GDP in 2017,⁷ or similar services, annually absorb most of the government budget and leave little for public investment. The IMF noted that following reforms the nominal wage bill was stable but fell markedly as a percentage of revenues.

The main feature of the public sector in the economy is the predominance of government shareholding in the country's main strategic enterprises such as communications, water and electricity, and the Hydrocarbons Company of Comoros, as well as financial institutions. This has had the effect of limiting government spending for social housing.

Access to finance

Comoros has a relatively small and underdeveloped financial sector. The banking and finance sector comprises 10 institutions approved and supervised by the Central Bank of Comoros: four banks, three decentralised financial institutions or microfinance institutions and three financial intermediaries. The four banks are La Banque pour l'Industrie et le Commerce, La Banque Fédérale de Commerce, Exim Bank and La Banque de Développement des Comores. The three microfinance networks are L'Union des Meck, L'Union des Sanduk d'Anjouan and L'Union des Sanduk de Mohéli. Financial postal services are conducted through La Société Nationale des Postes et des Services Financiers.

The main obstacles faced by the population of Comoros in accessing financial services include poor financial infrastructure and distribution channels; costs and fees applied by financial institutions; and a low level of financial education. To combat these barriers to accessing financial services, the Central Bank of Comoros has started a vast project of consolidation of the banking system, particularly on the specific aspect of outstanding debts, to reduce the bank risk by adopting new guarantee systems, and to support private and banking sectors in mobilising medium- and long-term resources.⁸

At the end of 2018 Comoros had 137 bank branches and 25 ATMs. The microfinance institution (MFI) sector has not grown. There were only four MFIs in 2018. However, intermediation activity has slightly increased during this period. The number of customers grew by 10.7 percent from 321 203 in 2017 to 355 544 in 2018. Growth in deposits is estimated at 7.1 percent and outstanding credit - 2.5 percent between 2017 and 2018.⁹ In Comoros the postal financial services have played an important role in basic financial intermediation (deposits, sending and receiving funds) because of they are close to the population. Thus, they continue to actively participate in the collection of savings, despite its 15 percent decline to CF18.5 billion (US\$41 million) in 2018 against CF18.8 billion (US\$42 million) in 2017.

Financial inclusion in Comoros is characterised by limited access to, and low use of, financial products by households. The number of borrowers per 1 000 adults is only 11. Financial inclusion is particularly low among the poor; those with low levels of education and young people, many of whom live in rural areas. Most

Availability of data on housing finance

Information on the financial sector is published on an annual basis by the Central Bank of Comoros. Given that Comoros is not an English-speaking country, access to data on housing finance is often hampered by language barriers. Further, up-to-date information is rarely available and information that is easily accessible is often outdated. This is the case with information on the housing sector, as the only surveys that have been published were conducted in 2008 and 2014.

households in Comoros tend to save money to cope with daily needs as they arise and save by using informal financial networks (hoarding or tontines) instead of formal financial systems. Out of 1 000 adults only 130 use formal institutions to make deposits (lower than the Sub-Saharan average) and in 2018 most credit in the country was distributed outside the formal financial sector.¹⁰ Credit is often obtained from relatives, friends or through loans granted by stores or shops in the community.

The rate of banking is high in big cities such as Mutsamudu, Bambao, and Fomboni as it is much more profitable for institutions to serve customers in urban areas. However, the steep costs and fees charged by formal institutions have led to the exclusion of many in the urban areas, with deposit fees varying between 3 percent and 1.75 percent a year and loan rates often exceeding the ceiling of 14 percent set by the Ministry of Finance since 2009.¹¹ Development of distribution channels is hampered by unsuitable locations, inadequate security indispensable for new service points, and the lack of electricity and communication infrastructure, especially in remote areas.

The IMF has welcomed the steps taken to modernise the monetary policy framework and encouraged the government to carefully sequence the envisaged reforms.¹² Although the financial sector is well capitalised and liquid, growing financial sector vulnerabilities, including the high level of nonperforming loans (NPLs), persist and must be tackled to ensure credit growth and private sector development. The banking sector lacks dynamism and private lending for private construction for middle- and low-income groups is limited. Since 2015, credit to the private sector has been decreasing due to lending risks from persistently high NPLs and high excess liquidity. A recent illustration of this is that outstanding loans to the economy, including credit to the private sector, decreased by 4.1 percent from CF78.1 billion (US\$173.1 million) at the end of December 2018 to CF74.9 billion (US\$166 million) at the end of March 2019.¹³

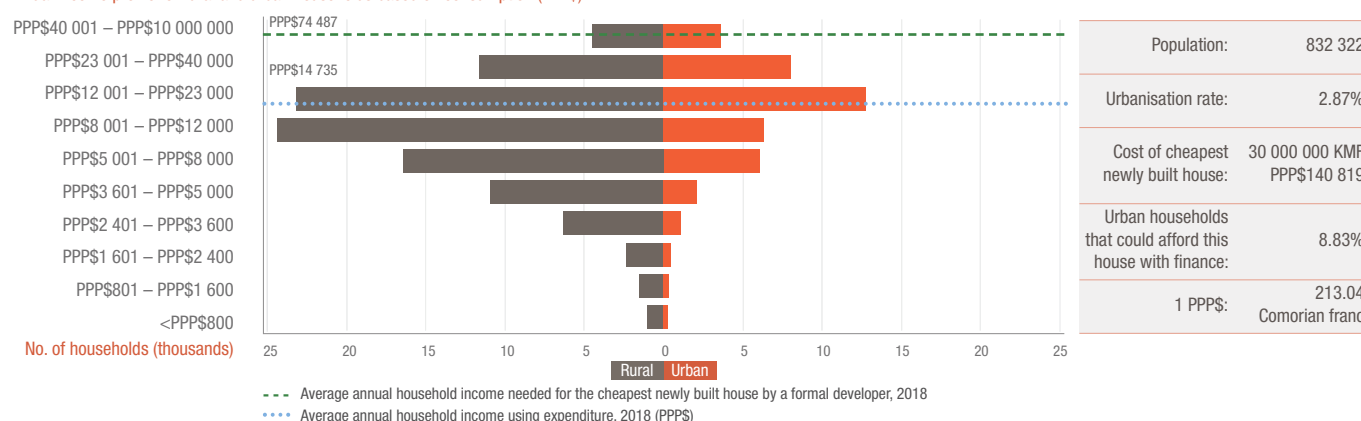
The World Bank's 2019 Doing Business report ranks Comoros at 124 for accessing credit (up from 122 in 2018 and 118 in 2017). Comoros is 168th for resolving insolvency, the same position it was in 2018. The country has no stock exchange or primary or secondary fixed-income markets for government or commercial debt. Government financing is mostly undertaken in the form of direct credit from domestic commercial banks, and liquidity levels are controlled through the modification of reserve requirements only. The main source of inflow for the Comorian economy is remittances, which totalled CF62.4 billion (US\$138.4 million) in 2017 (21.3 percent of GDP) compared to CF58.9 billion (US\$130.6 million) in 2016 (21.2 percent of GDP).

Affordability

Adequate housing has become increasingly inaccessible to the urban population in the last 20 years as domestic public funding for housing is only for public servants. Before independence, no attempt was made to solve the housing problem. Population growth, recurring socio-político-economic crises and the global financial crisis have led to housing finance being mostly dependent on the private sector. There has been a timid emergence of housing loans by financial institutions, but these are mostly available to residents of major cities. At present, mostly private sector employees and senior civil servants can obtain housing loans. However, the financial institutions are aiming to offer housing loans at lower costs. To this effect, it was recommended that mechanisms of financing be put in place to partly make up for the insufficiency of public resources, and also to mobilise all the partnerships likely to facilitate access to housing for more people, for example by creating a solidarity fund.

COMOROS

Annual income profile for rural and urban households based on consumption (PPP\$)

Source <https://www.cgidd.com/C-GIDD>, 2019

Housing supply

Approximately 65 percent of all housing units in Comoros are made of straw with roofs made from cocoa leaves, and are privately owned. Approximately 25 percent are built with durable materials, including stone, brick, or concrete. Of all the housing units, nearly 90 percent are owner-occupied, 3 percent are rented and 3 percent occupied rent free. Around 98 percent of the population have access to improved sanitation systems and safe water.¹⁴ The housing survey conducted in 2014 by the government of Comoros in collaboration with United Nations Children's Fund noted that 69 percent of households had electricity while 27 percent had an earth floor.¹⁵

Housing in Comoros varies from two-room structures covered with palm leaves to multilevel buildings made of stone and coral. The part of the house at street level often serves as a shop or warehouse. Western-style houses, with indoor bathrooms and kitchens, also exist. Because of the practice of "matrilocality" – a social custom where the offspring of a family reside with their mother – women often remain part of their mother's household, even after marriage. This is due in part to the practice of polygamy, as well as the traditional need for Comorian men to travel away from their communities in search of work. The family home can be expanded, or a separate structure can be built for a woman to inhabit with her children. As at 2015, more than 70 percent of the urban population lived in extremely difficult sanitary conditions and the average housing area did not exceed 30m². Three quarters of the population lived in two-room houses with a surface area of 20m² or less.¹⁶

Companies in the construction sector are more focused on the construction of private homes in urban areas than public works. An important part of housing construction, especially in rural areas, is self-construction. New construction methods have been proposed which favour the use of available local materials while protecting the environment and ensuring sustainable development. To this end, the UN Habitat Project was facilitated through building terracotta brick factories on the three islands. This has led to the creation of jobs and the training of masons in basic construction techniques, supported by China and Tanzania.

In the absence of the market supplying affordable dwellings, a consortium from Iran in 2014 proposed to build 5 000 housing units throughout the three islands over a period of four years as a follow-up to the UN Habitat Project.

Property markets

Poverty levels in both rural and urban areas have fallen, though much more in urban areas. In 2014, 42.4 percent of the population, or approximately 316 000 people, were living below the poverty line.¹⁷ Nevertheless, the demand for up-market properties has been growing, mainly due to the increasing demand created by the presence of foreigners in Comoros. Further, several factors, including international aid, increased tourism, and the nation's relationship with France, Saudi Arabia and its Persian Gulf allies, have contributed to the growth in residential and

commercial property ownership. The purchase price of an average 3-bedroom semi-detached house in Comoros ranges from CF59 095 905 (US\$131 000) to CF315 779 643 (US\$700 000).

Rental of a 3-bedroom apartment ranges between CF451 114 (US\$1 000) and CF676 671 (US\$1 500) a month. Foreigners who make a substantial investment in the country are eligible to apply for Comorian nationality under the Economic Citizenship Act, passed in 2008. This allows the few property dealers in Comoros to engage in speculative strategies on the market. The World Bank's 2019 Doing Business report ranks Comoros at 114 for registering property compared to 111 in 2018. The process entails four procedures and takes approximately 30 business days to complete. The process will cost approximately 8 percent of the property value. Comoros is better than the average for Sub-Saharan Africa in the number of procedures and the number of days required. However, the cost of registration as a percentage of the property value is higher for Comoros, and the quality of land administration is weaker.¹⁸ On dealing with construction permits, Comoros is ranked at 85 and the process takes 10 procedures but entails a waiting period of approximately 108 days.

Policy and regulation

Currently, the Ministry of Energy, Agriculture, Fisheries, Environment, Regional Planning and Urban Planning handles overall administration of housing and related issues. Previously, housing was the responsibility of the Ministry of Territorial Management, Urbanisation, Housing and Energy. One of the main priorities of the government is the stable supply of energy at a reasonable cost and which is accessible to all. Energy is considered indispensable for economic development and for supplying water, hospitals, schools, housing, and transport. The present institutional set-up for urban land management involves the ministries responsible for finance, development planning and housing, and municipalities. The absence of a cadastre did not enable secure land rights; as such the "direction du cadastre et de la topographie" was created after 2015 to aid land administration.

Even though the credit market is in its infancy, the Central Bank of Comoros has put in place prudential norms. In its 2015 report, the Central Bank reported that, following on-site inspection, compliance with Bank Prudential Ratios were well respected by the financial institutions, although the internal audit function needed to be reinforced. In its 2016 annual report, the Central Bank emphasised that the inspection of the financial institutions revealed some shortcomings in governance, in particular for credit granted to managers, staff and board members.

In recent years, the government has undertaken several measures to enhance financial intermediation and strengthen the country's banking and financial sectors. Such efforts include easing the entry of foreign banks, reforms to the investment code in 2007, and setting up a National Agency for Investment Promotion. The government has, in collaboration with the Central Bank of Tanzania, the Central African Banking Commission, the French Prudential supervisory authority and the

IMF, strengthened regulatory and supervisory frameworks to expand the scope of prudential regulations and increase the effectiveness of control procedures. In line with the credit risk management, doubtful or contentious debts with a maturity of more than three years will have to be fully provisioned.

Opportunities

Comoros continues to face, among other problems: (i) weak institutional capacities, which hamper the effectiveness of macroeconomic and sector management; (ii) a lack of basic infrastructure, whose poor quality hinders economic transformation; (iii) vulnerability to external shocks and heavy dependence on external aid. However, the significant amount of foreign aid Comoros receives has helped bring some improvement in credit for households and house ownership, and reduced the poverty rate slightly.¹⁹

The low overall competitiveness of the private sector has only fuelled the high level of unemployment, which is particularly high among young people. Past political conflicts have led to the loss of many jobs, particularly in the urban areas where unemployment is rife. Among the explanations for this is that many unemployed people have turned to the informal sector for work. This has had the effect of increasing the percentage of the unbanked population and those without access to credit.

Overcoming its physical and human capital constraints, particularly in basic infrastructure such as roads and electricity, will improve the business climate in Comoros as well as engender long-term growth prospects.

The ambition of the Comorian government is to increase the competitiveness of manufacturing, agri-food, craft and construction. Also planned is a set of construction companies that will significantly increase production capacity in housing and road building. Implementing this plan will create further opportunities for housing construction and social housing. As the economy progresses, enormous scope for housing and housing financing, with an emphasis on social housing, could be created.

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Congo Republic

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Overview

Located in the heart of Central Africa, the Republic of Congo (RC or Congo) extends on both sides of the Equator and covers an area of 342 000 km². The country is endowed with a coastline of 170 km to the south-west, open to the Atlantic Ocean, and is in the heart of the second largest river basin in the world, that of the Congo River, which constitutes a major asset for economic development. Congo shares borders with Cameroon to the northwest, Central African Republic to the north, Angola to the south, Gabon to the west and the Democratic Republic of Congo (DRC) to the south-east. The only common point between the Congo and DRC is the Congo River, which separates the two closest capitals of the world, Brazzaville (RC) and Kinshasa (DRC), only separated by 4 614m. Congo has a deep-water port, the largest in the Gulf of Guinea.

The Congo benefits from two types of climates: the equatorial climate in the northern part and the humid tropical climate covering the country from the coast to the Batéké plateau. Congo's natural resources include petroleum, timber, potash, lead, zinc, uranium, copper, phosphates, gold, magnesium, natural gas, and hydropower. The Congo's main economic partners are France, the United States and China, with a focus on oil export. The political capital of Congo is Brazzaville, while the main economic hub is Pointe-Noire. Other important cities include Dolisie, Mossendjo, Nkayi (sugar industry) and Ouessou (wood and agro-industries).

The Congo has an estimated population of 5 414 006¹ distributed unequally throughout the country. The annual rate of urbanisation is 3.28 percent and the urban population is estimated at 67.4 percent of total population² of which 62.2 percent is concentrated in the three main cities of the country, Brazzaville, Pointe Noire and Dolisie. The average annual rate of population growth is 2.6 percent, and life expectancy is an estimated 54 years.

Congo's GDP was US\$11.26 billion in 2018.³ The economy is dominated by the oil sector, which in 2011 accounted for approximately 70 percent of Congo's GDP, more than 84 percent of its exports and 79 percent of revenues. Rising oil revenues have in recent years mainly financed Congo's increased public spending. This has resulted in intensified activity in agriculture, industry, and services. In addition, economic growth is also supported by industries such as ICT and manufacturing, with the Dangote cement plant having started production in November 2017. Non-oil production is continuing its gradual recovery and is

KEY FIGURES

Main urban centres	Brazzaville, Pointe-Noire
Exchange rate: 1 US\$ = [a] 1 July 2019	580.15 CFA Franc (XAF)
1 PPP\$ = [b]	211.01 CFA Franc (XAF)
Inflation 2018 [c] Inflation 2019 [c]	1.2 1.4
Population [b]	5 244 363
Population growth rate [b] Urbanisation rate [b]	2.6% 3.3%
Percentage of the total population below National Poverty Line (2017) [d]	
Unemployment rate (% of total labour force, national estimate) (2017) [d]	42.0%
Proportion of the adult population that borrowed formally (2017) [b]	11.0%
GDP (Current US\$) (2018) [b]	3.7%
GDP growth rate annual [b]	US\$11 264 million
GDP per capita (Current US\$) (2018) [b]	1.0%
Gini co-efficient (2017) [b]	US\$2 148
HDI global ranking (2017) [d] HD country index score (2017) [d]	48.90
Lending interest rate (2017) [b]	137 0.606
Yield on 2-year government bonds	20.6%
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$)	n/a
Number of mortgage providers Prevailing mortgage rate	n/a 20%
Average mortgage term in years Downpayment	12 n/a
Ratio of mortgages to GDP	n/a
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed	n/a
Number of houses completed	n/a
Number of formal private developers / contractors	n/a
Number of formal estate agents	n/a
Cost of a standard 50kg bag of cement	1 477 XAF (US\$7.00)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [f]	211 339 710 XAF
Size of cheapest, newly built house by a formal developer or contractor in an urban area [g]	45m ²
Average rental price for this unit in an urban area (local currency units)	n/a
Number of microfinance loans outstanding	n/a
Number of microfinance providers [h]	11
Number of housing construction loans outstanding	n/a
Number of providers of construction finance [h]	11
World Bank Ease of Doing Business Rank [e]	180
Number of procedures to register property [e]	6
Time (in days) from application to completion for residential units in the main urban city	n/a

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[e] World Bank Doing Business 2018
[b] World Bank World Development Indicators	[f] Numbeo
[c] IMF World Economic Outlook Database	[g] Expatistan.com
[d] UNDP: Human Development Reports	[h] Republic of Congo, National Credit Counsel

expected to reach a peak in 2019. Average inflation is expected to stay below the Central African Economic and Monetary Community (CEMAC) norm of 3 percent.⁴ The primary sector remains the main driver of growth in the Congo due to the rebound in oil production; worth noting is the entry into production of the Moho Nord field in 2017 with an estimated production of 100 000 barrels per day. Africa (FCFA), is the Central Bank of the six states. The convertibility and fixed rate of the CFA franc with the euro is guaranteed by the Bank of France since 1999, as was previously the case with the French franc.

The Congo has 11 banks, among them Société Générale, Crédit du Congo (part of Moroccan Attijariwafa Bank) Gabonese and French International Bank of Gabon (BGFI Bank) International Commercial Bank (part of Banque Populaire France), and Congolese Bank (a subsidiary of BMCE Morocco). The most recently established bank is the Sino-Congolese Bank for Africa (BSCA Bank), created in

December 2014 with a capital of US\$100 million (CFA53 billion), with the Agricultural Bank of China as the main shareholder. Of the 11 banks registered in Congo, two are majority controlled by the Congolese government, the Postal Bank of Congo, 80 percent owned, and the Congolese Bank of Housing, 67.4 percent owned. The aggregated balance sheet of banking in the Congo totalled CFA2 232.6 billion (US\$3 848 332 620) in 2014, an increase of 15 percent compared to 2013. The total amount of deposits was CFA1 990 4 billion (US\$3 430 852 480), or a 14.7 percent increase. The total amount of gross credit granted to customers was CFA1 114.5 billion (US\$1 921 063 650) in 2014, an increase of 6.1 percent compared to 2013.

The Congo has 63 microfinance institutions, 13 of which are in Brazzaville and 23 in the second largest city of Pointe Noire. The biggest microfinance institution is Mutual Savings and Credit (MUCODEC) a network of mutual federal funds, whose mission is to support small businesses. The bulk of MUCODEC's operations are focused on public sector employees. In 2014, microfinance institutions' deposits were CFA249 billion (US\$429 201 300), an increase of 13.3 percent compared to 2013. The credits granted in 2014 amounted to CF 63.7 billion (US\$109 799 690 million), an increase of 8.6 percent compared to 2013. To this is added the Fund for Participation in the Promotion of Enterprises and their Development known as (CAPPED), whose mission is to contribute to promoting the economic and social initiatives of its members.⁵ In addition, in November 2007, the government created the Congolese Housing Bank (BCH) to carry out all banking operations aimed at implementing housing policy.⁶

This was followed in 2008 by the creation of a National Housing Fund to aid financing private property development for Congolese households. In addition, in CEMAC, nearly 70 percent of loans on average are secured by personal guarantees, the value of which, on average, significantly exceeds the loan amount. In the Congo, only 9 percent of the adult population has a formal bank account, which is below the CEMAC average. Only 20 percent of the upper-class population has a formal account against 1.1 percent of the poor, which makes Congo the country with the lowest banking inclusion in Sub-Saharan Africa. Furthermore, bank restrictions on account opening has resulted in informal savings (for 30 percent of the population) or the hoarding of money.

Access to finance

The Congo's financial system primarily consists of banks and mobile banking, and microfinance institutions. The Congo is a member of the CEMAC, an economic and monetary community where six member countries share the CFA franc, and where the BEAC, the francophone financial institution for Financial Cooperation in Central

Affordability

The Congo's income per capita average is approximately CFA1 386 930 (US\$2 651.70).⁷ Significant inequality has left most of the population living in slums. Unemployment is 11 percent, affecting in particular 22.83 percent of young people between the age of 15 and 24 in 2018.⁸ The results of the 2007 general population and housing census, the Congolese household survey for poverty assessment, shows that the housing stock is largely dominated by individual houses (64.4 percent), especially in urban areas where 59 percent of households are privately owned and 37 percent are rented. Nevertheless, only 2.6 percent of households live in modern types of dwelling, which means almost 97 percent of urban areas are slums.⁹ Thus to improve the living conditions of its citizens, BCH provides housing loans through a home-ownership savings scheme made up of three different types of plans, namely: 4 years, 5 years and 6 years. In the city of Brazzaville at Camp Clairon, and for housing from 60m² to 300m², the surface cost is CFA400 000/ m² (US\$689.48/m²). In part of the Brazzaville city centre, rental prices have declined from CFA1 million (US\$1 767) to CFA500 000 (US\$884) a month in suburbs, and between CFA25 000 and CFA30 000 (US\$45 to US\$55) in popular areas for a two-bed roomed unit.

The rental market in Congo is mostly dominated by private individuals; in Brazzaville, the rent for a five-room apartment is CFA400 000 – CFA750 000 (US\$689.48 – US\$1 292 775) for a villa. The purchase price would be CFA 65 million (US\$1 12 040.50). Higher middle income earners in Congo have an average income of CFA422 000 a month (US\$727.40) and the purchasing power of the average Congolese is approximately CFA258 555 a month (US\$445.67).

Availability of data on housing finance

The Congo does not have a central housing records system, but the following institutions collect data on housing and financing in Congo: Ministry of Construction, Urbanism and Habitat, Direction Générale des Impôts -Conservation des Hypothèques et de la Propriété Foncière, Property Registry (Conservation Foncière), Direction Départementale des Affaires Foncières, du Cadastre et de la Topographie de Brazzaville, and SNHLM.

Consequently, it is difficult to imagine how middle-class members could buy or rent such houses. The price of newly built home is often too high and out of reach for an average earner: often, people pay CFA1 to CFA3 million (US\$1 723 – US\$5 171) for a plot of 400m² in the suburbs for a self-built house.¹⁰

Housing supply

During the oil boom of 2004 to 2014, the government planned housing programmes in several cities to meet the increasing demand for housing: 3 000 social housing homes have been built throughout the country, and another 3 000 are under construction.¹¹ However, this housing programme is still far from meeting the demand for housing. Through the BCH and the National Habitat Fund, 200 apartments are to be built at Camp 15-August and 964 houses at Camp Mpila, 200 of which are available. In 2016, the Congolese bank was in negotiation for finance of CFA179 862 million (US\$310 million) for a construction programme of 5 000 houses in 2019, which is yet to be completed.

To deliver its housing programme, the government's working approach is a public-private partnerships, as well purely private initiative. Based on this approach, in the gardens of Ba-Congo, 280 housing units have been built. The model, commonly called "sakasaka," consists of one living room and three bedrooms with an area of 111.7 m² and a garden. The average sale price is CFA35 075 500 (US\$60 459) excluding notary fees and land title. However, this price would be revised downward if the family's income is low, according to the provisions of the National Housing Company (la Société Nationale des Habitations à Loyer Modéré (SNHLM)). The most expensive housing model is the Papaya, offering two living rooms and five bedrooms for a total of 278.2m², on a large plot with a garden, costing CFA91 553 000 (US\$ 157 809.90) excluding notary and land title fees. In the Clos de l'Alima in Oyo, 203 dwellings are still under construction. The "llanga" model is a building comprising six living spaces of 288.08m² on a large plot with garden at CFA105 821 000 (US\$182 403). In Owando Cuvette department, Linengué 1 and 2, there are 252 dwellings are under construction. Since 2002, the Soprog, under the leadership of the Ministry of Construction, Urban Planning and Housing, has been working hard to provide access to housing for all Congolese citizens. A large social and economic housing project has been completed in the neighborhoods of Bacongo, Clarion Camp, Camp August 15, M'pila, and Kintélé. This programme is part of a public-private partnership and there are plans to build more than 1 300 houses, some of which have already been completed and sold.¹²

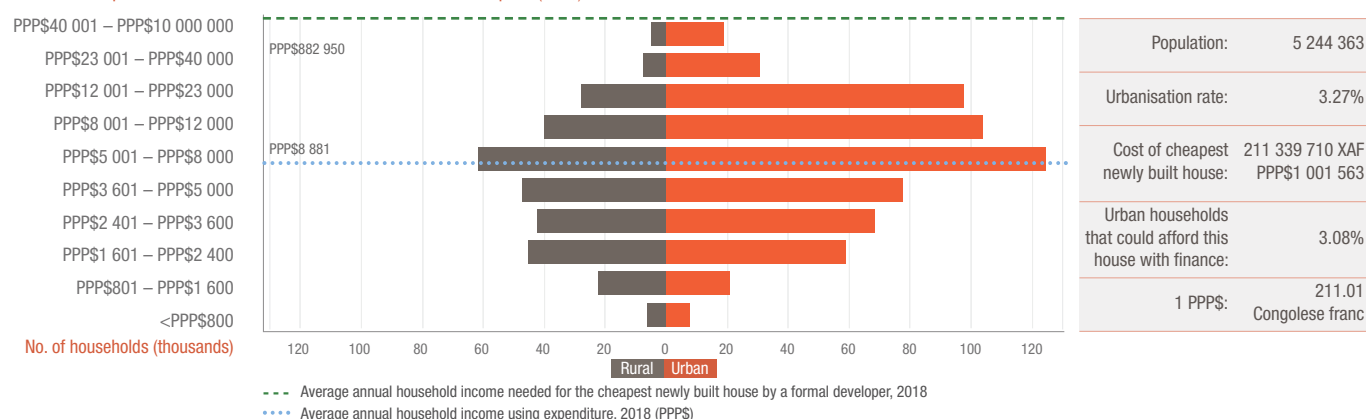
Furthermore, to accelerate the urban development of the country, the government has indicated, through the Minister of Construction Urbanism and Habitat, that approximately 3 070 houses spread across the country are under construction.¹³ Further construction of 10 000 social housing units is planned in the near future in Brazzaville and Pointe Noire.¹⁴ Another planned social housing project in the pipeline is the extension of the social housing project, executed by the Moroccan company Addoha Douja Promotion Congo in Mpila area north-east of Brazzaville, which was ravaged by the explosion at the nearby army barracks in 2012.¹⁵

Property markets

The Congo property market is well-developed in the main urban areas of Massengo or Kintele in Brazzaville, and Nanga, Ngoyo, Warf and Mpita in Pointe-Noire. However, the residential market is driven by private ownership and a limited number of property developers could be linked to the land tenure regime, which is mostly based around the unregistered recognition of property rights,¹⁶ including informal land transactions under customary tenure.¹⁷ The consequence

CONGO REPUBLIC

Annual income profile for rural and urban households based on consumption (PPP\$)



Source <https://www.cgidd.com/C-GIDD, 2019>

of the land tenure regime and informal land transactions has been that urban sprawl is a permanent feature of urbanisation in Congo-Brazzaville. This not only propagates slums for low income dwellers but also entails locally embedded ways of building the city in the absence of state-led planning. For example, in the city of Pointe- Noire, communal rural land is being converted into residential areas through speculation, commercialisation, and unregulated spatial expansion, resulting in ever-increasing number of new suburbs.¹⁸

On the World Bank ease of doing business index, Congo scored 64.04 and ranked 127 out 199 in the world on dealing with construction permits; it ranked 177 and scored 3.5 on registering property.¹⁹ The Congo has a fully functional deeds registry office known as the Property Registry (Conservation Foncière). However, there is no electronic database or digital land title system. Most titles or deed records are kept in the largest business city in paper format, though to some extent the documents are in a computerised format (scanned or fully digital).²⁰

The building boom sweeping across African cities seems to have reached Congo's commercial capital, as there is always some apartment available for rent, from a single room, to a 2- or 3-bedroom apartment or even a fully walled house.²¹ The common practice of property market advertisement is done through informal "housing agents," middlemen or women, whose business is to connect the landlord and potential tenant by booking viewing sessions, subject to payment of fees. Nevertheless, there are also few registered property agents who advertise online.

Policy and regulation

The government has been slow in instituting reforms to mitigate the constraints to housing supply. The main constraints are in land ownership and property registration (getting land title certificates), access to serviced land, construction and development, and the availability of finance. The Congo has made transferring property less costly by lowering the property transfer tax rate.²² On 26 September 2013, the President of Congo promulgated Law No. 19-2013 establishing the Sn-HLM (National Society of Low-Rent Housing), which is a public company, under the supervision of the Ministry of Construction, Urban Planning and Housing. The creation of this company is an important step in improving access to social housing.

The Congo is part of the Organisation for the Harmonisation of Business Law in Africa (OHADA), a commercial code adopted by 16 African countries that governs investments and business practices. The purpose of this treaty is to harmonise business laws in those countries by developing and adopting simple, modern and common rules adapted to their economies, setting up appropriate judicial procedures, and encouraging recourse to arbitration for settlement of contractual disputes.

Law No. 24-2008 on Land Tenure determines the regime for the recognition, possession, use and exploitation of urban land areas by public and private persons.

Law n° 27 - 2011 of 3 June 2011 established the Land Agency for Land Development. This creates a public institution of an industrial and commercial nature called the Land Development Agency, which is responsible for carrying out land acquisition operations; the development and disposing of areas of land necessary for the realisation of projects of general interest; and to contribute, on behalf of the State, to the collection by the public treasury of the fees relating to the acquisition, development and transfer of land. According to Law No. 17-2000 on the Land Ownership Regime, real property and real property rights belonging to natural or legal persons of Congolese or foreign nationality are subject to the provisions of this law.

Opportunities

The Congo is highly urbanised, with more than two-thirds of the population living in towns and cities. The urbanisation growth is estimated at 3.28 percent a year. This urban growth will affect the public services and economic activity in the two big cities, Brazzaville and Pointe-Noire. The urban economy supplies 80 percent of GDP, mainly from oil production at Pointe-Noire and administration and services based in Brazzaville.²³ Thus, demand in the building sector and property development industry is high, including for commercial and residential buildings or hotels, everywhere in the capital city of Brazzaville and in Pointe-Noire.²⁴

The property market was also stimulated by government's launch of the National Development Programme (PND) 2012-2016, a strategy for diversifying the economy to accelerate "growth, job creation, poverty reduction, and to boost the emergence of Congo." Thus, the Congolese government and its development partners have put in place the Urban Development and Poor Neighbourhood Upgrading Project (DURQuaP). Totalling CFA71 944 800 000 (US\$124 million), the project aims to increase people's access to basic services in selected poor neighbourhoods of Brazzaville and Pointe-Noire and to strengthen government and municipal capacities for urban upgrading. Technical and environmental studies are under way, and the first work under the project is expected to take place in the first part of 2019.²⁵ In addition, the government has put in place a favourable investment climate to boost the construction industry.

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Côte d'Ivoire

Authors: Olivier Vidal, Jean Philippe Ado and Alex-Armel Monse Kipayko



Overview

For the seventh consecutive year, Côte d'Ivoire's economic growth forecast is projected to exceed seven percent (7.2 percent) in 2019. The Ivorian economy continues to be one of the most dynamic in the world, despite a slight decline of 200 basis points compared to 2018 (7.4 percent).¹ In 2019, the private sector regained its momentum due to government reforms aimed at improving the business and investment climate.² A new commercial court was created to help ensure impartiality and accelerate dispute resolution; and a new mining and telecommunication code were enacted to increase investment in those sectors.

Inflation was at an estimated 0.5 percent in 2018³ and will remain below the three percent threshold for the West African Economic and Monetary Union (WAEMU) due to the contribution of the agricultural sector led by the production of cocoa. The current account deficit is projected to stabilise at 2.8 percent in 2019, in connection with sustained imports of goods related to infrastructure projects.⁴ The population is estimated at 26 020 970 with 56.9 percent urban population and a population density of 80.3 per km².⁵ According to the National Census of 2014, 49.7 percent of the population live in towns and cities including 19.4 percent in Abidjan. The authorities expect to address the demands of urbanisation through ongoing investment projects aimed at doubling electricity by 2020, implementing an urban plan for the districts located in Abidjan, and upgrading the road between Bamako and San Pedro.

The Government of Côte d'Ivoire (GOCI) has adopted an economic and financial programme (2016-2020) and implemented reforms set out in the memorandum of economic and financial policies 2016-2020 (Plan National de Développement 2016-2020, PND) to boost the economy. It welcomes foreign investment and is expecting to attract about US\$38 billion in private sector investment through public-private partnerships to implement its PND.⁶

Housing is a growing concern for the authorities. The construction of 60 000 social housing units for the period of 2010-2015 followed by 150 000 units by 2020 was expected to decrease the backlog of 600 000 houses across the country.⁷ However, the government estimates the annual housing deficit in the capital alone to be 200 000 and has diversified its housing programme to accelerate production. In 2019, an appraisal of the social housing scheme showed that less than 12 000 units has been built since the inception of the project.⁸ To address this, the GOCI has reaffirmed its commitment to access to housing and

KEY FIGURES

Main urban centres	Abidjan, Yamoussoukro, Korhogo
Exchange rate: 1 US\$ = [a] 1 July 2019 1 PPP\$ = [b]	580.15 CFA Franc (XOF) 227.01 CFA Franc (XOF)
Inflation 2018 [c] Inflation 2019 [c]	0.3 2.0
Population [b]	25 069 229
Population growth rate [b] Urbanisation rate [b]	2.5% 3.5%
Percentage of the total population below National Poverty Line (2017) [d]	63.9%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	2.6%
Proportion of the adult population that borrowed formally (2017) [b]	2.2%
GDP (Current US\$) (2018) [b]	US\$43 007 million
GDP growth rate annual [b]	7.4%
GDP per capita (Current US\$) (2018) [b]	US\$1 716
Gini co-efficient (2017) [b]	41.50
HDI global ranking (2017) [d] HD country index score (2017) [d]	170 0.492
Lending interest rate (2017) [b]	5.10%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding [f]	696
Value of residential mortgages outstanding (US\$)	US\$65.7 million
Number of mortgage providers [g] Prevailing mortgage rate	30 8.38%
Average mortgage term in years [e] Downpayment	10 25%
Ratio of mortgages to GDP	0.15%
What form is the deeds registry? [e]	Computer - Scanner
Total number of residential properties with a title deed [h]	4 210 000
Number of houses completed [m]	12 785
Number of formal private developers / contractors [i]	161
Number of formal estate agents [j]	121
Cost of a standard 50kg bag of cement (US\$)	5 000 XOF (US\$8.62)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [k]	15 500 000 XOF
Size of cheapest, newly built house by a formal developer or contractor in an urban area [l]	78m ²
Average rental price for this unit in an urban area (local currency units)	50 000 XOF
Number of microfinance loans outstanding [g]	391 724
Number of microfinance providers [g]	51
Number of housing construction loans outstanding [f]	696
Number of providers of construction finance [f]	30
World Bank Ease of Doing Business Rank [e]	122
Number of procedures to register property [e]	6
Time (in days) from application to completion for residential units in the main urban city	30

NB: Figures are for 2019 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF):
Property KRO

[a] Coinmill	[h] Foncie Rural
[b] World Bank World Development Indicators	[i] Minister of Construction, Housing and Town Planning
[c] IMF World Economic Outlook Database	[j] Proimmo.ci
[d] UNDP: Human Development Reports	[k] Abidjan Solution
[e] World Bank Doing Business 2018	[l] Go Africa Online
[f] World Bank Publications	[m] Portail Officiel du Gouvernement de Cote d'Ivoire
[g] Ministry of Economy and Finance	

opened the national market to international private developers with financial capacity. The Shelter Afrique managing director and the Ivorian Minister of Housing, Construction and Urbanism have also entered into a partnership agreement for the realisation of 3 000 units.⁹ Producing an adequate supply of cement is being ensured with a new cement plant by Moroccan company Ciment de l'Afrique (Cimaf), which is under construction, as well as Nigeria-based cement company Dangote Cement, a Chinese-Ivorian joint venture Prestige Ciment Côte d'Ivoire (PCCI), and Ciments de Côte d'Ivoire (CIM Ivoire). PCCI inaugurated a US\$35 million grinding plant outside of Abidjan over a five hectare facility production with a capacity of 1.2 million tonnes of cement a year. CIM Ivoire will have a three million tonnes a year capacity, partially funded through a US\$9.4 million loan from the West African Development Bank. All these cement facilities are expected to create over 160 direct and over 300 indirect jobs in the country.¹⁰

Access to finance

Côte d'Ivoire accounts for 30 percent of WAEMU's private accounts, 32 percent of ATM machines, and 70 percent of the mobile banking subscriptions in the union. According to the Central Bank of the union (BCEAO), the country's financial industry is growing, and innovative activities are taking place to promote financial inclusion. To date there are 28 banks, two financial establishments, 80 microfinance institutions (MFIs) and two financial institutions.¹¹ According to the BCEAO 2019 August report, the total credits for the country declared to the Central Risk for buildings and public works were estimated at CFA161 billion (US\$269 million short-term credit in April 2019) and CFA17 billion (US\$28 million long-term credit in April 2019).¹² In the Ivorian banking sector, prime is around 10.82 percent with interest rate at an average 14.51 percent.¹³ The yearly average indicator business climate indicator for the country was 103.7 in 2018 and 105.0 represents the monthly average for August 2019.¹⁴

Access to finance is limited with approximately 20 percent of the population having access to financial services, with most of the banks' activities being concentrated in Abidjan.¹⁵ In 2018, the total number of resources collected by the banking sector was estimated at more than CFA9 000 billion (US\$1.5 billion), which represents 20 percent of growth. The amount of credit granted to individuals as a percentage of GDP was 22.4 percent in 2016.¹⁶ According to the World Bank's Global Findex, which measures financial inclusion, only 41.3 percent of adults aged 15 and above have bank accounts, six percent have savings, and three percent have borrowed from formal financial institutions.¹⁷ Mobile money is driving the overall progress of financial inclusion, with 38 percent of the adult population having a mobile money account in 2017, the highest rate in the union. As a result, access to financial services is mostly through mobile money. A mere two percent of the financially included do not use mobile money, and 11 percent of adults are using informal financial services.¹⁸

In the microfinance sector, total deposits have increased by 247 percent over five years, from CFA72 billion (US\$127.05 million) in 2012, to CFA250 billion (US\$411.1 million) by the end of September 2017. In the first quarter of 2019, the total assets of the sector were estimated at over CFA 445 billion (US\$745 million) with more than 1.7 million members.¹⁴ The top four microfinance institutions, UNACOOPEC-CI, CAC, ADVANS and MICROCRED, have around 75 percent of the total clientele.¹⁹

A number of institutions are involved in the financing of housing. The National Investment Bank (BNI) provides its customers with a 20-year mortgage at 5.5 percent and requires a 10 percent downpayment. The borrower must have a cheque account and earn a minimum of CFA 800 000 a month.²⁰ The Housing Bank of Côte d'Ivoire (BHCI) offers a 20-year mortgage at 6.99 percent with a 57 percent loan to value.²¹ Others are the Support Fund for Housing (Fonds de Soutien à l'Habitat, FSH), the Urban Land Account (Compte des Terrains Urbains) and the Housing Mobilisation Account (Compte de Mobilisation pour l'Habitat, CDMH). The CDMH was created to give financial assistance and tax incentives to stimulate the delivery of affordable housing for low income buyers.

Access to housing finance remains a challenge in Côte d'Ivoire. To alleviate the difficulties, the government has been able to negotiate a 5.5 percent interest rate for housing loans, repayable over 25 years. M. Celestin Koalla, director of the housing and land settlement of the ministry of construction, housing and urbanism, has stated that the GOCI will create a guarantee fund for unbanked end-users who would like to take up a home loan with banking institutions. The guarantee fund will serve as security for banks to assist unbanked households to access to housing as well as private developers that need financial assistance to support the housing delivery chain.²²

However, the FSH and the creation of a mutual guarantee fund for the president's programme of constructing 60 000 houses between 2010 and 2015 have not fully materialised. Among the many reasons for this are a lack of adequate funds to compensate the traditional owners of land, the lack of financial and technical competence of the local developers, and the underestimation of the selling price of a housing unit, initially priced by the government at CFA5 million (US\$8 700).

The GOCI has since adopted new measures to satisfy consumers, housing developers and financial institutions. These are the revision of interest rates and house prices. The cheapest house is now priced at CFA12.5 million (US\$21 750).

Availability of data on housing finance

In Côte d'Ivoire, the National Institute for Statistic was created in November 1996. It is responsible for ensuring the technical co-ordination of the activities of the national statistical system and for carrying out the production and dissemination of statistical data for the needs of the government, public administration, the private sector and development partners. With the support of the African Development Bank, in 2016 the Ivorian government put an open data platform in place which provides relatively updated information on the country housing sector. The central bank and international organisations such as the World Bank provide updated information on the financial sector and some aspects of the housing finance sector; however, it remains challenging to obtain updated information on mortgages.

The GOCI also introduced new incentives in 2017 by Ordonnance No 2017 – 279 du 10 mai 2017 to encourage real estate developers. It has put in place a 50 percent reduction of taxes on profit for those developers that dedicate 60 percent of their production to very low income groups (social housing). The government is also encouraging institutions and corporations to participate in housing development for their employees as well as foreign countries to invest in the national housing market. Through its partnership with Côte d'Ivoire, Indonesia will soon issue two loans estimated at CFA130 billion for the financing of GOCI social housing projects and road projects.²³

Affordability

The year 2019 started with the government's ambitious social programme, valued at CFA727.5 billion (US\$ 1.2 billion) over two years, aimed at enhancing the social welfare of Ivoirians. This social subsidy will target the poorest households, with a quarterly grant of CFA35 000 (US\$ 58).

To accelerate affordability and to boost industrialisation in the housing value chain, the authorities introduced Circulaire No. 12, which reinforced the capacity of the CDMH to finance banks, housing developers and homeowners on favourable terms.²⁴ The Banque Atlantique hosted a roundtable on the role of financial stakeholders in facilitating access to housing finance. The bank is concerned with a large number of households without access to housing finance and committed itself during the roundtable to finding specific solutions around affordability.²⁵

The average Ivorian earns less than CFA60 000 (US\$104.40) a month, which has been the minimum salary since 2013. The minimum salary relates to people working for the government and the formal private sector and barely represents 18 percent of the labour force. Most of the population works in the agricultural sector and the informal sector. They live in shanty houses in areas such as Koumasi, where there is little or no urban infrastructure. According to the local press, rents in these areas range between CFA35 000 and CFA75 000 (US\$60.90 to US\$130.50) for a room. Rents are rising in the residential zones, especially areas such as Plateau, Cocody and Marcory, where most expatriates live. According to a Frank Knight 2018 report, a four-bedroom executive apartment is about US\$3 700 a month.

In an attempt to boost affordability, the government continues with efforts to reinvigorate the housing sector. These include reducing the procedures for obtaining construction licences, decreasing the cost of refinancing for banks to two percent, and maintaining the interest rate for housing loans at 5.5 percent.

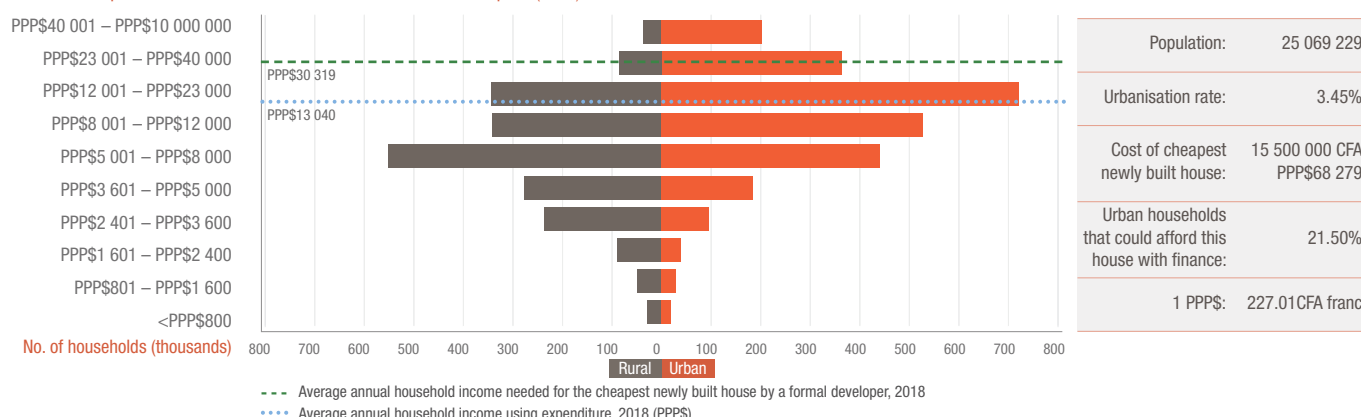
Housing supply

Most houses in Côte d'Ivoire are informal and self-built. Informal enterprises produce most of the stock of houses in the country. However, the government has contributed to housing development between 1970 and 1980, especially in Abidjan through economic development policies. SOGEPHIA and SICOI are the two public companies in charge of housing development and property management and they have produced housing on a large scale.²⁶ As of 1995, the government stopped subsidising housing, contributing to an acute deficit in housing even before the civil war.

Over the past five years, the government have been focusing on investing in mass-produced affordable houses through different mechanisms to bridge the gap

COTE D'IVOIRE

Annual income profile for rural and urban households based on consumption (PPP\$)

Source <https://www.cgidd.com/C-GIDD>, 2019

between supply and demand. This has seen increased construction in the country's cities and more particularly in Abidjan. Among notable construction projects are those of Group Alliance and Group ADDOHA. In December 2017, Alliance delivered a first tranche and ADDOHA delivered one project (out of four projects of 5 000 houses), which has already been entirely commercialised and is in the business area of Le Plateau in Abidjan.²⁷

Given the need of an estimated 400 000 to 600 000 units, with a yearly increase of 50 000. The Ivorian government is planning to address the need of 400 000 new homes essentially for low income households (of which 200 000 are needed in the economic capital of Abidjan).²⁸ However, as of November 2018, on a scale of 150 000 targeted objective for 2020 to be constructed, only 10 249 were completed, which represents less than 10% of total completion. Housing supply in the capital is less than 3 000 a year and 68 percent of Ivoirians are renters, according to a Knight Frank 2015 study. Following the slow completion rate observed among local developers, the government has approached international developers with financial capacity and more advanced technical skills to meet their 10 000 to 20 000 housing targets on a yearly basis.²⁹

The housing deficit is a source of rent speculation and other consumer complaints. To protect the population, Le Ministre de la Construction, du Logement de l'Assainissement et de l'Urbanisme introduced a code of urban properties in 2015 (Le code du foncier Urbanisme) to regulate rents and minimise rental guarantees and other miscellaneous rental funds.³⁰

In February 2017, Opes Holding SA signed a loan agreement with Ikdam Turc CI SA. The loan consisted of CFA13 billion (US\$23.1 million) for the development of a real estate project in Abidjan and its countryside.³¹

In May 2019, SICOI managing director, Bouaké Fofana, and the managing director of the Chinese group China Railway construction Corporation, Mo Wenhe, indicated their ambition to construct 50 000 housing units over a three-year period. This operation will be part of the government's PND social housing programme. This will see the installation of a prefabricated materials plant, to service the subregion. This housing programme should generate 4 000 jobs.

The government recognises the limitations of the country's housing policy, as illustrated by the gap between supply and demand for homes. The measures introduced in 2016 by the former minister to create a special fund to serve as a guarantee for banks are yet to be fully implemented. These measures are taxes on the importation of construction material, cement and clinker, and a housing tax on salary.

Property markets

According to the Knight Frank 2017-2018 report, rents are increasing.³² The average price for a four-bedroom executive villa at Cocody, which is a prime location, is US\$3 700 a month. Demand for retail space and offices is also going

up. Response to demand can be seen in new office and retail developments such as Green Buro in Cocody and Renaissance plaza project in Plateau. Rental prices range from CFA125 000 to CFA200 000 (US\$217.50 to US\$348.52) for a "studio" in Abidjan targeted at the middle income population. There is a huge gap between rents, depending on the geographical location of the property. According to local market information, rents in the low income areas range between CFA45 000 and CFA55 000 (US\$78.30 to US\$95.70) for a room in a multi-room building in popular zones. For houses built under the government programme, prices range between CFA12.5million (US\$21 750) and CFA23 million (US\$40 020).³³

Côte d'Ivoire improved its rank in doing business as far as registration of property is concerned, from 120 in 2015 to 113 in 2018.³⁴ The cost of registration has fallen to 7.4 percent, still high by international standards. The registration process of 30 days, though unaffordable for most of the population, is among the lowest in the region. The quality of the land administration index is 10.5 in 2019. This is a slightly improvement considering that for the year 2017/18 there were no data available for this specific component in the doing business report. The country has begun digitising its land registry system, implementing a more efficient delivery system for property documents, and lowering the property registration tax. Over 5 751 property related administrative documents have been issued by the land and housing authority. Among those documents, over 4 000 title deeds were issued as well as over 300 construction permits only for the year 2019.³⁵ The World Bank's Doing Business 2019 report ranks Cote d'Ivoire in 142 place out of 190 countries for dealing with construction permits, with 21 procedures, and 162 days, a net progress compared to last year when it was 152/190 for dealing with construction permits.³⁶

Policy and regulation

Before 1998 and according to customary law, women in Côte d'Ivoire were neither allowed to own land nor inherit it. Law No. 98-75, the rural land law, permits women to own land; however, in rural areas men are still the main beneficiaries of land. Although government agencies are responsible for land registration, a law (No 2013-481) was passed in July 2013, called Arrêté de Concession Définitive, as the sole document for urban land registration. According to the housing minister, this law is to facilitate the process of land acquisition and protect the right to property.

However, the most recent municipal land regulation and building code was drawn up in 1996. The minimum house size that can be built in Abidjan is 100m² and the maximum height is four storeys, although in some municipalities more space and height is allowed.

Côte d'Ivoire has improved the strength of its legal rights through amendments in 2012 to the OHADA Uniform Act on Secured Transactions, which broadens the range of assets that can be used as collateral (including future assets), extends the security interest to the proceeds of the original asset, and introduces the possibility of out-of-court enforcement.

Although legal rights have been improved, the government and the citizens recognise the limit of the country's housing policy. In 2016-2017 new regulations (Ordonnance No 2017-279/ 10 May 2017) were enacted, and efforts are being made to enforce various existing rules and regulations. It is expected that the improvement of housing policies will contribute to bridging the gap between supply and demand for homes, especially affordable houses.

Laws relating to housing include:

- Law 62-253/31-7-62: Invests full authority in the ministry of housing for the development of the country's urban planning.
- Law 2003-208/7-7-203: Modified law 62-253/31-7-62 and transfers the authority from the central government to local authorities.
- Law 98-750/23-12-98: Transfers customary land rights to private property rights regulated by the state.
- Law (No 2013-481) Arrêté de Concession Définitive: Passed in July 2013 and is the sole document for urban land registration. Facilitates the process of land acquisition and protects the right to property.
- Ordonnance No 2017-279/ 10 May 2017: Reduction of 50 percent of taxes on profit for those developers who dedicate 60 percent of their production to social housing for the very low income group. This aims to encourage real estate developers to invest in housing development for low income groups. Fixes prices of houses built in the governmental programme: CFA12.5 million (US\$21 078) for social housing and CFA23 million (US\$40 020) for economic housing.

To improve its regulatory framework, in March 2019 the government formally created a one-stop-shop for obtaining building permits, simplifying procedures, and reducing registration and miscellaneous costs.³⁷ The country has also introduced an electronic Land Registry to streamline land title acquisition.

Opportunities

The national housing market is developing, and the needs are enormous, which means great opportunities in all segments of the real estate industry – retail, industrial and tourist. The government is making efforts to improve the business

climate, implement the ambitious National Development Plan, reform the banking sector, and simplify construction procedures and property registration. In March 2019, the Minister of Housing, while recognising the important delays in the realisation of the 150 000 affordable units promised in 2015 to be delivered by 2020, reiterated the government's engagement in facilitating a massive affordable housing programme, with the help of international real estate developers.³⁸

Côte d'Ivoire increased its cement production in 2018 with the setting up of the Cimaf factory with an annual capacity of 300 000 tons in Bouake.

In summary, the increased presence of foreign investors and developers, various government development programmes, and the efforts of the government to modernise and diversify are indicators of opportunities for the housing finance and housing development sectors.

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Democratic Republic of Congo

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Overview

The Democratic Republic of Congo (DRC) covers an area of 2 344 858km and includes a population of 97.879 million.¹ The country is surrounded by nine border countries and has immense natural resource reserves which support business and investment opportunities. Despite its resources, the DRC struggles with many socioeconomic problems such as ongoing conflicts, mismanagement of resources, the Ebola epidemic and food insecurity. The overall coverage of basic public services – education, health, sanitation, and potable water – is limited.²

The DRC's mineral wealth has allowed some real gross domestic product (GDP) growth, as the extractive sectors produce copious quantities of copper, cobalt and gold. A growing population in the DRC also drives economic growth through consumer spending. The economy has continued to grow, mainly driven by the recovery in mining production and the good performance of world copper and cobalt prices.³ Growth of 4.7 percent is projected this year and 4.8 percent in 2020.⁴ The national development plan, Plan National Stratégique de Développement 2017-2021, focuses on making the DRC an emerging market economy by 2030 and a developed country by 2050. The presidential and legislative elections took place on December 30, 2018 and Felix Antoine Tshisekedi was proclaimed winner with 38.5 percent of the vote.⁵

Access to finance

The Congolese financial system is expanding but remains fragile and operates primarily through the Congolese Central Bank (BCC). The financial sector comprises 17 licensed banks, a national insurance company (SONAS), the National Social Security Institute (INSS), one development bank, SOFIDE (Société Financière de Développement), a savings fund (CADECO), 102 microfinance institutions and cooperatives, 72 money transfer institutions which are concentrated in Kinshasa, Kongo Central, North and South Kivu and the former Katanga provinces, three electronic money institutions, and 23 foreign exchange offices.⁶

The BCC developed a charter of compliance with international financial rules that has been accepted by virtually all banks operating in DRC. The stricter regulatory regime put in place after the global financial crisis increased bank compliance costs, however, and the resultant de-risking saw the bank lose two of its three remaining correspondent banks. It currently works with one correspondent bank, Citigroup.⁷ All foreign banks accredited by the BCC are considered Congolese banks with foreign capital and fall under provisions and regulations covering the credit institutions' activities in the DRC.

KEY FIGURES

Main urban centres	Kinshasa, Lubumbashi Boma, Goma
Exchange rate: 1 US\$ = [a] 1 July 2019 1 PPP\$ = [b]	1 649.94 Congolese Franc (CDF) 979.55 Congolese Franc (CDF)
Inflation 2018 [c] Inflation 2019 [c]	29.3 8.4
Population [b]	84 068 091
Population growth rate [b] Urbanisation rate [b]	3.2% 4.5%
Percentage of the total population below National Poverty Line (2017) [d]	46.5%
Unemployment rate (% of total labour force, national estimate) [d]	65.0%
Proportion of the adult population that borrowed formally (2017) [b]	3.0%
GDP (Current US\$) (2018) [b]	US\$47 228 million
GDP growth rate annual [b]	5.80%
GDP per capita (Current US\$) (2018) [b]	US\$510
Gini co-efficient (2017) [b]	61.00
HDI global ranking (2017) [d]	176
HD country index score (2017) [d]	0.457
Lending interest rate (2017) [b]	20.60%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$) [f]	US\$106 million
Number of mortgage providers Prevailing mortgage rate	6 14.0%
Average mortgage term in years [g] Downpayment	25 n/a
Ratio of mortgages to GDP	0.22%
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed	n/a
Number of houses completed	2 500
Number of formal private developers/contractors [h]	19
Number of formal estate agents	29
Cost of a standard 50kg bag of cement [i]	15 000 CDF (US\$9.09)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [j]	65 997 901 CDF
Size of cheapest, newly built house by a formal developer or contractor in an urban area	30m ²
Average rental price for this unit in an urban area (local currency units) [k]	2 309 927 CDF
Number of microfinance loans outstanding	n/a
Number of microfinance providers [l]	18
Number of housing construction loans outstanding	n/a
Number of providers of construction finance [l]	6
World Bank Ease of Doing Business Rank [e]	184
Number of procedures to register property [e]	8
Time (in days) from application to completion for residential units in the main urban city [d]	122

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[g] Centri
[b] World Bank World Development Indicators	[h] Africapropertynews.com
[c] IMF World Economic Outlook Database	[i] Cemnet.com
[d] UNDP: Human Development Reports	[j] Élan RDC
[e] World Bank Doing Business 2018	[k] Numbeo
[f] Rawbank	[l] Central Bank of Congo

Bank financing is dominated by the collection of deposits, nearly 90 percent of which are denominated in U.S. dollars and held in demand accounts. Nearly 95 percent of loans are in dollars, and clients are mainly companies seeking working capital, primarily for daily operations and import/export activities. Statistics on non-performing loans do not seem reliable. According to the BCC's regulatory framework many banks only record the balance due rather than the total amount of the non-performing loan.⁸

Transactions involving correspondence with associated foreign banks represent a significant part of the activities of DRC banks. Correspondent accounts represent more than 30 percent of bank assets and more than 95 percent of interbank market activity. The profitability of the banks is fragile and has deteriorated over the last year, reflecting high operating costs and exchange rates. Fees charged by banks are a major source of their revenues.⁹

Bank penetration is roughly 6 percent or approximately 3.9 million accounts, which places the country among the under-banked nations in the world. Based on its strategic plan, the BCC seeks to reach more than 20 million bank accounts by 2030. Banks are increasingly offering savings accounts that pay approximately 3 percent interest, but few Congolese hold savings in banks. According to the Banking Association of Congo, of an estimated 65 percent of the population that saves, only 4.7 percent do so through a bank.¹⁰

The rating agency Standard & Poor's in August 2019 raised its outlook on the DRC to positive from stable.¹¹ There has been improvement of electronic transfer and financial inclusion systems, increasing from 3.7 percent in 2011 to over 26 percent in 2017.¹² In 2015 the government approved a Fund for Financial Inclusion scheme to refinance banks, microfinance institutions and cooperatives. Further, in early 2017 the International Finance Corporation signed a US\$1 million agreement with FINCA, a local microfinance institution, to support expanding its digital financial services and access to credit for the low income population and small-scale entrepreneurs.¹³

Affordability

The country is still ranked 176th on the UN Human Development index.¹⁴ Low income earners struggle to access affordable and sustainable housing due to a lack of low-cost housing supply. Both the duration and the interest rates for housing loans are restrictive. While the interest rate is at an average of 24 percent (higher for microfinance institutions), an indirect consequence of the Central Bank's high base interest rate, the maturity of most loans is set at a maximum of 60 months (5 years).¹⁵ High lending rates by commercial banks make it hard for most Congolese to access financial services. The unemployment rate of 4.16 percent with around 70 percent of the population living on less than US\$1.90¹⁶ a day means that more than half of the population is excluded from access to housing finance.¹⁷ Long-term capital is scarce, and most standard personal houses are financed through an instalment sale arrangement facilitated by the developer, and personal savings.

Housing and offices built by private operators are often too expensive for locals. For example, in Kinshasa, the high price of properties (they average over US\$150 000) is pushing the middle class and the poorest segment of the population further away from the city centre. Houses built in the new Kin-Oasis development at Bandalungwa cost around US\$850 000, which few locals can afford.¹⁸ In less central areas like Bandalungwa, Lingwala, Mimoso/Pompage, etc. the average rental prices varies between US\$400-US\$500 a month, yet this price is still out of reach for many Congolese, as civil servants earn less than US\$100 a month. The average rental rate for an apartment in Gombe, a rich suburb of Kinshasa, varies between US\$1 200 and US\$5 000 a month, while the rent for a villa in the same area can cost between US\$2 500 to US\$10 000 a month.¹⁹ The purchase price of an apartment varies between US\$200 000 and US\$450 000, depending on the size of the unit.

Housing supply

Housing demand in the DRC outweighs housing supply, and the country has a housing deficit of approximately 4 million units, while the annual housing requirement is close to 250 000 units.²⁰

The Congolese population could almost double in the next 25 years, from 77.3 million to nearly 132 million. This rapid population growth contrasts with the slow progress of urban housing development and has led to the development of slums in suburban areas. More than 40 percent of the Congolese population live in cities and this number could reach 60 percent in the next 20 years. For example, Kinshasa city accounts for an estimated 54.4 percent of the overall deficit, or 140 000 housing units to be built per year. Despite this market opportunity, banks and microfinance institutions do not yet offer housing products that meet the needs of the low income population and micro-entrepreneurs. This discrepancy is largely due to lack of expertise and knowledge of the market by local actors all along the construction materials value chain; non-existence of long-term funding; absence of appropriate risk-sharing mechanisms; and a weak national political context.²¹

The notion of property development is unknown in rural areas even though they make up 57.4 percent of the country.²² As a result, housing supply is limited and

Availability of data on housing finance

In the Democratic Republic of the Congo data related to housing such as housing finance, housing affordability, housing supply, the property market, and the regulatory framework are limited or simply do not exist. Therefore, data must often be obtained from international sources such as the United States Central Intelligence Agency, the IMF, UN Habitat, United Nations Development Programme, World Bank Group, and the African Development Bank Group. Most of those organisations provide information related mainly to housing supply, economic analysis and housing opportunities. Therefore, information gaps apply more to data on access to finance for housing, household housing affordability, and the housing regulatory framework.

where there is supply it is accessible only to the elite minority. Most households, especially in rural areas, use locally sourced materials like trees, mud and sticks to build houses for themselves.

In his speech for "the urgencies of the first 100 days," the current president of the DRC promised to provide prefabricated social housing in Kinshasa and across the country.²³ Prefabricated houses feature in one of several housing projects planned in the near future, by Karmod. Others are the Corniche Kinshasa by Starstone, an affordable housing project with Hapi Congo, and commercial centres in Kinshasa with Hapi Congo.

Starstone, in partnership with Kinshasa Metro, have split up 187ha into four zones to provide restaurants, commercial buildings, residential houses, lodges, parks, home theatres, hotels and cultural centres.²⁴ Hapi Congo in partnership with Power China plans to construct 200 000 houses throughout the country, with 3-bedroom houses for US\$30 000 sold on credit for 10 years and a deposit of US\$2 500.²⁵ Further, Hapi Congo is planning to build commercial centres and supermarkets for government employees in Kinshasa. Karmod in partnership with the national government of the DRC, is plans to build 300 prefabricated social houses in Maluku, Congo Central, Bukavu, Mbuji Mayi and Kananga.²⁶

In Lubumbashi, a US\$1.4 billion housing development called Luano City, launched in 2010, is still under construction. Luano City is a mixed-used development project of two- and three-bedroom houses, an office park, a retail space and industrial park. Housing development projects in the capital city of Kinshasa include Cité du Fleuve, Cité de l'Espoir, Cité Belle Vie, and Cité Moderne. Sporadic housing developments are in the pipeline in areas like Fungurume, a mining district of the Lualaba province.

Further, UN-Habitat has been working in North Kivu, Ituri, Bunia/Djugu, Mahagi and Masisi Territory, and the Equateur Province on the following projects:

- Housing, Land and Property Interventions in Eastern DRC (Value: US\$8 381 669);
- Housing, Land and Property Interventions in Eastern DRC (Value: US\$1 137 000);
- Housing, Land and Property Interventions in North Kivu and in Ituri (Value: US\$7 281 240);
- Housing, Land and Property Interventions in Eastern DRC (Value: US\$1 499 378);
- Housing, Land and Property Interventions in Eastern DRC (Value: US\$921 761); and
- Participatory Slum Upgrading Programme in Kinshasa Masina (Value: US\$900 000).²⁷

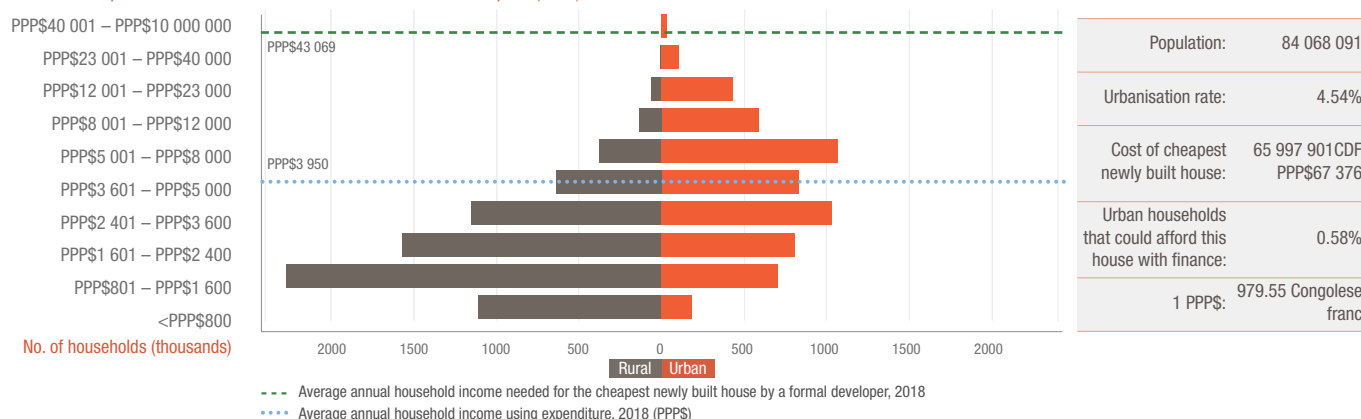
The construction and public works sector has grown considerably because of a better supply of cement in the country in recent years, thanks to the launch of two new local companies, CIMKO and PPC. Limited supply and excessive expense of other construction materials have nonetheless kept construction costs high.

Property markets

The real estate market in the country is weak, especially for urban centres, such as Kinshasa, Lubumbashi, Kisangani, Goma, Kolwezi, Bukavu and Matadi. Sustained

DEMOCRATIC REPUBLIC OF CONGO

Annual income profile for rural and urban households based on consumption (PPP\$)

Source <https://www.cgidd.com/C-GIDD, 2019>

population growth over the last 30 years and the changing socioeconomic development landscape led to a rapid development of Congolese towns and a strong demand relative to supply. The sector features few property developers and a lack of institutions specialising in funding real estate projects. Access to decent dwellings or property is a challenge in DRC, despite the government trying to reduce the acute housing deficit, particularly among urban dwellers in Kinshasa and Lubumbashi. This is aggravated by the price of units, which are more than US\$25 000, well above the affordability level for a working lower middle income household in Kinshasa.²⁸

DRC has a housing deficit of approximately 4 million units, while the annual housing requirement is close to 250 000 units. Although the demand for affordable housing is evidently high, housing projects have been and are still skewed towards the needs of middle income and wealthy individuals, who constitute less than 10 percent of the population.²⁹

Property prices are high and generally aimed at the high-end market. Prime yields of 15 percent can be realised in DRC's retail market, with rents of US\$35/m² a month. Industrial property yields 13 percent at US\$8/m² a month, followed by offices that yield 12 percent at US\$45 m² a month. The residential market yields 10 percent with rent of US\$8 000 a month for a four-bedroom executive house. Beyond the limited, high-end market, however, a clash between statutory and customary land laws undermines property market developments and achieving legal title. Land administration systems are lacking. As a result, where land titling does exist, the price is high (US\$800 to US\$1 000 per hectare). In Kinshasa, land values are even higher – an estimated US\$100 000 per hectare in well-served residential areas.³⁰

The Kinshasa office market is focused on the north of the city, with many of the most important buildings being along Boulevard du 30 Juin. Prime rents are around US\$30/m² a month but can reach US\$40/m² a month for good quality small spaces.³¹

The Kinshasa retail market has shown limited progress in recent years. Shoprite is the only major international retailer in Kinshasa, having a supermarket in a prime position in the Gombe district. Most other supermarkets are relatively small. Goods sold in supermarkets can be prohibitively expensive.³²

Recent industrial property development has been in the eastern areas of the city of Kinshasa, between the port and the international airport. Prime rents for new-build industrial properties are approximately US\$8/m² a month.³³

In the overall Ease of Doing Business index in 2019, the DRC is ranked 184 out of a total of 190 economies. Dealing with construction permits requires 13 procedures in 2019, an increase from the 12 procedures required in 2018; it takes 122 days and costs approximately 15.8 percent of the property value. Globally, the DRC is ranked 165 in 2019 from 121 in 2018 out of 190 economies on the

ease of dealing with construction permits, a negative change for the construction and housing sectors. The DRC is ranked 156 on property registration in 2019, down from 158 in 2018 and property registration can be completed in 38 days through eight steps.³⁴ A recent initiative executed by a local firm, Congo Check focusing on the digitisation of land titles and titling procedures could improve the current land administration systems by increasing transparency.

The state policy is characterised by enormous institutional and regulatory deficiencies. Uncontrolled and non-compliant construction is undertaken without strict supervision from local land and housing departments.³⁵

Policy and regulation

In the DRC, Act 11/020 of 15 September 2011 defines rules governing microfinance. This serves to facilitate mass banking and the establishment of a sound and inclusive financial system. The insurance legislation, Act No. 15/005 of 17 March 2015, was adopted to liberalise the insurance sector and attract private insurance companies. This legislation has allowed the creation of the Insurance Regulatory and Control Authority (ARCA – Autorité de Régulation et de Contrôle des Assurances).

Land Law No 73-021 of 20 July 1973 prescribes standards to regulate the purchasing, sale and leasing of land. Circular Note n°005/CAB/MIN/AFF FUNC/2013 of 12 June 2013 deals with land and property rights.³⁶ The Land Law No. 15/025 of 31 December 2015 on leasing and non-professional rents regulates the real estate sector and circumscribes the role of real estate agencies. Rental is regulated under a new policy that protects tenants from landlords who charge more than three months rental for a deposit.³⁷

Opportunities

Based on its natural resources, the DRC is still an ideal destination for business and investment opportunities. Under the new president Felix Tshisekedi, public finances improved somewhat in 2019 in the context of continuing low-budget management and improved domestic revenue mobilisation. The government has also initiated several sector reforms to strengthen governance in natural resource management and enhance the business climate. Almost all contracts signed by the government granting mining, oil and forestry licences are now publicly available. The DRC participates in the Extractive Industries Transparency Initiative (EITI) and publishes regular reports on natural resource revenues in this framework. Legislation on mining and hydrocarbons has been amended to allow the state to benefit more from these resources.³⁸

To boost to the economy, the National Agency for the Promotion of Investments has presented a list of 27 major projects with pre-feasibility and feasibility studies awaiting funding.³⁹ Furthermore, additional progress has been made in facilitating and simplifying the process of setting up new companies and granting building permits through the creation of a special agency, Guichet Unique de Création d'Entreprises.⁴⁰

New private equity companies and the initiatives by local banks and microfinance institutions, among them PEPELE Mobile (Trust Merchant Bank), FINCA Mobile, and ProCredit Cash Express, also serve to promote financial inclusion and provide housing finance opportunities. In conclusion, the government must increase its efforts to systematise the competitive mechanisms involved in allocating mining, oil, and forestry contracts. More effort and investment is needed in the energy sector to improve the country's energy supply deficit. Additionally, corruption is cited as a constraint to doing business in the DRC. Although efforts in recent years have gone a long way towards diminishing the problem, corruption remains a real issue across all facets of business in the DRC.⁴¹

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Djibouti

Author: Dr Moses M Muthinja



Overview

Djibouti is in the Horn of Africa and is one of the world's least developed countries. It borders the Gulf of Aden and the Red Sea, between Somalia and Eritrea. The country is small in geographical terms and its population is among the smallest of mainland Africa at an estimated 888 017 in 2018. One of Djibouti's key assets is its strategic location at the intersection of maritime trade; the country is located along one of the busiest shipping routes providing a crucial connection between Africa, Europe and Asia.¹ The country's deep-water port makes it ideal as a refuelling and transshipment centre. This is especially crucial for landlocked Ethiopia, which accounts for 80 percent of Djibouti's port undertakings.

The strategic location of Djibouti port has made it attractive to international investors in shipping. For instance, Dubai shipping company DP World signed a 30-year concession with Djibouti Government to manage the Doraleh Container Terminal at the port of Doraleh. However, following many years of disagreements between DP World and the Djibouti Government, in 2018 the government unilaterally cancelled the 30-year concession and nationalised the port.² This unilateral contract cancellation will have wide implications for the government, both in monetary terms and international reputation. Generally, unilateral contract cancellation by a state has the effect of discouraging foreign direct investment (FDI) into the country due to weak contract enforcement. Notably, the Court of International Arbitration ruled that the rights of DP World were breached by Djibouti when the country cancelled the concession. In addition, the tribunal fined Djibouti US\$385 million plus interest as well as US\$148 million in legal costs and unpaid royalties.³ These are significant costs, especially for a country ranked as one of the poorest in the world.

The cancellation of the DP World port concession needs to be seen through the lens of the Chinese expansionist agenda also known as the Belt and Road Initiative (BRI). The BRI was proposed by China in 2013 and is aimed at transcontinental connectivity and co-operation, linking a number of continents to China.⁴ Chinese companies were the major beneficiaries of the cancelled DP World port concession. The Dalian Port Corporation of China has built the largest free trade zone in Djibouti funded by China at a cost of US\$3.5 billion.⁵ The free trade zone covers 48 square kilometres and is one of the many new port and trade facilities under construction in Djibouti.⁶

KEY FIGURES

Main urban centres	Djibouti City
Exchange rate: 1 US\$ = [a] 1 July 2019	177.78 Djiboutian Franc (DJF)
1 PPP\$ = (2018) [b]	94.00 Djiboutian Franc (DJF)
Inflation 2018 [c] Inflation 2019 [c]	-0.14 0.80
Population [b]	958 920
Population growth rate [b] Urbanisation rate [b]	1.6% 1.7%
Percentage of the total population below National Poverty Line (2017) [d]	46.3%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	5.8%
Proportion of the adult population that borrowed formally (2017) [b] n/a	n/a
GDP (Current US\$) (2018) [b]	US\$1 966 million
GDP growth rate annual [b]	6.0%
GDP per capita (Current US\$) (2018) [b]	USD\$2 050
Gini co-efficient (2017) [b]	41.6
HDI global ranking (2017) [d] HD country index score (2017) [d]	172 0.476
Lending interest rate (2017) [b]	n/a
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$) [f]	US\$84.56 million
Number of mortgage providers Prevailing mortgage rate [g]	n/a 7%
Average mortgage term in years Downpayment	20 20%
Ratio of mortgages to GDP	4.3%
What form is the deeds registry? [e]	Computer - Scanner
Total number of residential properties with a title deed	n/a
Number of houses completed	n/a
Number of formal private developers/contractors	n/a
Number of formal estate agents	n/a
Cost of a standard 50kg bag of cement (2018)	1 244 DJI (US\$7.00)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [h]	5 400 000 DJF
Size of cheapest, newly built house by a formal developer or contractor in an urban area [h]	45m ²
Average rental price for this unit in an urban area (local currency units) [h]	57 597 DJF
Number of microfinance loans outstanding	n/a
Number of microfinance providers [f]	2
Number of housing construction loans outstanding	n/a
Number of providers of construction finance	n/a
World Bank Ease of Doing Business Rank [e]	99
Number of procedures to register property [e]	6
Time (in days) from application to completion for residential units in the main urban city	n/a

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[e] World Bank Doing Business 2018
[b] World Bank World Development Indicators	[f] National Institute of Statistics of Djibouti
[c] IMF World Economic Outlook Database	[g] Statista.com
[d] UNDP: Human Development Reports	[h] Expatistan.com

An African Development Bank (AfDB) report observes that Djibouti's impressive growth rate is driven by construction, transport and storage. The GDP in 2018 was US\$ 1.19 billion equating to a GDP per capita (PPP) of US\$ 3 139.⁷ The country has undertaken major construction projects since 2014 and has been a major beneficiary of FDI and foreign loans. According to the AfDB, these FDIs and foreign loans have helped contain the country's inflation to between six percent in 2017 and eight percent over the 2017 and 2018 period, among the lowest inflation rates in Africa. Djibouti's gross domestic product (GDP) growth rate rose from 4.1 percent in 2017 to 5.6 percent in 2018, a growth attributed to normalisation of relations with neighbouring country, Ethiopia. Despite its size, it has exposure to multiple development challenges including unplanned housing and a shortage of basic amenities.

The World Bank foresees a positive economic outlook for the country in the medium term, thanks to the government strategy of positioning Djibouti as a regional trade, logistics and digital hub.⁸ In addition, the World Bank expects the country's GDP growth to increase by seven percent in 2019 and accelerate to eight percent in 2020-2023. This would represent one of the highest GDP growth rates in Sub-Saharan Africa. Nevertheless, the economy has not grown in tandem with poverty reduction rates. For instance, the World Food Programme (WFP) observes that the country has a 79 percent poverty rate, with 42 percent of the population exposed to extreme poverty.⁹ Some regions in Djibouti have poverty rates of over 70 percent, resulting in mass migration to urban slums.¹⁰ As a result, there are strong migratory pressures on the already overstretched infrastructure.

The Central Intelligence Agency (CIA) World Fact Book estimates the country's population to be 888 017 as at July 2018, mainly comprising 60 percent Somali, 35 percent Afar and others at five percent.¹¹ The country's GINI index (2017) was 41.6 while the Human Development Index (HDI) for the country (2017) was 0.476.¹² The United Nations Development Programme (UNDP) HDI report states that Djibouti's HDI falls below the HDI average for countries in the low human development group, and below the average of 0.699 for Arab states. However, the UNDP report does not provide a plausible explanation as to why the country on average performs below its peers on the HDI. The country's slum dwellers are estimated at 140 000 (2018).¹³ This means that close to 50 percent of urban dwellers live in slum conditions and the country is in significant need of more decent affordable housing.

Access to finance

Djibouti has a small financial services market which was liberalised in 2006, paving way for the entry of new financial institutions.¹⁴ The country's banking penetration is quite low but there has been a remarkable expansion of money transfer companies.¹⁵ The banking sector has been highly profitable with a very low non-performing loans book. However, the sector is highly concentrated with two out of 11 banks accounting for 85 percent of the total banking sector assets. Further, most of the financial enterprises in Djibouti are state-owned, thereby distorting free markets and curtailing dynamic private investments.¹⁶ Of the 11 banks, 8 are conventional banks while three are Islamic banks, which lend loans under Sharia law.¹⁷ According to the Central Bank of Djibouti, the financial system comprises two currency exchanges, seven companies for change and transfer of funds, and nine funds transfer companies. Although no specific data has been accessed on mortgage rates in Djibouti, the effective (general) lending rates stand at 1.8 percent.¹⁸ Notably, considering the country is 94 percent Muslim, the subject of interest rates is rarely discussed and documented, with a focus more on Islamic banking. The country's financial inclusion is estimated at 20 percent in 2019, largely boosted by Sharia compliant banks.¹⁹ In March 2018 the country introduced a register for sureties,²⁰ which has greatly boosted confidence in loan transactions involving securities/collaterals. The 2019 index of financial freedom notes that, although credit is available on market terms, the high cost of credit and minimal financing instruments discourage entrepreneurs.¹⁴

An International Monetary Fund (IMF) Technical Assistance Report states that Djibouti's financial sector is dominated by commercial banks, which control 94 percent of the total assets of the financial system and 80 percent of total loans in the country.²¹ The report also finds that first, although the country has only three Islamic banks, the banks control 20 percent of the banking sector assets. Second, there are three microfinance institutions (MFIs) (one specialised credit institution and two social security and pension funds), but the MFIs account for only one percent of total lending in the country. Third, the Central Bank of Djibouti has created a National Sharia Committee to monitor Islamic financial products. According to the IMF, total lending more than tripled between 2006 and 2016, reaching Fdj 135 million (US\$3 500 000). Islamic banking is therefore seen as significantly contributing to financial inclusion in the country, as evidenced by its tremendous growth since its inception in 2006.²²

Affordability

The 2018 CIA World Fact Book states that over 75 percent of the national population lives in urban areas, mainly in Djibouti City. The country's unemployment rate in 2018 stood at 11.12 percent, placing it as the 36th highest unemployment rate globally.²³ Djibouti's unemployment is significantly high

Availability of data on housing finance

Djibouti has acute data shortages in the housing and housing finance sectors, including such key indicators as number of homeowners and the number of mortgages in the country, among others. A major reason for this is, unlike most countries, is that Djibouti does not have an official government department or entity responsible for the collection, collation or dissemination of official statistics. When government agencies would ordinarily be expected to keep credible data, such as the National Investment Promotion Agency¹, scant information is publicly available.

In addition, since English is not an official language in Djibouti, official government documents and reports are mainly available in French, limiting broader access and engagement.

International investors must therefore rely heavily on data sources from international organisations such as the World Bank, IMF, AfDB and United Nations agencies. The data collected by these organisations is periodical and mainly depends on the nature of the report. In the case of the World Bank and IMF, the sources cited were in most cases internal documents cleared for public disclosure and available online. The World Bank Doing Business report is produced annually and was a great source of data and insights on Djibouti.

compared to the Sub-Saharan average unemployment rate of 6.1 percent.²⁴ In addition more than 42 percent of the population live in extreme poverty, with the population located mostly in urban slums.²⁶

With such unemployment and poverty rates, decent housing is far from the reach of most Djiboutian, especially in view of both current rental and house purchase costs. For instance, according to Numbeo, renting a one-bedroom apartment on average costs Fdj89 512 (US\$41 225) a month and Fdj54 837 (US\$25 255) in the city centre and outside the city centre respectively.²⁵ Renting a three-bedroom apartment goes for Fdj171 830 (US\$79 136) and Fdj 78 374 (US\$21 824) in the city centre and outside the city centre respectively. Purchasing an apartment on average costs Fdj 120 000 (US\$674) per square metre both in the city centre and outside the city centre. Although poverty and unemployment rates are high, Djibouti has a stable inflation rate of eight percent and a stable foreign exchange rate. The stable inflation and foreign exchange rates have been credited to the practice of pegging the Djibouti franc to the US dollar at a fixed rate.²⁶

Housing supply

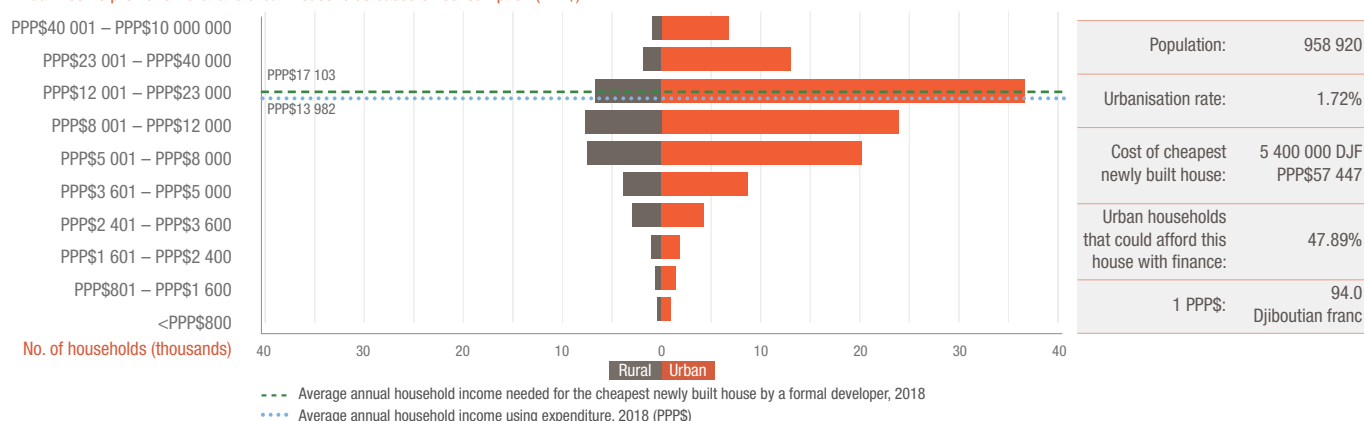
Djibouti has been adversely affected by regional conflicts and drought, which have led to massive immigration from neighbouring countries such as Yemen and Somalia.⁵ Refugees from neighbouring countries have continued to exert significant pressure on already overburdened infrastructure. In effect, the World Bank contends that Djibouti infrastructure has to serve not only its citizens living in extreme poverty but also 60 000 refugees, asylum seekers and immigrants from multiple countries who are mainly undocumented.⁵

More than one-third of the urban population in Djibouti live in slums and lack access to basic infrastructure. The rapid foreign and domestic migration into Djibouti cities has created an acute shortage of affordable housing. According to a World Bank report, the urban growth pressures have not grown in tandem with land management practices or urban service delivery.²⁷ This has led to illegal and unplanned occupation of peripheral lands, with negative implications for infrastructure costs. However, the construction of temporary housing dates back to the colonial period when the French entrenched the practice.

Significant and deliberate efforts have been made by the Government of Djibouti to provide affordable housing with donor support. For instance, the president announced a proposed social housing project that would provide 20 000 housing units, a step towards the achievement of a Zero Slum Djibouti City.²⁸ This project was to be funded by a number of donors including China, Saudi Arabia, Morocco and Qatar. Evidence suggests that 400 units were under construction in 2018 and the project is yet to be completed. According to the World Bank, 2013 housing

DJIBOUTI

Annual income profile for rural and urban households based on consumption (PPP\$)



Source <https://www.cgidd.com/C-GIDD, 2019>

diagnostic, 3 000 to 3 500 housing units are needed annually but there are no policies in place to address this need.

Property markets

The country has simplified the process of transferring property and increased transparency by reducing registration fees and implementing strict timelines for registering sale agreements with the tax authority, while also requiring all land titles to be registered at the Land Registry.²⁹ These developments will make land transactions more secure and strengthen contract enforcement, especially collateralisation of land. Registering property in Djibouti takes 24 days and costs 5.7 percent of the property value. This process involves five procedures according to the World Bank Doing Business report.³⁰ According to the World Bank Doing Business 2019 report, Djibouti has a functional digitised Land Registry which allows lenders to be able to view property registration details from a publicly available government source. This digitisation of the Land Registry contributed to the country's doing business rank for 2019.

Policy and regulation

The World Bank Doing Business 2019 report ranks Djibouti among the economies with notable improvements in doing business.³¹ The report notes that only Djibouti and India were able to make it to the top 10 improvers in the world for two consecutive editions of the report. The World Bank observes that the country made 11 key positive reforms in 2019, such as implementing strict deadlines, registering the property sale agreement with the Tax Authority, and the digitisation of the country's Land Registry. Importantly, the report states:

The country also made substantial enhancements to the process of resolving commercial disputes by adopting a new civil procedure code that regulates voluntary conciliation, mediation proceedings and case management techniques, including time standards for key court events. Enforcing contracts is easier following the creation of a dedicated division within the court of first instance to resolve commercial cases. With regards to resolving insolvency, Djibouti established equal treatment of creditors in reorganization proceedings and increased creditors' participation by granting them the right to approve the appointment of the insolvency representative and the sale of substantial assets of the debtor in the course of insolvency proceedings.³²

Although Djibouti has been credited for instituting major reforms in favour of doing business, observers contend that the overall regulatory framework is short on transparency and clarity, hampering entrepreneurial decision-making.³³ In addition, the World Bank report finds that the regulatory reforms have not led to the growth of a modern labour market in the country. According to the World Bank 2013 housing diagnostic, Djibouti housing policies mainly focused on high-end housing at the expense of the low-end market.

Opportunities

A number of opportunities are available for housing investors in Djibouti. First, Djibouti City is host to military bases of the United States, China, France and Japan.³⁴ The personnel working in these bases have significantly higher than average disposable incomes for the country and are increasing overall aggregate demand. The government estimates that 2 500 to 3 000 units are needed in the country annually,³⁵ creating a huge demand for housing with significant investment prospects for housing investors. The inflation rate has remained stable through the years. Low inflation rates raise savings levels with regard to new investments. In effect, consumer spending priorities shift from basic needs such food and clothing in favor long-term investments such as housing. Investors may consider public-private partnerships and bilateral partnerships with the Djibouti government in its effort to achieve its Zero Slum policy. The Zero Slum memorandum of understanding includes provisions for the creation of bilateral partnerships between construction, engineering and property development companies, and professional organisations. This opportunity has been used by the World Bank through its International Development Association.³⁶

Islamic banks in Djibouti currently control about 20 percent of total banking sector assets. The banks have been providing loans to housing investors, creating major opportunities for construction funding. For instance, one of the leading Islamic banks, Salaam African Bank, is financing up to 70 percent of property value whether for individual owners or to home developers.³⁷ The bank states on its website that this finance is available only for construction of residential properties. In addition, the bank has made provisions for individuals to partner and co-borrow together. Saba African Bank is also providing construction loans to both individuals and developers.³⁸ In sum, although Islamic banks are not the only real estate financiers in the country, Djibouti has fast become a major hub for Islamic banking in the region, creating new opportunities for developers.

The Djibouti International Free Trade Zone (DIFTZ) inaugurated in 2018 is Africa's biggest trade zone and it is estimated it will create more than 35 000 new jobs on average a year.³⁹ Importantly, the government has allowed foreign workers at the DIFTZ to make up to 70 percent of total employees in the first five years and 30 percent thereafter. The expected immigration of expatriates with higher disposable incomes than the locals should create higher demand for decent housing in the country. Importantly, Djibouti is well-aligned with the Belt and Road Initiative which has attracted other major investments, such as the Ethiopian-Djiboutian electric railway that was completed in 2017, which will generate further investment opportunities coupled with demand for housing.⁴⁰

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Egypt

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Overview

Egypt is a middle income country with a population of approximately 98.99 million¹ and a gross domestic product (GDP) per capita of ££41 317 (US\$2474)² during the fiscal year 2017/18. In 2018, Egypt was ranked 115 out of 187 on the Human Development Index.³ Egypt's economic growth reached 5.6 percent by the end of the 2018/2019 fiscal year (FY), compared to 5.3 percent growth over the same period in the previous year.

The Central Bank of Egypt (CBE) announced that the core inflation rate declined to 6.4 percent in June 2019 from 8.5 percent in July 2018.⁴ In addition, headline inflation decreased to 9.4 percent by the end of June 2019 (which is the lowest during the previous three years) compared to 13.5 percent by the end of July 2018.⁵ In November 2016, the CBE decided to float its currency, which has reduced its value by almost 50 percent against the US\$. By February 2019, the US\$ exchange rate started to go down, reaching 16.8 by June 2019 compared to 18 and 17.6 during June 2017 and 2018 respectively.

Egypt's real estate index dropped by 19.24 percent in 2018 compared to the previous year; after year over year (y-o-y) changes of -11.49 percent in 2017, 1.19 percent in 2016, -14.22 percent in 2015 and 1.14 percent in 2014. Furthermore, nominal house prices also fell by 9.58 percent y-o-y in 2018.⁶

Fifty percent of the Egyptian population (which grows by 2.2 percent a year) is under 25. Despite the population growth rate, only six percent of the land is utilised. The new Urban Communities Authority aims to increase this to 14 percent by the year 2050.

Housing sector is one of the main sectors the government is focusing on. The CBE has launched an initiative to support the low income citizens with housing finance. Furthermore, it is working on a plan to eliminate the unsafe slums in Egypt. Prime Minister Mostafa Madbouly has submitted the sustainable development plan for 2019/20 to the House of Representatives. This aims to tackle urban development and improve the environment in Egypt. The plan mainly aims to spread urbanisation and reduce population density in the delta and the narrow strip of the Nile Valley, decrease development gaps between different governorates, and preserve natural resources, ecological systems and cultural heritage to prevent environmental degradation. It focuses on increasing the

KEY FIGURES

Main urban centres	Cairo, Alexandria, Giza
Exchange rate: 1 US\$ = [a] 1 July 2019	16.71 Egyptian Pound (EGP)
1 PPP\$ = [b]	3.64 Egyptian Pound (EGP)
Inflation 2018 [c] Inflation 2019 [c]	20.9 14.5
Population [b]	98 423 595
Population growth rate [b] Urbanisation rate [b]	2.0% 2.0%
Percentage of the total population below National Poverty Line (2017) [d]	23.0%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	12.1%
Proportion of the adult population that borrowed formally (2017) [b]	6.3%
GDP (Current US\$) (2018) [b]	US\$250 895 million
GDP growth rate annual [b]	5.3%
GDP per capita (Current US\$) (2018) [b]	US\$2 549
Gini co-efficient (2017) [b]	n/a
HDI global ranking (2017) [d] HD country index score (2017) [d]	115 0.696
Lending interest rate (2017) [b]	18.3%
Yield on 2-year government bonds [g]	15.2%
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$)	US\$26.4 million
Number of mortgage providers [g] Prevailing mortgage rate [h]	4 7.0%
Average mortgage term in years [i] Downpayment [i]	15 15.0%
Ratio of mortgages to GDP	0.01%
What form is the deeds registry? [d]	Computer - Scanner
Total number of residential properties with a title deed [j]	3 450 000
Number of houses completed [k]	326 263
Number of formal private developers/contractors [l]	36 000
Number of formal estate agents [m]	135
Cost of a standard 50kg bag of cement	50 EGP (US\$2.99)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [n]	193 000 EGP
Size of cheapest, newly built house by a formal developer or contractor in an urban area [m]	90m ²
Average rental price for this unit in an urban area (local currency units)	1 500 EGP
Number of microfinance loans outstanding	2 600 000
Number of microfinance providers	896
Number of housing construction loans outstanding	n/a
Number of providers of construction finance [o]	15
World Bank Ease of Doing Business Rank [e]	120
Number of procedures to register property [e]	9
Time (in days) from application to completion for residential units in the main urban city [e]	30

NB: Figures are for 2019 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF):
Social Housing Mortgage Finance Fund

[a] Coinmill	[j] Social Mortgage Finance Fund
[b] World Bank World Development Indicators	[k] Gate.ahram.org
[c] IMF World Economic Outlook Database	[l] Central Agency for Public Mobilization and Statistics
[d] UNDP: Human Development Reports	[m] Egyptian Federation of Construction and Building Contractors
[e] World Bank Doing Business 2018	[n] Egypt Business Directory
[f] Daily News Egypt	[o] Masrawy.com
[g] Central Bank of Egypt	[p] Financial Regulatory Authority
[h] INVEST-GATE	[q] Youm 7.com

proportion of populated area from seven percent to 10 percent in 2019/20.⁷ In addition, it aims to allocate at least one-third of public investments for urban development of the governorates of Upper Egypt and the border provinces, and for expanding the construction of cities and new urban communities to accommodate approximately 10 million people.⁸

Access to finance

Access to finance is important for growth and the country's economic development. According to the Doing Business Report 2019, Egypt jumped 30 places on "the ease of getting credit" indicator, moving from the 90th place to the 60th place as a result of launching and activating the Egyptian Collateral Registry.⁹

The Chief Executive Officer of Social Housing Fund and Mortgage Finance Support said that many plans have been released to support social housing. The plans include providing essential funding to support interest rates and increasing the value of direct cash support. In addition, the fund is working on reviewing the targeted income segments to reach those who need it the most. To achieve this, 13 customer service centres have been created to facilitate the process.¹⁰ By October 2018, the board of directors had approved the new fund's operating procedure manual to provide low income citizens with real estate financing at low interest rates.¹¹ This is in line with the CBE's initiative to provide low-interest mortgages for low income citizens; the programme will provide funds to aid them in paying down payments and monthly instalments.

On February 2019, the CBE put in place new policies and measures on the bank's mortgage finance initiative, limiting it to financing low income citizens only. The new policies include offering mortgage finance for the low income segments for a maximum period of 20 years without providing treasury bills as a guarantee. In addition, it includes offering finance via the bank's resources at interest rates of five to seven percent, which will not be changed during the entire loan's term for those who meet the CBE conditions.¹²

By the end of the first quarter of 2019, the total value of mortgage finance granted by companies dropped by 19.8 percent to E£440.7 million (US\$26.4 million) for 2 142 investors compared to E£549.7million (US\$32.9 million) for 1 907 investors over the same period last year. Those with incomes up to E£2 500 (US\$150) represent 58 percent of the total finance, while the share of those with monthly incomes of more than E£3 500 (US\$210) was about 22 percent. With the size of the units, 91 percent of the mortgage finance was requested for units with an area above 86m², due to expansion in the sale of social housing units through the Ministry of Housing, Utilities and Urban Communities, and the New Urban Communities Authority.¹³

By the end of 2018, the number of companies operating in mortgage finance in the Egyptian market was 15 (including one real estate refinancing company). The volume of accumulated mortgage finance activity has now reached E£10.7 billion (US\$0.64 billion), with a growth rate of 26 percent, compared to E£8.5 billion (US\$0.51 billion) in 2017. The volume of mortgage finance granted during 2018 amounted to approximately E£2.2 billion (US\$0.132 billion), with a growth rate of 57 percent, compared to last year which reached E£1.4 billion (US\$0.1 billion).¹⁴

According to Financial Regulatory Authority (FRA), the microfinance balances reached E£10 billion (US\$0.6 billion) by the end of the second quarter of 2018, with a growth rate of 76 percent, compared to E£5.5 billion (US\$0.33 billion) by the end of the same quarter of the previous year, 2017. The microfinance associations could reach 2.6 million citizens. The percentage of females is 70 percent of the total number of beneficiaries acquiring 52 percent of the value of microfinance. FRA's chairman announced that the number of non-governmental organisations and civil associations certified to practice microfinance activity by the end of the second quarter of 2018 was 896 associations and private companies, in addition to five companies. The total number of branches that are active is 1 815 at the level of all governorates, associations and private institutions have 1 462 branches, and companies have 353 branches.

Affordability

According to the Central Agency for Public Mobilization and Statistics (CAPMAS) expenditure and income survey for 2017/18, 32.5 percent of Egyptians live below the poverty line compared to 27.8 percent in 2015. CAPMAS has set the national poverty line at E£735.7 (US\$44) a month compared to E£482 (US\$29) in 2015, and E£8 827 (US\$529) a year, compared to E£5 787.9 (US\$347) in 2015. The extreme poverty line for an individual in Egypt in the 2017/18 survey was E£5 890 (US\$353) a year. In addition, it also noted that the extreme poverty rate has returned to 6.2 percent of Egyptians.

The survey recorded the average annual household income at E£58 000 (US\$3 473) in 2017/18, against E£44 200 (US\$2 646) in 2015, while average expenditure increased to E£51 400 (US\$3 077) annually, compared to E£ 36 700 (US\$2 198) in the previous survey in 2015. It also showed that only 18.6 percent of household expenditures went to housing expenditure. In addition, only 61.6 percent of Egyptians own a home, and the rest rent it.¹⁵

Availability of data on housing finance

In Egypt, the main source for macroeconomic data is the Central Bank of Egypt (<https://cbe.org.eg/>), which provide data related to GDP, balance of payments, investments and monetary sector data. The Ministry of Finance is responsible for budget sector data, it releases a monthly bulletin (<http://www.mof.gov.eg/Arabic/Pages/Home.aspx/>).

The CAPMAS website provides some statistical data. It has the census report, a monthly informative bulletin, and a housing report that is published yearly. This includes data on the number of housing units built during the year and its kind, from social housing to private investments. CAPMAS also publishes a monthly bulletin with information on building material prices (<https://www.capmas.gov.eg/>).

Data related to mortgage and microfinance can be found on the FRA website (<http://www.fra.gov.eg/>). There is a shortage of data related to loans for construction and building purposes. There is no data published related to housing resales or building costs.

The annual demand for new domestic housing units reaches 500 000 units a year. Egypt needs to build 300 000 units annually to accommodate new families, and 254 000 units should be provided to bridge the gap created in the past five years. Besides offering 90m² apartments on 20-year instalments through the mortgage system, the CBE's mortgage finance initiative also allows for several other housing schemes. Those whose income is less than E£1 500 (US\$90) have the option to rent and the CBE is also offering 20 000 apartments through the professional syndicates to their members. Other units have been designed for those who have reached the age of 55 and make more than E£5 000 (US\$299) monthly.¹⁶

Houses prices are rising because of the economic conditions and economic reforms. As a result of the devaluation of the Egyptian pound, and import restrictions, construction costs have increased, driving up the price of finished units. Building materials such as steel and cement have been particularly susceptible to volatile market forces, as shortages in domestic supply have forced builders to turn to imports.¹⁷ As a result, on May 2019, the CBE launched an initiative to meet the demands of middle income people to own a unit with a reasonable payment plan, and this is in continuation of the previous initiative launched in 2014 to support those who cannot afford a mortgage to buy housing. It has allocated E£50 billion to finance middle income people to purchase housing units with mortgage finance in support of the real estate sector and in response to demands of developers.¹⁸

Housing supply

Most of the housing investments in the country are in the main locations and city centres, in addition to establishing gated communities on the borders of Cairo.

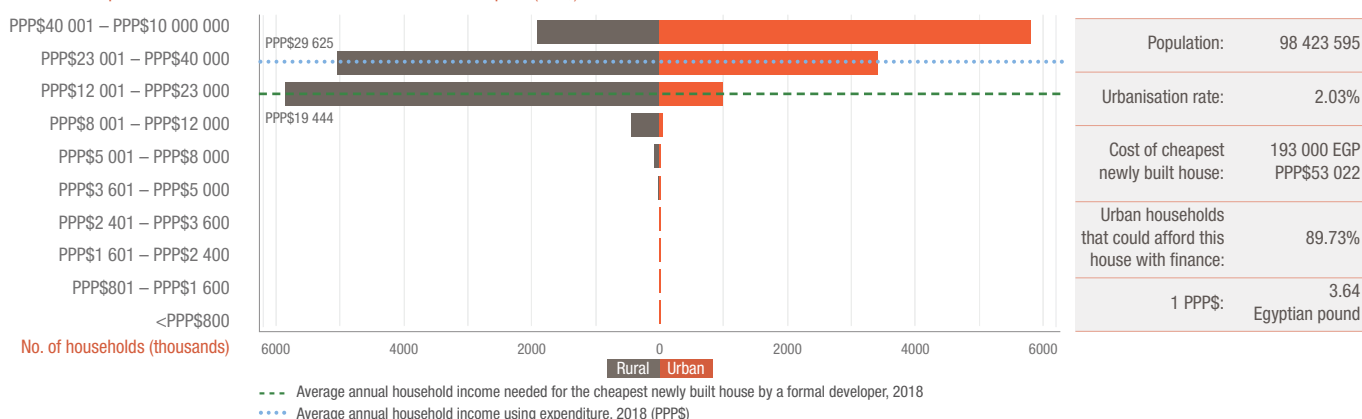
The Minister of Housing, Utilities, and Urban Communities, Assem El Gazzar, announced that about 700 000 housing units have been established in the state's social housing programme, which aims to enable the low income segment to obtain a decent housing unit. He pointed out that the programme seeks to cater for all target groups and meet their demands.¹⁹

Social housing is one of the main issues on the president's agenda. Accordingly, the Egyptian government has spent E£20 billion (US\$1.2 billion) to improve unsafe areas and provide decent housing for the residents of these areas. According to the Ministry of Housing, Utilities and Urban Communities around 40 percent of the Cairene population is living in informal settlements and about 70 percent of urban areas in Egypt are unplanned. The government has already launched its Development of Slums project, which aims to develop 1 100 slum areas by 2022. This is in addition to the 130 slum areas that have already been developed since 2016.²⁰

According to CAPMAS, the total number of residential units executed in 2017/18 raised by 2.9 percent to 326.3 thousand units with a total cost of E£106.9 billion (US\$6.4 billion). Economic housing came in first place with 169.8 thousand units (52 percent) in 2017/18, compared to 186.2 thousand units (58.7 percent) of the

EGYPT, ARAB REP.

Annual income profile for rural and urban households based on consumption (PPP\$)

Source <https://www.cgidd.com/C-GIDD, 2019>

total implemented units in 2016/17. The government sector built 105.1 thousand units of the total economic housing units built this year. With the social housing project (One Million Units Project), 82.1 thousand units were built in 2017/18. The number of units in the Dar Masr housing project reached 13 thousand units.²¹

The government has spent E£14 billion (US\$0.84 billion) to eliminate unsafe slums since 2014 – and half of this budget has been spent on projects during the past year only.²² By December 2018, Port Said governorate was declared free of unsafe slums areas.²³

Property markets

The real estate sector in Egypt is strongly supporting the economy and it is resistant to the political and economic tensions of previous years. By the end of 2017/18, it grew by six percent, representing 16.3 percent of the country's GDP.²⁴ The construction and building sector employs 14.1 percent of the total number of employees in Egypt and the real estate sector employs 0.2 percent. By June 2019, the average price of steel and cement increased by 122 percent and 41 percent respectively compared to June 2016.²⁵ One-third to half of the middle and high income segment's wealth goes to real estate properties, and this percentage is more in the lower income segment. Real estate companies listed on the Egyptian Stock Exchange have witnessed double-digit growth in revenue that has built their market capitalisations.²⁶

According to CAPMAS, there were 14,299 million buildings in Egypt in 2017, of which 9.7 million units were for housing purposes. The number of closed and unoccupied buildings is 2.181 million.²⁷ There are three million housing units rented according to the old rent law,²⁸ which represents seven percent of the total housing units in Egypt, and the owned household units represent 55.3 percent.²⁹

According to FRA by April 2019 the real estate and land sectors accounted for the largest share of financial leasing contracts, standing at E£1.4 billion (US\$0.1 billion) compared to E£1.5 billion (US\$0.1 billion) over the same period last year. Moreover, financial leasing companies had directed E£2.4 billion (US\$0.14 billion) into the Egyptian property market by the end of April, compared to E£2.3 billion (US\$0.14 billion) a year earlier.³⁰

There are two ways to purchase a property in Egypt. The first is a full registration that gives the buyer maximum security, and the second is to choose the signature of validity process. According to Law No 230 of 1996, foreigners cannot buy more than two pieces of real estate, which cannot exceed 4 000m², and their purpose must be for a family member to live in the property.³¹

According to the World Bank Doing Business 2019 report, Egypt made it more difficult to register property by raising the cost to verify and ratify a sales contract. Egypt is ranked 68/190 on the dealing with construction permits index. It requires

19 procedure and 173 days to get permission. With registering a property, it is ranked 125/190. It takes 76 days and nine procedures to register a property in the country, and it costs 1.1 percent of the property value.³²

Policy and regulation

The CBE and the Egyptian Parliament are working on updating some laws that will affect the real estate market. The CBE launched a mortgage finance initiative in May 2019. It has allocated E£50 billion (US\$3 billion) to finance middle income people to purchase housing units.

In December 2018, the Egyptian Parliament approved a final draft law issuing a real estate tax. The amendment states: "The bound tax shall be due to the first estimate as of July 1, 2013, and as of January 1 of each year, in accordance with the provisions of the law; this estimate to be continued until the end of December 2021." The amendment aims to give the Real Estate Tax Authority an opportunity during these two additional years to carry out an inventory of built-up properties, subject to the provisions of this law, and to put in the new five-year estimates for that value.³³

The Parliament Housing Committee has announced that the old rental law for non-residential purposes will be thoroughly discussed during the upcoming schedule of the parliament sessions.³⁴

Moreover, the Ministry of Finance is studying changes to the formulas it uses to calculate real estate taxes paid by factories, hotels and the oil and gas industry. It is also looking at cancelling an exemption for private homes worth less than E£2 million.³⁵

On May 2018, the Egyptian House of Representatives approved the new Social Housing Law that will enable the establishment of a Social Housing Fund. In co-operation between the Ministry of Housing, Utilities and Urban Communities, the fund will be considered a public service authority with several official offices in all the country's governorates. The fund will be responsible for providing housing units in areas that will be selected by the government for those with limited income. Another detailed law is expected to be issued by the government explaining the needed criteria and conditions for applying for these housing units. The law will ban each family from having more than just one unit.³⁶

Opportunities

The total investments of the Ministry of Housing, Utilities and Urban Communities during the FY 2018/19 in four sectors reach E£130 billion (US\$7.8 billion), including housing sectors, infrastructure, new cities and slums development.³⁷ Furthermore, the construction and real estate investment sector contributed 18 percent growth to GDP last FY and this ratio is expected to increase to 20 percent by the end of the current FY. The total investments of the ministry and the private sector in construction and real estate sector are approaching E£200 billion

(US\$12 billion) annually, which reflects the importance of this sector and the volume of its investments.³⁸

The mortgage market needs more development and is still far below saturation. The total value of mortgages comprises a negligible 0.36 percent of GDP and is well behind global averages that reach 60 percent to 80 percent of GDP. The E£'s float encouraged property in Egypt, highlighting it as a promising investment. Investment in real estate is dominated by the private sector and receives the largest share of private investment. On the Egyptian Stock Exchange, the sector ranks first for volumes traded and accounts for nearly 12 percent of market capitalisation. Real estate stock prices have proven resilient to market contractions and show strong growth prospects going forward.³⁹

The real estate and construction sector give high returns on investments compared to other sectors, and due to the gap between supply and demand (either demand for residential or commercial purposes), the sector is considered an attractive and successful investment chance for investors.

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Equatorial Guinea

Author: Michael Kihato



Overview

Equatorial Guinea is composed of a mainland, Rio Muni, and small islands, including Bioko where the capital Malabo is located, Annobon, Corisco, Elobey and others. According to the 2015 census, Equatorial Guinea's population is 1.225 million people.¹ Equatorial Guinea is bordered to the north by Cameroon, to the south by Gabon, and to the east by the Democratic Republic of Congo. The nation state is rich in arable land and mineral resources, i.e. columbite-tantalite, diamonds, gold, oil and uranium. Petroleum, its primary export, was discovered in the 1990s.² The government of Equatorial Guinea has invested heavily in building modern infrastructure which includes an interconnected transportation network of roads, airports and seaports and an electrical grid with capacity to cover 95 percent of the nation's energy requirements.³

In 2017, Equatorial Guinea scored 1.81 out of 10 on the Economist Intelligence Unit's Democracy Index, placing it 161 out of 167 countries.⁴ Equatorial Guinea is also affected by significant corruption: according to Transparency International's 2018 Corruption Perceptions Index, Equatorial Guinea ranks 16 points out of 100, averaging 18.55 points over the 13 years that the country has been measured.⁵

Equatorial Guinea's economy has halved since 2012. At the time gross domestic product (GDP) stood at CFA12.5 trillion (US\$22.39 billion), while today GDP is at CFA6.9 trillion (US\$12.49 billion).⁶ This downward trend is expected to continue, falling by a nominal 6.5 percent in 2019 from the previous year.⁷ This trend is mainly attributable to the fall in state revenues from oil, a resource the country is heavily reliant on. As of 2017, for example, 75 percent of revenues were from oil.⁸

In addition, the country has high but currently manageable levels of public debt, an equivalent of 53.8 percent of its GDP in 2017. This is, however, a sharp increase from 0.5 percent 10 years previously.⁹ The country recorded a government budget deficit equal to 2.3 percent of the country's GDP in 2017, projected to fall to 0.5 percent in 2019. Inflation is projected to be 1.4 percent in 2019 and 1.9 percent in 2020, which is below the Central African Economic and Monetary Community's (CEMAC) three percent requirement.¹⁰

Access to finance

Equatorial Guinea's banking sector is small and concentrated with six banks – National Bank of Equatorial Guinea (BANGE), BGFI Bank, Commercial Bank of Guinea, Caisse Commune d'Epargne et d'Investissement Guinée Equatoriale,

KEY FIGURES

Main urban centres	Malabo
Exchange rate: 1 US\$ = [a] 1 July 2019	580.15 CFA Franc (XAF)
1 PPP\$ = [b]	240.88 CFA Franc (XAF)
Inflation 2018 [c] Inflation 2019 [c]	1.3 2.6
Population [b]	1 308 974
Population growth rate [b] Urbanisation rate [b]	3.6% 4.4%
Percentage of the total population below National Poverty Line (2017) [d]	44.0%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	6.9%
Proportion of the adult population that borrowed formally (2017) [b]	n/a
GDP (Current US\$) (2018) [b]	US\$13 317 million
GDP growth rate annual [b]	-3.0%
GDP per capita (Current US\$) (2018) [b]	US\$10 174
Gini co-efficient (2017) [b]	n/a
HDI global ranking (2017)[d] HD country index score (2017) [d]	14110.591
Lending interest rate (2018) [b]	15.0%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$)	n/a
Number of mortgage providers Prevailing mortgage rate [f]	n/a 15%
Average mortgage term in years Downpayment	20 50%
Ratio of mortgages to GDP	n/a
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed	n/a
Number of houses completed	n/a
Number of formal private developers/contractors	n/a
Number of formal estate agents [g]	2
Cost of a standard 50kg bag of cement	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units)	22 350 000 XAF
Size of cheapest, newly built house by a formal developer or contractor in an urban area	n/a
Average rental price for this unit in an urban area (local currency units) [g]	200 000 XAF
Number of microfinance loans outstanding	n/a
Number of microfinance providers [f]	1
Number of housing construction loans outstanding	n/a
Number of providers of construction finance	n/a
World Bank Ease of Doing Business Rank [e]	177
Number of procedures to register property [e]	6
Time (in days) from application to completion for residential units in the main urban city	n/a

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[e] World Bank Doing Business 2018
[b] World Bank World Development Indicators	[f] National Bank of Equatorial Guinea (BANGE)
[c] IMF World Economic Outlook Database	[g] Casas Guinea
[d] UNDP: Human Development Reports	[h] Numbeo

Afriland First Bank and Ecobank.¹¹ Three of these hold over 80 percent of industry assets.¹² BANGE was established as a result of a commercial alliance between the State of Equatorial Guinea and the Philippines Bank of Commerce and is the only bank operating in the country whose parent company is local. Like similar small countries which rely heavily on foreign located banks, this can present a challenge if these banks decide to move their investments abroad given scarce domestic investment opportunities or low profitability.¹³ Furthermore, Equatorial Guinea has a constrained microfinance sector, which impedes access to financial services for low income groups.

Up-to-date key statistics on the finance industry are not readily available. Available 2017 figures show lending rates of 15 percent, and deposit interest rates at 2.45 percent. Bank non-performing loans were reported at 27 percent.¹⁴ In 2016, Equatorial Guinea was reported as having 9.15 ATMs and 4.89 commercial bank

branches per 100 000 adults. It had 21.74 borrowers, 205 depositors and 344 bank accounts per 100 000 adults, making its per capita rates relatively high compared with other countries in the region.¹⁵ Only 18.9 percent of the population uses the internet and 66.4 percent are mobile phone subscribers.¹⁶ The use of mobile banking in Equatorial Guinea is also lagging compared to the rest of Africa.¹⁷

The tally of the number institutions providing mortgages is not available. However, one product advertised by BANGE is for “the purchase of first or second houses, construction and improvement of a single-family home”.¹⁸ The mortgage term is five years, at an interest rate of 2.5 percent per annum. This interest rate is relatively low, given that the same bank advertises rural credit for six percent and microloans for seven percent per annum.¹⁹ BANGE also has a “micro bank product” for various purposes including house fittings (Crédito Equipa Tu Casa) and individual and family development credit (Crédito Desarrollo Individual Y Familiar). Interest rates on these loan products are seven percent for a 12-month term, for a maximum loan amount of CFA1 million (US\$1 700).²⁰ More information, particularly on the terms for origination of these loans is required, however.

The World Bank Doing Business 2019 report highlights some challenges with the depth of credit information available on the economy (Equatorial Guinea receives a score of two against the Sub-Saharan average of three, and OECD average of 6.7). The reasons for this are that bureau or registry credit scores are not available to help banks and financial institutions assess the creditworthiness of borrowers for loan origination. Neither can borrowers rightfully access their data in the credit bureaus or a registry, by law.²¹ A total of 8.7 percent of economically active Equatoguinean adults are registered with the credit registry.²²

Affordability

Historically, Equatorial Guinea has had some of the highest growth rates in Africa, which allowed it to achieve a GDP per capita (Purchasing Power Parity) of CAF19.5 million (US\$33 620) in 2018. As a result, Equatorial Guinea is classified as a middle income country.²³ Yet the country ranks 141 out of 188 countries in the Human Development Index, currently scoring 0.591,²⁴ which shows the highly skewed distribution of wealth in the country. The country has reported relatively modest unemployment levels, compared to others on the continent, at 6.9 percent in 2018.²⁵ The oil-dominated economy requires a small highly skilled labour force, which makes the country heavily dependent on foreign workers.²⁶ The oil sector does not create a commensurate number of jobs – it employs only four percent of the labour force, yet constitutes over 85 percent of GDP.²⁷ This points at a need to diversify the economy, a significant economic thrust the government is pursuing.

The country’s most recent household survey was conducted in 2006. At that time, it was reported that over 79 percent of the rural population and 30 percent of the urban population were living below the poverty line.²⁸

While no average price of housing is available, a general sense of the cost of a house is obtainable. The cheapest government-built house is CAF8 million, available through rent to own. Within the private sector, according to one source, the price per square meter for an apartment in the city centre is CAF447 000 (US\$755).²⁹ A 50m² apartment would therefore be CAF22 350 000 (US\$38 000). Another source advertises a five-bedroom house at CAF3 million (US\$51 000).³⁰ Taking the lower figure, and the mortgage product of BANGE, it would take a monthly income of CAF350 000 (US\$603) to afford a mortgage.³¹ This is not within the reach of most citizens, with the average salary placed at CAF250 000 (US\$431).³²

Housing supply

Currently, 40.3 percent of Equatorial Guinea’s population is reported as living in urban areas, with the urbanisation rate estimated at 4.28 percent annually (2015–2020).³³ The broader population growth of the country is 3.6 percent.³⁴ Housing is largely self-built from natural materials, i.e. wooden planks or palm thatch, cane and mud walls.

There is a formal state programme for social housing which aims to ensure better access to service infrastructure.³⁵ Through the programme, the government has

Availability of data on housing finance

Access to data on housing finance in Equatorial Guinea is a challenge, and little information and data is available publicly or online. The country also does not have the multilateral actors and donors, whose activities often come with data collection and analysis, given its middle income status. State openness on information has improved, with the country’s adoption in 2019 of the International Monetary Fund’s (IMF’s) Enhanced General Data Dissemination System, which publishes essential macroeconomic data.³² The data therein, while still insufficient, will improve with time.

built more than 9 000 units, available through rent-to-own mechanisms. However, the programme, which was highly subsidised by the state, has been suffering since the drop in the price of oil and came to a halt in 2015. The programme has been variously described as too small, however, to be effective, vulnerable to corruption and to elite capture,³⁶ and arguably poorly targeted.³⁷ Further, data on expenditure, product types and delivery is scarce. The Centre for Affordable Housing Finance (CAHF) has previously reported that the state planned to spend CFA1 492 billion (US\$2.6 billion) on social housing. By mid-2014, only CFA388 billion (US\$670 million) or 26 percent had been spent.

Furthermore, according to CAHF, the government funded a series of public housing blocks in Bioko Norte, for low income earners in 2015. More than 1 000 houses were also built in Sampaka, a small town north of Malabo.³⁸ Another more recent report reported that more than 8 600 state-subsidised homes were delivered on the island of Bioko in 2019.³⁹

Property markets

Equatorial Guinea’s score for Doing Business in 2019 is 41.94 out of 100, giving it a global ranking of 177 out of 190. This is three years of decline, with the last ranking at 162. It registers a relatively low score of four on the quality of the land administrative system index, against an average score of 8.8 in Sub-Saharan Africa.⁴⁰ The land administrative system and cadastre are largely paper-based, transparency of the system is low with no officially available statistics tracking land transactions, and there is no service by the state to deliver binding documentation or maps showing ownership, on request.⁴¹ The titling and cadastre systems also do not cover the full extent of the country, nor the largest city in the country. The cost of procedures to register property is high, at 12.5 percent of the cost of the property, compared to the Sub-Saharan average of 7.6 percent. It takes 23 days to register a property.

Policy and regulation

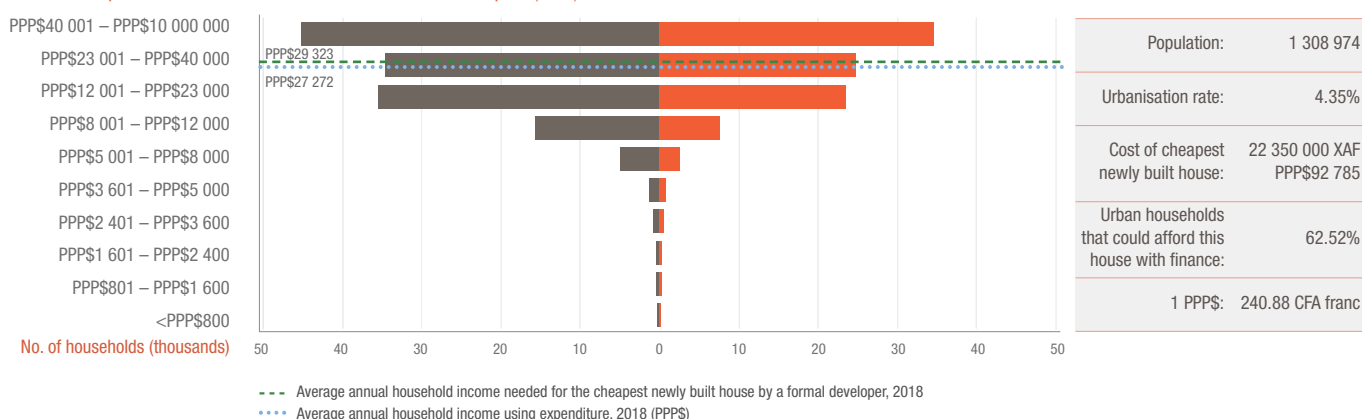
Horizonte 2020 was launched in 2007 as the country’s overall strategic development plan. It identifies, as part of its projected outputs, the “creation of urban local plans for all cities” and “development of the water and sanitary sector” and “collection and treatment of household waste.”⁴² Other priorities set out in the plan include developing and implementing adequate regulations for the housing market and increasing and diversifying financial support for social housing construction projects.⁴³ The government has created the Social Development Fund with a budget of US\$1 billion to support the strategy.⁴⁴

Little information is available on the successes of this programme, although the challenges posed by declining government oil revenues have reportedly had a detrimental impact on its implementation.⁴⁵

One of the most significant challenges to the economy is the lack of transparency in the use of revenues from the country’s main export, oil. Equatorial Guinea has applied for membership of the extractive industries transparency initiative (EITI). Equatorial Guinea also has weaknesses in managing its public finance system.⁴⁶ A number of reforms to address this have been implemented, including better control and tracking of public spending and enhanced revenue administration.⁴⁷ The sustainability of these measures will depend on political will. Given Equatorial Guinea’s over-reliance on oil revenues, reforms have also targeted increasing the proportion of non-resource tax revenues through stimulating growth and diversification within the private sector.⁴⁸ Again, little data is available on the success of these measures.

EQUATORIAL GUINEA

Annual income profile for rural and urban households based on consumption (PPP\$)



Source <https://www.cgidd.com/C-GIDD>, 2019

Access to credit has improved through amendments to the Organisation for the Harmonisation of Corporate Law in Africa (OHADA)⁴⁹ Uniform Act on Secured Transactions.⁵⁰ This allows a broader range of assets to be used as collateral, using proceeds of the asset as security, and introducing the possibility of out-of-court enforcement. The regional public credit registry (for the Central African Monetary Union) now also provides online access to information for banks.⁵¹

Opportunities

Economic opportunities in Equatorial Guinea lie in diversification beyond the oil industry, into other economic sectors, a reality which the state acknowledges. From a housing perspective, this means delivering products that target the more affordable segment, not employed by the relatively well-paid oil industry. The limited finance market with restricted access also does not target lower income earners, and there are no innovative housing financing products. There is therefore potential to introduce such products, for example housing microfinance.

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Eritrea

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Overview

Eritrea is on the Red Sea coast and borders Ethiopia, Sudan and Djibouti. The country has been under crippling diplomatic isolation and UN sanctions for decades due to allegations of sponsoring terrorism. In addition, the country fought a two-year-border war with its neighbour, Ethiopia, which ended in a “no war no peace” settlement of the conflict. However, the recent restoration of diplomatic relations between Eritrea and Ethiopia is seen as a giant step in fostering peace in the Horn of Africa region.¹ This is supported by the World Bank,² which observes that in 2018 Eritrea marked the end of decades of diplomatic isolation.

According to the Central Intelligence Agency (CIA) World Fact Book³, Eritrea has an estimated population of 5 970 646. The CIA report observes that although the country has remained persistently poor, it has undertaken education and human capital formation as key national priorities. These national priorities are aimed at fostering economic development, effectively curing endemic poverty.

Eritrea's growing investments in mining construction was the key driver of the 4.2 percent real gross domestic product (GDP) growth rate in 2018.⁴ The African Development Bank (AfDB) Africa Economic Outlook 2019 also finds that infrastructural developments such as energy, irrigation and roads were also important drivers of GDP growth in the country. Eritrea's GDP stands at US\$6.72 billion.⁵ Eritrea is currently in debt distress, mainly comprising 80 percent domestic debt and 20 percent foreign debt. Nevertheless the country has managed to contain inflation at nine percent as per the 2018 AfDB report⁴ and has a Human Development Index country score of 0.44 (2017).⁵ The unemployment rate stands at 6.4 percent (2017), a slight improvement from the 2016 unemployment rate of 6.5 percent.⁶

The latest available data shows that the country's urbanisation rate stood at 22.19 percent in 2014⁷ with the highest population density concentrated around the capital city, Asmara, and Keren.⁸ Eritrea is prone to tough climatic conditions such as perennial droughts and floods during rainy seasons, affecting availability of ground water resources.⁸ The country is heavily policed and any foreign visitor is advised not to criticise the government or the president in the presence of locals.⁹ In addition, a foreigner needs to make arrangements with a local travel guide/company to move around the country and obtain separate permits for almost every place visited in the country. Nevertheless, the country is rated as one of the safest in Africa and the locals are extremely friendly to foreigners.⁹

KEY FIGURES

Main urban centres	Asmara
Exchange rate: 1 US\$ = [a] 1 July 2019	15.00 Nakfa (ERN)
1 PPP\$ = [b]	5.93 Nakfa (ERN)
Inflation 2018 [c] Inflation 2019 [c]	9.0 9.0
Population [b]	3 213 972
Population growth rate [b] Urbanisation rate (2018) [b]	n/a 3.0%
Percentage of the total population below National Poverty Line (2017) [d]	n/a
Unemployment rate (% of total labour force, national estimate) (2017) [d]	6.4%
Proportion of the adult population that borrowed formally (2017) [b]	n/a
GDP (Current US\$) (2017) [b]	US\$3 860 million
GDP growth rate annual [b]	8.7%
GDP per capita (Current US\$) (2017) [b]	US\$514
Gini co-efficient (2017) [b]	n/a
HDI global ranking (2017)[d] HD country index score (2017) [d]	179 0.44
Lending interest rate (2017) [b]	n/a
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$)	n/a
Number of mortgage providers [f] Prevailing mortgage rate	1 9.5%
Average mortgage term in years Downpayment	25 n/a
Ratio of mortgages to GDP	n/a
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed	n/a
Number of houses completed	n/a
Number of formal private developers/contractors	n/a
Number of formal estate agents	n/a
Cost of a standard 50kg bag of cement	489 ERN (US\$32.60)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [f]	296 296 ERN
Size of cheapest, newly built house by a formal developer or contractor in an urban area [f]	30m ²
Average rental price for this unit in an urban area (local currency units) [g]	2 125 ERN
Number of microfinance loans outstanding	n/a
Number of microfinance providers [f]	1
Number of housing construction loans outstanding	n/a
Number of providers of construction finance	n/a
World Bank Ease of Doing Business Rank [e]	189
Number of procedures to register property [e]	11
Time (in days) from application to completion for residential units in the main urban city	n/a

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[e] World Bank Doing Business 2018
[b] World Bank World Development Indicators	[f] Housing and Commerce Bank of Eritrea
[c] IMF World Economic Outlook Database	[g] Expatistan.com
[d] UNDP: Human Development Reports	

Access to finance

Eritrea's economy is highly dependent on rain-fed subsistence agriculture and mining, exposing it to shocks such as droughts.¹⁰ The economy is highly controlled by the government, which has imposed heavy restrictions on the amounts that can be held in either bank accounts or in hand.¹¹ Consequently, in December 2017 the government closed 450 private businesses, which allegedly hoarded cash and failed to transact business through commercial banks. It appears that the stringent government controls have led to the rise of parallel informal financial markets whose depth and scope is mainly unknown. Economic analysts contend that the government practice of forcing citizens to use the banking system has no legal backing and is a recipe for mistrust of the banking system.¹⁰ Banking in Eritrea is 100 percent state-owned and regulated by the Bank of Eritrea. The three banks are Housing and Commercial Bank of Eritrea, Eritrean Investment and Development Bank and Commercial Bank of Eritrea.¹²

Microfinance is largely provided by the Saving and Microcredit Programme (SMCP) established in 1996 in response to the failure by the formal sector to serve the low-end market.¹³ According to Habte et al (2017, p.79), SMCP offers "Micro Business Loan (MBL), Small Seasonal Agricultural Loan (SSAL), Oxen Loan (OL), Irrigated Agricultural Loan (IAL), Small Business Loan (SBL) and Employee Loan (EL). Three of these loan products (SSAL, OL, IAL) target the agricultural sector in rural areas. While MBL and SSAL are accessed on group basis, OL, IAL, SBL and EL are individually accessed loans".

The Housing Bank of Eritrea was established in 1994 to address the country's acute housing needs by providing mortgages to individual customers and individual housing complexes.¹⁴ However, the available data shows that the last (Massawa) Housing Project was the last major housing project funded and completed in 2000.¹³ Although there has been growth in corporate bond markets in Sub-Saharan Africa, such markets are undeveloped in Eritrea.¹⁵ In addition, no evidence of pension-backed housing loans in the country is available. In sum, financing housing in Eritrea in the absence of formal and informal financing options would prove to be an uphill task.

Affordability

According to Numbeo¹⁸, to buy an apartment in Asmara city centre costs Nkf16 238 (US\$1076) per square metre while it costs Nkf15 665 (US\$ 1 038) per square metre outside of CBD. In addition, renting a one bedroom apartment costs Nkf1 509 (US\$100) and Nkf1 006 (US\$67) in the central business district (CBD) and outside the CBD respectively. Numbeo finds that renting a three-bedroom house in the CBD goes for Nkf2 012 (US\$133) with no comparable data for three-bedroom apartments outside the CBD. In a country where, according to Numero, the average monthly net after tax salary averages Nkf3 018 (US\$200). With negligible or undocumented access to home loans, only a few people can afford decent housing in Eritrea. Furthermore, previous studies on accessing credit in Eritrea observe significant challenges for borrowers, arising from stringent collateral requirements and mistrust between borrowers and lenders.¹⁹ A number of attempts have been made to address the challenges of collateral requirements through group lending by the Savings and Micro-Credit Program. However, these interventions have previously failed due to lack of co-ordination between the government and development practitioners.²⁰

Housing supply

The demand for housing in Eritrea far surpasses supply. This has led to the proliferation of many unlicensed houses prompting a major campaign by the government to demolish and raze the unlicensed houses.²¹ The ruling party has abrogated itself unprecedented powers in the real estate market, effectively doubling as the landlord and estate broker. This has significantly curtailed the development of house extensions (commonly known as "servizio"), which landowners let to visitors at a tidy sum. The 2018 Eritrea Country Report documents the government's extortion of diaspora investors in the housing sector leading to the collapse of the projects.²² The government practice no doubt discourages would be investors in housing with negative implications for housing supply in the country.

Data on housing supply in Eritrea is scanty, curtailing efforts aimed at establishing the country's minimum rent. The Asmara Housing Project commenced at around 2016 appears to have been completed.²³ A 2016 FaceBook post shows that the project was for new 930 apartments, 824 villas and 192 business complexes.²⁴ The lowest price for new apartment and villas was Nkf300 602 (US\$19 920) while the highest price was Nkf1 887 170 (US\$125 057).

Property markets

Eritrean property market appears to be dominated by foreign estate agents and mainly lists high-end properties. The foreign estate agents are mainly from Greece and include ktimatikieretrias, Interattica Real Estate & Constructions and HomeGreekHome.com, among others.²⁵ From such listings, a 480 square metre piece of land located 100 metres from the Red Sea is listed at €18 000(US\$203 999, or Nkf3 078 648.²⁶ In contrast a 200 square metre maisonette located in Evia, Eritrea is listed for €270 000 (US\$297 729 or Nkf4 493 162), which translates to €1 350 (US\$1 488 or Nkf22 465) a square metre.²⁷ Interestingly, all the house prices are listed in Euro with no local currency

Availability of data on housing finance

Eritrea is one of the countries with the least number of internet users (less than one percent of total population)¹⁶ and minimal online presence. The country has extremely low internet connection and residents are not allowed home internet connection. The implication of there being minimal online presence about the country's economic activities and the country itself poses significant challenges for data access/availability. Most institutions in the country have no websites, including the (Central) Bank of Eritrea.

The use of social media in the country is severely curtailed¹⁷ and the internet connection extremely slow. Consequently, obtaining data from social media users in the country is difficult and desktop research on the country is challenging. No official government statistics on housing finance are accessible online. The data available on Eritrea is mainly dated and extremely limited.

equivalent displayed, suggesting the advertisers are targeting foreign (or foreign-based) buyers. The value of combined imports and exports for the country is 37.5 percent of GDP and the government has severely curtailed foreign investments in a number of sectors.²⁸ The existence of state-owned enterprises creates market distortions in the property markets. Such market distortions in a country with undeveloped financial system and non-existent capital markets have conspired to deny long-term financing to possible homeowners and property developers.

Policy and regulation

Eritrea has neither an effective constitution nor the rule of law, exposing its people to arbitrary confiscation of both property and land.²¹ The country has institutionalised open discriminatory practices for the allocation of land, where some people obtain usufruct rights to the land backed by customary law. The 2018 BTI report observes Eritrea's hostile policy towards the private sector, evidenced by the ownership of all economically significant companies by either the military or the government. According to the World Bank Doing Business 2019 Report Eritrea ranked as follows: starting business (187), dealing with construction permits (186), registering property (180) and protecting minority investors (174).²⁹ In addition, registering property costs nine percent of the property value. These findings suggest that on regulatory issues within the control of the government, the country ranks in the bottom 15 countries globally.

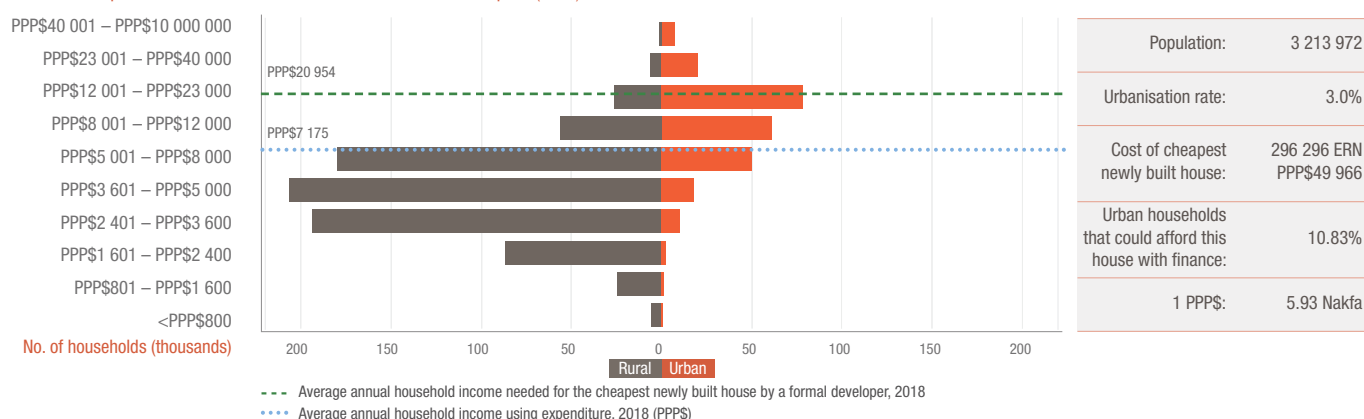
Opportunities

Eritrea has great opportunities for investors in general and housing investors in particular, but with high-potential returns comes high potential risks. Crucially, any potential investor in the country should consider the multiple bureaucratic bottlenecks imposed by the state. As mentioned, it is the practice of the state actors to demand a share of the ownership of foreign companies investing in the country. Investors risk losing their investments in future if they are perceived to be anti-regime. For instance, in August 2019 the government took over educational institutions owned and run by religious organisations for allegedly criticising the government.³⁰

Notwithstanding the challenges of doing business in Eritrea, from a business point of view, every problem should be seen as a business opportunity. For instance, telecommunications and internet in the country is highly undeveloped and therefore (international) investors would consider credible proposals for partnering with the government to offer the services. In addition, the demand for housing far outstrips supply but the real estate is (micro) controlled by the regime and the ruling party. Private ownership of land is not allowed and the government can repossess the land and the developments therein. Perhaps, public-private partnerships between the government and (international) private investors offer potential. Nevertheless, such public private partnerships would call for International guarantees to ensure contract enforcement and government compliance.

ERITREA

Annual income profile for rural and urban households based on consumption (PPP\$)

Source <https://www.cgidd.com/C-GIDD>, 2019

The recently signed peace agreement between Eritrea and Ethiopia will hopefully open multiple investment opportunities in the country.³¹ For instance, the peace dividends will hopefully include the ability to import construction materials from Ethiopia at a lower cost than has been the case during decades of “no war no peace” between the two Horn of Africa countries. Importantly, the peace deal will trigger the release of government funding from multilateral and bilateral donors, easing the pressure on the government. Lastly, the peace deal has led to the lifting of many UN sanctions, paving way for foreign investors into the country.³²

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Overview

The Kingdom of Eswatini is a landlocked country covering an area of approximately 17 360km, with a population of approximately 1.451 million. According to the 2018 FinScope Consumer Survey, 54 percent of its population was 35 years old or younger and 34 percent had a primary school education or less.¹ The Kingdom of Eswatini is classified as a low middle income country with a gross domestic product (GDP) at market prices of US\$3.43 billion.² The country is predominantly rural with much of the development confined to its urban centres of Mbabane and Manzini. In 2018, 71 percent of the total population lived in rural areas and 29 percent lived in urban areas. Poverty levels have stagnated over the past five years with 58.9 percent of Swazis living below the national poverty line in 2017.

On average, a household comprises four members with an average of two members of the household being income-earning.³ Twenty percent of those surveyed in the 2018 FinScope Consumer Survey indicated that they received income from the formal sector; 12 percent from owning micro, small, and medium enterprises (non-farming); 15 percent from piece jobs; three percent from owning a farming-related business; 24 percent from remittances received from relatives or friends; and five percent noted government grants as their primary source of income.⁴

The Kingdom of Eswatini is economically dependent on South Africa for 60 percent of its exports and for more than 90 percent of its imports.⁵ The economy is made up mostly of agriculture and forestry. Mining accounts for approximately 10 percent of GDP while manufacturing (textiles and food processing) represents 30 percent of GDP. Government services constitute approximately 20 percent of the GDP.⁶ In its Eswatini Economic Outlook for 2019, the African Development Bank reported that real GDP contracted by an estimated 0.5 percent in 2018 after 1.9 percent growth in 2017. However, real GDP growth is projected to recover to 1.7 percent over the course of 2019 and 2.3 percent in 2020. This growth will largely be driven by supply-side developments.⁷

In addition, to stimulate GDP growth, boost local employment and generate higher, sustainable export revenues, the Minister of Finance noted these five priority areas in his 2019 Budget Speech: the development of a fiscal consolidation plan and arrears funding strategy; improvement of the ease of doing business rankings;

KEY FIGURES

Main urban centres	Mbabane, Manzini
Exchange rate: 1 US\$ = [a] 1 July 2019	14.12 Lilangeni (SZL)
1 PPP\$ = [b]	5.11 Lilangeni (SZL)
Inflation 2018 [c] Inflation 2019 [c]	4.8 5.6
Population [b]	1 136 191
Population growth rate [b] Urbanisation rate [b]	1.0% 1.8%
Percentage of the total population below National Poverty Line (2017) [d]	27.8%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	26.4%
Proportion of the adult population that borrowed formally	n/a
GDP (Current US\$) (2018) [b]	US\$4 704 million
GDP growth rate annual [b]	0.06%
GDP per capita (Current US\$) (2018) [b]	US\$4 140
Gini co-efficient (2009) [b]	51.5
HDI global ranking (2017) [d] HD country index score (2017) [d]	144 0.588
Lending interest rate (2017) [b]	10.3%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$) [f]	US\$247.8 million
Number of mortgage providers [f] Prevailing mortgage rate [f]	5 10%
Average mortgage term in years [g] Downpayment [g]	20 10%
Ratio of mortgages to GDP	5.6%
What form is the deeds registry? [d]	Computer - Scanner
Total number of residential properties with a title deed	n/a
Number of houses completed	n/a
Number of formal private developers/contractors [i]	460
Number of formal estate agents	n/a
Cost of a standard 50kg bag of cement [j]	70 SZL (US\$4.95)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [k]	406 315 SZL
Size of cheapest, newly built house by a formal developer or contractor in an urban area [k]	53m ²
Average rental price for this unit in an urban area (local currency units) [k]	1 510 SZL
Number of microfinance loans outstanding [l]	20 261
Number of microfinance providers [l]	766 224 316 SZL
Number of housing construction loans outstanding	n/a
Number of providers of construction finance [m]	1
World Bank Ease of Doing Business Rank [e]	117
Number of procedures to register property [e]	9
Time (in days) from application to completion for residential units in the main urban city [n]	30

NB: Figures are for 2019 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF):

Swaziland Building Society

Eswatini Housing Board

[a] Coinmill	[h] The Central Statistical Office
[b] World Bank World Development Indicators	[i] Construction Industry Council
[c] IMF World Economic Outlook Database	[j] Build It Mbabane
[d] UNDP: Human Development Reports	[k] Swaziland National Housing Board
[e] World Bank Doing Business 2018	[l] Centre for Financial Inclusion
[f] Central Bank of Eswatini	[m] Eswatini Financial Services Regulatory Authority
[g] Standard Bank Eswatini	[n] Mbhetse Construction Services

delivery of improved socioeconomic impact; implementation of an infrastructure investment plan; and building a culture of excellence.⁸

Access to finance

The Kingdom of Eswatini's banking landscape is comprised of the Central Bank of Eswatini, four commercial banks and one building society, the Swaziland Building Society (SBS). Three of the four commercial banks operating in the country are subsidiaries of parent South African banks. These banks include Standard Bank, First National Bank and Nedbank. The fourth commercial bank is the Eswatini Development and Savings Bank, which is owned by the government.

The Kingdom of Eswatini has a dynamic microfinance sector with approximately 114 microfinance institutions (MFIs) registered with the Eswatini Financial Services Regulatory Authority (EFSRA). In addition, there are 52 registered Savings and Credit Co-Operative Societies (SACCOS) in the country. TransUnion ITC Swaziland (Pty) Ltd is the sole credit bureau registered with the EFSRA.⁹

In the National Financial Inclusion Strategy for Swaziland 2017-2022, the Kingdom of Eswatini's Ministry of Finance highlights its financial inclusion strategic vision. The vision is to increase the depth of financial inclusion and grow the percentage of adults with access to two or more formal products from 43 percent to 75 percent. The strategic vision also includes reducing the number of adults unable to access formal products from 27 percent to 15 percent by 2022 through growing mobile money and remittances; deepening bank reach; getting credit basics right; ensuring risk management products are available; and enabling alternative channels to serve the poor.¹⁰

The 2014 FinScope Consumer Survey indicated that 37 percent of the Swazi population that is 18 years or older is financially excluded; they do not have, nor do they use any financial products or services, formal or informal. The FinScope survey also notes that consumers generally use a combination of financial products and services to meet their financial needs. Only 5.8 percent of adults rely exclusively on banking services, while 24.3 percent use a combination of formal and informal mechanisms to manage their financial needs (suggesting that their needs are not fully met by the formal sector alone), and 8.6 percent of the adult population solely rely on informal mechanisms such as village savings and loan groups to save or borrow money.¹¹

In its Private Sector Credit Report for June 2018 to June 2019, the Central Bank of Eswatini notes that outstanding loans related to housing amounted to E3 500 000 000 (US\$24 773 270) as at June 2019.¹² The main mortgage dispersing financial services providers include Standard Bank, First National Bank (FNB), Nedbank, Swaziland Building Society and Swazi Bank. Mortgage terms are generally 20 years, with Standard Bank offering mortgages for a 25-year period and FNB offering 100 percent mortgages. The prime interest rate is 10 percent, with the actual interest rate applied on a mortgage dependent on the applicant's personal credit score.

General requirements when applying for a mortgage include, among others, submitting proof of residence, a deed of sale and a confirmation letter from the chief's kraal declaring a right to occupy land if it is on Swazi National Land.¹³

The SBS offers construction loans for residential and commercial properties. Applicants are required to submit a building plan approved by the City Council or written consent from the Ministry of Housing and the local municipal council as well as a copy of the supervising architect or projects manager's professional fees and approval from the Eswatini Environmental Authority. Applicants are also required to submit proof of income. This can be in the form of a current payslip, a current lease agreement in cases where income is rental based, audited financial statements, cash flow projections or a six months bank statement for registered companies.¹⁴

Loans dispersed by the SBS must be covered under the Mortgage Protection Policy and House-Owner's Insurance. In the event that the borrower's insurer cancels such a policy, the SBS reserves the right to force insure the loan to protect its interests. The SBS is also a registered corporate insurance agent for Swaziland Royal Insurance Corporation in terms of the Insurance Act No. 7 of 2005.¹⁵ The Swaziland National Housing Board (SNHB) is mandated to provide housing loan finance to Swazis wishing to develop their own properties. The SNHB is currently investigating what resources and processes would enable it to meet this mandate.¹⁶

Affordability

Although secure tenure may be precarious on Swazi National Land, 93 percent of the adults who live on rural land consider themselves to have full ownership of the housing unit they live in, while four percent consider themselves to be tenants. As it relates to urban land, 47 percent of those surveyed in the FinScope Consumer Survey in 2014 indicated that they are tenants, while 40 percent indicated that they had full ownership of the housing unit they occupy.¹⁷

Availability of data on housing finance

Several of the official sources of information, such as government websites and representatives of various government departments, either do not collect the data relevant to their departments, have outdated data, or have data that is not publicly available. This results in the need to use secondary sources for information or outdated data that does not reflect the current landscape. This may be influenced by constrained financial and human capital resources in government departments. Nationally representative surveys are expensive and often require external financial support to complete.

In 2014, only eight percent of adults surveyed indicated that they invested in property, while four percent indicated that they invested in improving, extending, or building their home. With short-term savings, nine percent indicated that they were saving towards buying or building a house. The greatest purpose for savings, at 56 percent, was for general living expenses, suggesting shortfalls in household income when measured against household financial needs.¹⁸ The greatest driver for household credit, at 31 percent, is general living expenses.¹⁹

The unemployment rate in the Kingdom of Eswatini remained unchanged at 26.40 percent in 2017 from 26.40 percent in 2016.²⁰ The minimum wage rate is E531.6 (US\$37.63) a month for a domestic worker; E420 (US\$29.73) a month for an unskilled worker; and E600 (US\$42.47) a month for a skilled worker. The minimum wage was revised in 2011.²¹ Assuming that up to 25 percent of a person's income can be used for housing, an individual earning a minimum wage would not be able to purchase a residential property through a mortgage. Standard Bank requires a mortgage applicant to earn a minimum monthly net salary of E5 000 (US\$353.90). The maximum loan term across all the lenders is approximately 25 years. The SBS offers mortgages slightly below the prime rate at eight percent.

Housing supply

Housing delivery on behalf of the government of the Kingdom of Eswatini is delegated to the SNHB, a public enterprise set up in terms of the Swaziland National Housing Board Act No. 3 of 1988 with the core mandate of providing affordable housing for low and middle income Swazi citizens.²²

Under the Institutional Housing Project, the SNHB was appointed by the government to implement a phased housing programme for civil servants. Under this programme, the SNHB is required to raise finance, and construct and manage the housing units to be leased to the government. Phase one of the programme is divided into two stages. The first stage involves the construction of units for three government agencies, namely the Royal Swaziland Police (132 housing units), His Majesty's Correctional Services (160 housing units), and the Swaziland National Fire and Emergency Service (72 housing units). Phase two of the programme involves developing a total of 236 housing units, ranging from two to three bedroom semi-detached housing units. A total of 196 housing units are allocated to Ministry of Health employees, while 40 are allocated to Swaziland Civil Aviation Authority employees.²³

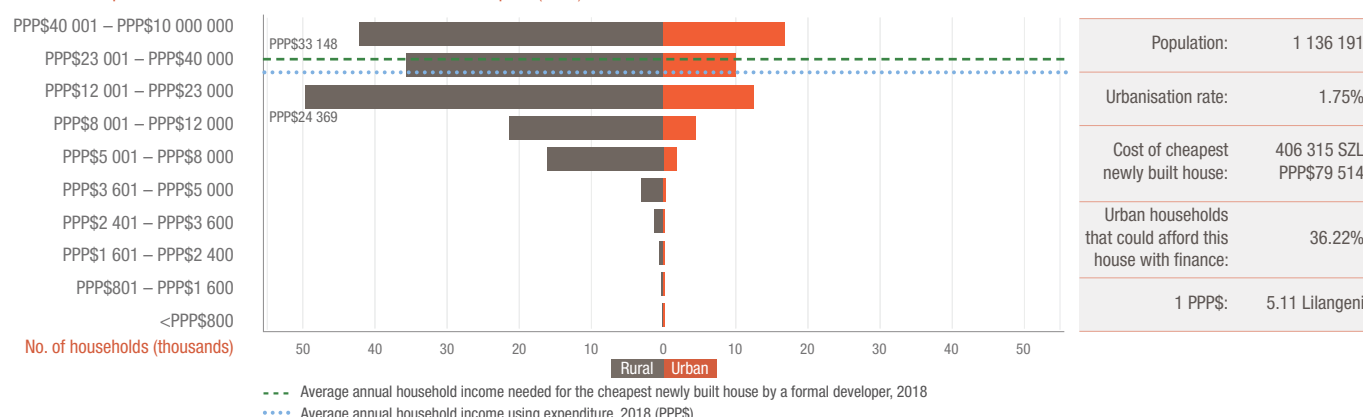
Property markets

The SNHB manages and leases residential estates in Matsapha and Mbabane. The Matsapha Estate comprises two developments that can accommodate 580 households. The cheapest housing unit is located in the Matsapha Old Mobeni Estate development; the unit has two bedrooms, a shared bathroom, kitchen and living room. The monthly rental for this unit is E1 510 (US\$106.88). The estate is conveniently located between Mbabane and Manzini. The six estates across Mbabane accommodate 505 households. The cheapest housing unit is in the Old Mobeni Estate development; the unit has two bedrooms, a shared bathroom, kitchen and living room. The monthly rental for this unit is E1 510 (US\$106.88). The development is in Msunduzu, Mbabane.²⁴

The sales portfolio of the SNHB consists of properties developed by the SNHB, some of which are in Woodlands, Nkhanini, Mhobodleni and Thembelisha.²⁵ The Mhobodleni township development has 18 plots which are each 400 square metres, and the units range from one to three bedrooms. The cheapest housing

ESWATINI

Annual income profile for rural and urban households based on consumption (PPP\$)

Source <https://www.cgidd.com/C-GIDD, 2019>

unit in the development is a one bedroom and one bathroom 52.83 square metre unit, with a sale price of E406 315 (US\$28 759.29).²⁶

On average, the cost of construction labour per square metre is reported as E1 900 (US\$134.48), while the cost of construction for a basic residential property is E1 200 (US\$84.94) per square metre. The construction period is noted as 30 to 60 working days depending on the complexity of the site and the services available and required.²⁷

The Eswatini Deeds Registry is situated under the Ministry of Natural Resources and Energy. It was established under Section 3 of the Deeds Registry Act No. 37 of 1968 and was situated in Pretoria, South Africa, until 25 June 1973.²⁸ The Deeds Registry publishes quarterly performance reports. For the period April to June 2019, the Deeds Registry reported 296 deed transfers and 224 mortgage bond registrations. On average, Mbabane accounted for 25 percent of all deed transfers and 35 percent of mortgage bonds registered between April to June 2019.²⁹ Comparatively, for the period January to March 2019, the Deeds Registry reported 286 deed transfers and 261 mortgage bond registrations. On average, Mbabane accounted for 25 percent of all deed transfers and 35 percent of mortgage bonds registered between January to March 2019.³⁰

There is currently no legislation governing real estate agents in the Kingdom of Eswatini. However, the government is drafting the Estate Agents Registration, Licensing and Professional Indemnity Regulation Act, which is aimed at safeguarding the interests of estate agents and setting industry standards in the real estate market. There is also no established real estate agency affairs board or council at present. In September 2018 local real estate agents met to deliberate the formation of Eswatini Realtors Association, but the association is yet to be registered.³¹

It takes 21 days to register a property in the Kingdom of Eswatini, much less than the Sub-Saharan Africa average of 53.9 days. Nine procedures are required, and the overall process is estimated to cost approximately 7.1 percent of the property value.³² The procedures include the preparation of the deed of sale and transfer cost statement. In addition, the purchaser is required to obtain a rates clearance certificate, a certificate of payment of dues from the town council, a tax clearance from the tax authority, and a land board exemption certificate.³³

Policy and legislation

Seven key policy and legislation documents guide how land and real estate is treated in the Kingdom of Eswatini, namely the Housing Policy, the Physical Planning Policy, the Sectional Titles Act of 2003, the Human Settlements Authority Act of 1988 as amended in 1992 (Act No. 13 of 1992), the Crown Lands Disposal Regulations of 2003, Vesting of Land in Kings Order (1973) and the Crown Lands Disposal Act No. 13 of 1911.³⁴ The Sectional Titles Act of 2003 is still awaiting approval from the King.

The Kingdom of Eswatini's Ministry of Housing and Urban Development has three primary functions, namely physical planning, land administration and housing. The Ministry is mandated to co-ordinate and facilitate urban development as well as provide housing throughout the country through effective physical planning, housing research and development, and land administration. Despite the provision of housing being noted in its mandate, its core objectives do not detail the construction or delivery of affordable housing. This task is delegated to the SNHB.

The Constitution of the Kingdom of Swaziland formally recognises a dual land tenure system. The King holds more than half of the land, called Swazi Nation Land, "in trust" for the Swazi people. The remainder is privately owned Title Deed Land. In 2013 a draft Land Bill was introduced. While steps had been taken to finalise both the draft Land Policy and the draft Land Bill, neither had been passed by the time Parliament was dissolved in June 2018 for the national elections scheduled for September 2018.³⁵

The Human Settlements Authority Act of 1988 as amended in 1992 (Act No. 13 of 1992) outlines the functions and objectives of the Human Settlements Authority. Its functions and objectives are the following:

- To assist the government in formulating policy relating to human settlements as well as to assist with upholding and giving effect to such policy;
- To ensure the orderly development of existing and future urban and rural settlements;
- To establish a finance mechanism for ensuring the supply and maintenance of approved shelter and infrastructure throughout the Kingdom of Eswatini, which shall include a system of revenue recovery;
- To prepare appropriate standards for the provision of land, shelter and infrastructure by both private and public developers;
- To regulate real estate transactions including the standardisation of lease agreements, rent control and sale of land and buildings; and
- To encourage and support research in appropriate methods of providing shelter and infrastructure.³⁶

Opportunities

There is great opportunity to either partner with, or invest in, institutions like the SNHB and the SBS. These two institutions have an intricate understanding of the housing needs and demands of the Kingdom of Eswatini. In addition, the institutions are well-positioned to navigate the economic and political terrain.

Even though the SNHB is mandated to provide housing finance it is unable to do so due to financial constraints. There are various ways in which investors could support this function, specifically for housing developed for civil servants who have long-term stable incomes.

The Kingdom of Eswatini has a high number of MFIs and SACCOS, as well as great participation in these sectors, specifically by those residing in rural areas. There is potential to use MFIs and SACCOS to finance incremental housing.

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 Eswatini Financial Services Regulatory Authority <http://www.fsra.co.sz>
 Swaziland Building Society <https://www.sbs.co.sz>
 Swaziland National Housing Board <https://www.snhb.co.sz>
 Southern African Development Community <http://www.sadc-dfrc.org>
 Standard Bank Eswatini <https://www.standardbank.co.sz>
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Ethiopia

Author: Hone Mandefro



Overview

Ethiopia is the second most populous country in Africa with an estimated population of more than 100 million people. Ethiopia's economy has been growing fast over the last 15 years, averaging 10.3 percent a year from 2006/07 to 2016/17. However, the country's real gross domestic product (GDP) growth decelerated to 7.7 percent in 2017/18 mainly due to political instability.¹ The government has a high development orientation, and ambitious development projects coupled with elevated public investment and credit. The country's public debt was estimated to be 57.2 percent of GDP in the fiscal year to 7 July 2019.² Industry, mainly construction, and services, accounted for most of the growth in the last two decades. Private consumption and public investment explain the demand-side growth, with public investment assuming an increasingly important role. Some effort has been made to improve the role of the private sector in the economy in recent times through a national initiative led by the Prime Minister's office aimed at improving the ease of doing business and opening up telecommunications to the private sector and the financial sector for foreign investors.

Although Ethiopia was considered one of the least urbanised countries on the continent, this has been rapidly changing. The rate of urbanization, which was 5.8 percent between 2007 and 2012 is estimated to be 5.1 percent in the period between 2012 and 2037.³ Major cities such as Addis Ababa, Adama, and Hawassa have recorded growth rates of 4.5 percent, 8.3 percent, and 8.9 percent, respectively.⁴ These growth rates mean that the country will move from an urbanisation rate of 20.4 percent – 22 percent recorded in 2017 to a projected 38 percent by 2037.⁵ Ethiopia's cities are characterised by little formal planning, an organic road network and widespread informal housing. Rapid urbanisation has outpaced development of infrastructure and service delivery.⁶

The construction sector, which accounted for 12.5 percent of the GDP in 2018, has continued to grow yet remains fairly developed. Ethiopia's growing population and rapid rate of urbanisation continues to put substantial pressure on housing, especially among the poor. Lower income households face two main barriers to owning homes: lack of affordable and quality housing stock, and the difficulty of obtaining housing finance. The unmet housing demand is estimated at approximately 1.2 million.⁷ The government's Integrated Housing Development Program (IHDP) makes the biggest contribution to the housing stock in the country, followed by houses privately built by individuals. The real estate sector is in its infancy and contributes little.

KEY FIGURES

Main urban centres	Addis Ababa
Exchange rate: 1 US\$ = [a] 1 July 2019	28.98 Ethiopian Birr (ETB)
1 PPP\$ = [b]	10.00 Ethiopian Birr (ETB)
Inflation 2018 [c] Inflation 2019 [c]	13.8 9.2
Population [b]	109 224 559
Population growth rate [b] Urbanisation rate [b]	2.6% 4.8%
Percentage of the total population below National Poverty Line (2017) [d]	63.0%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	5.2%
Proportion of the adult population that borrowed formally (2017) [b]	10.6%
GDP (Current US\$) (2018) [b]	US\$84 335 million
GDP growth rate annual [b]	6.80%
GDP per capita (Current US\$) (2018) [b]	US\$772
Gini co-efficient [b]	n/a
HDI global ranking (2017)[d] HD country index score (2017) [d]	173 0.463
Lending interest rate	n/a
Yield on 2-year government bonds	n/a
Number of mortgages outstanding [f]	214 417
Value of residential mortgages outstanding (US\$)	US\$1 309 million
Number of mortgage providers Prevailing mortgage rate [g]	1 18%
Average mortgage term in years [f] Downpayment	18 23%
Ratio of mortgages to GDP	1.6%
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed	n/a
Number of houses completed [h]	176 123
Number of formal private developers/contractors [i]	175
Number of formal estate agents	50
Cost of a standard 50kg bag of cement	170 ETB (US\$5.87)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units)	600 000 ETB
Size of cheapest, newly built house by a formal developer or contractor in an urban area [h]	20m ²
Average rental price for this unit in an urban area (local currency units) [h]	3 000 ETB
Number of microfinance loans outstanding	n/a
Number of microfinance providers [j]	37
Number of housing construction loans outstanding	n/a
Number of providers of construction finance [j]	55
World Bank Ease of Doing Business Rank [e]	159
Number of procedures to register property [e]	7
Time (in days) from application to completion for residential units in the main urban city [k]	455

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[g] Oromia International Bank
[b] World Bank World Development Indicators	[h] Ministry of Urban Development and Construction (MUDC)
[c] IMF World Economic Outlook Database	[i] Central Statistical Agency (Ethiopia)
[d] UNDP: Human Development Reports	[j] National Bank of Ethiopia
[e] World Bank Doing Business 2018	[k] Nefas Silk Lafto Sub-City Administration
[f] Commercial Bank of Ethiopia	

Access to finance

Ethiopia's financial sector has been tightly controlled by the state and excluded from foreign investment. No capital market exists and bonds are not widely traded. Government bonds are occasionally issued to finance government expenditure on mega projects or to absorb liquidity in the banking system. The National Bank of Ethiopia (NBE) is responsible for regulating banking and microfinance. The government issues periodic directives on minimum interest rates for deposits, mandatory purchase of NBE bills (equal to 27 percent of gross lending), and a strict waiting list system to allocate foreign currency funds based on NBE directives of priority items/sectors. The NBE also sets the minimum interest rate for deposits (7 percent in 2018) but does not limit rates banks can charge for loans.

Banks and microfinance institutions are the main types of financial institutions in the country, and the main source of financing, particularly for the construction sector. The penetration of these institutions has over the last two decades increased, but still more than 80 percent of the population depend on informal sources of credit. There are 19 banks (18 commercial and one development bank) in Ethiopia serving a population of more than 100 million people. As at June 2018, there were a total of 4 757 bank branches. One study on Ethiopia's banking sector noted that "as of 2018, [the sector had]—collected Br730 billion in deposits (from around 33 million savers); provided Br733 billion (33 percent of GDP) of total credit; handled close to US\$10 billion in annual foreign exchange trading; employed 90 000 workers; delivered attractive returns to roughly 115 000 shareholders; and contributed Br13 billion in yearly taxes to the government (equivalent to roughly one-fifth of annual income tax receipts in recent years)."⁸

The state-owned Commercial Bank of Ethiopia (CBE) dominates the banking sector; partly because of preferential treatment from the government, such as its exclusive access to mortgage funding through the IHDP, and its long years of operation. CBE controls 66 percent of loans, 62 percent of deposits, 50 percent of capital, and just under 50 percent of profits in the sector.⁹ However, the share of private banks is increasing and they are becoming more competitive. In 2018, the share of the CBE in total profit declined to just 50 percent for the first time.

Yet the fledgling banking sector's capacity to meet the needs of the private sector is still limited. Compared to banks in other African countries, Ethiopian banks are: "(1) much smaller in size; (2) very limited in their services; (3) heavily focused on lending instead of other income sources; (4) less burdened by non-performing loans; (5) carrying lower overhead costs; and (6) slightly more profitable – in ROE [Return on Equity] terms – than their peers".¹⁰

The banking sector is expected to grow and its contribution to GDP to double by the next decade.¹¹ As part of the ongoing reforms in the country, the government has passed a bill that allows people living in the diaspora to invest in the finance sector; buy shares, and set up lending businesses.¹² At least eight banks are being established, including one that is expected to specialise in loans to housing and construction projects.¹³ The government has showed interest in pursuing greater liberalisation of the sector by issuing a permit for the first foreign owned company to lease imported equipment under local currency contracts.¹⁴ The Governor of National Bank has confirmed to parliament that plans are in place "to open the financial sector to the global market"¹⁵ and there is speculation that a stock market will be launched in near future.

Microfinance institutions play an important role in construction financing. According to the World Bank, the country had 37 microfinance institutions, with nearly 1 800 branches, 4.7 million borrowers and 16 million accounts as of March 2018.¹⁶ Although the microfinance institutions are intended to serve the financial needs of the poor, 80 percent of the poor depend on informal lenders,¹⁷ suggesting that MFIs can achieve greater outreach.¹⁸ Still, MFIs are better than banks in financing housing and construction projects, with at least 82 540 housing construction loans in the country, versus 6 728 loans by private banks, and total exposure of Br2.8 billion (US\$95 million). MFI loans are smaller and for shorter terms compared to banks. Loans offered by MFIs are cheaper with an interest rate of 14.3 percent a year compared to 17 percent charged by private banks, and they charge lower fees, mainly because they are partly financed through loans from government and non-government organisations with the prime intention of enhancing financial inclusion of the poor.¹⁹ However, the total amount devoted to loans for the construction sector is less than 10 percent and even less for housing. Access to finance for housing projects is limited and informal loan arrangements with friends and family is still the norm. A new housing mortgage bank under establishment could meet the high demand for affordable loans for house construction.

Mortgages

Since Construction and Business Bank stopped mortgage services in 1980s and was swallowed by the giant Commercial Bank of Ethiopia in 2016, no bank specialises in mortgages or loans to the construction sector. In a country where no more than 16 percent of the population receives a formal salary, collateral requirements leave only a few households eligible for mortgage loans. The World Bank estimates that mortgages represent only 1.87 percent of GDP of the country,

Availability of data on housing finance

Agencies compiling and reporting data on housing finance include: National Bank of Ethiopia (NBE), the Central Statistics Authority, and the Ministry of Urban Development and Construction. Although Ethiopia's statistical capacity is higher than the Sub-Saharan average,³⁶ data on the housing sector is severely lacking. The NBE neither disaggregates data by sector nor compiles important housing sector data such as the total value and number of mortgages. The most recent population and house census was conducted 11 years ago. Furthermore, most of the available data is inconsistent and not available to the public. Secondary data collection is difficult as the websites of the Ministry of Urban Development and Construction are down, while the website of the Central Statistics Agency and National Bank of Ethiopia are not updated regularly and slow to respond.

small even by African standards.²⁰ The government works with the state-owned CBE to provide mortgages to IHDP beneficiaries, to be paid over 15 years at 9.5 percent a year.²¹ As a result, CBE dominates the existing small mortgage market, issuing up to 69 percent of total mortgages through the IHDP.²² Private banks' capacity to offer mortgages is constrained by lack of long-term funds, risks of non-performing loans due to low levels of income of urban residents and the high price of houses, lack of house supply, financial illiteracy, and crowding out of the market by CBE. Thus, their mortgages are restricted to their own employees or well paid employees of large international organisations. Bank employees receive preferential treatment: lower interest rates (7.7 percent versus up to 18 percent for regular customers) no or a lower down payment and longer amortisation periods (25 years versus 10-15 years for regular customers).

Furthermore, to resolve their shortage of hard currencies, most banks have launched a diaspora mortgage where diaspora members are expected to pay loans in US dollars, pounds or Euro. Thus, most bank mortgages are for their own employees or other well paid employees of non-governmental organisations and intergovernmental organisations. Overall, the Ethiopian mortgage market primarily serves upper and upper middle-income salaried households. Due to the requirement of salaried income or collateral, the percentage of non-performing loans is considered low.

Affordability

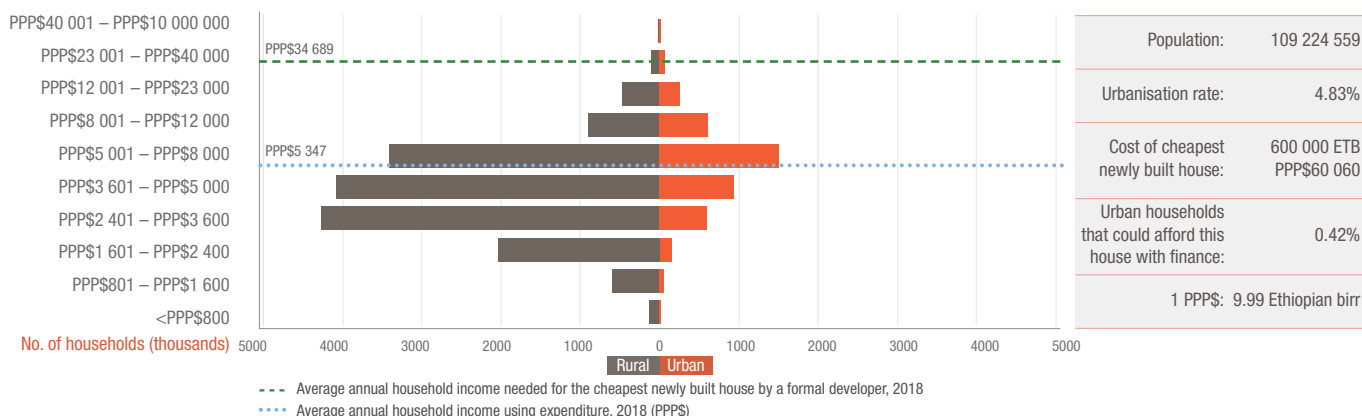
Affordability is a major issue in the housing market in Ethiopia. Most household incomes are too low to afford formal housing solutions – public or private. The problem of the generally low income of urban residents is exacerbated by costly construction material and unreasonably high land prices.

Opportunities to buy newly built IHDP housing are allocated by lottery. The size of the apartments built by IHDP varies from time to time and amongst the various programs. In the latest round of the lottery the average size of apartments varies between "a studio apartment (32m²) and a one, two or three-bedroom apartment (51, 75, or 100m², respectively)".²³ The cost of construction for IHDP houses is Br4 918/m², excluding costs of finishing and infrastructure connection.²⁴ If land costs, administration and compensation costs for people who occupied the land prior to the IHDP, as well as the cost of infrastructure is included, the average production cost per unit increases to Br 16 725 (against the approximately Br10 000 winning households pay) which suggests a 40 percent subsidy.²⁵ The downpayment required to be saved in the event of winning a lottery and the monthly contributions registrants need to pay exceeds a household's annual consumption many times over.

Unlike traditional subsidised social housing lottery, winners are free to rent out their apartment at market rates but not allowed to sell them before five years from the date of taking ownership of the house. Thus, once they have won the lottery many people rent out the houses at a better price and generate revenue to pay the mortgage. Due to this and other reasons, therefore, only 46 percent of lottery winners move into their apartments.²⁶ The increase in interest in this public housing scheme should not be considered as affordability of the scheme but rather be seen in the context of the expensive nature of other options. As

ETHIOPIA

Annual income profile for rural and urban households based on consumption (PPP\$)



Source <https://www.cgidd.com/C-GIDD, 2019>

things stand, only the upper income groups, and members of the Ethiopian diaspora can afford formally constructed housing in Ethiopia. Due to limited opportunities of accessing land formally, squatter settlement is one affordable way of owning houses at less than market prices. This comes with a risk of demolition by administrators. Informal houses are, however, the dominant types of housing in the country.

Housing supply

An estimated 1.2 million housing backlog²⁷ exists in the country with a projected demand of 655 800 housing units during 2015-2025,²⁸ far exceeding the estimated annual supply of housing of about 1 65 000 units nation-wide between 2007/2008 and 2013/2014.²⁹ A study conducted in 27 cities in 2014, showed that the IHDP supplied the most houses (52 percent) followed by informal house building (31 percent), individual self-built housing (2.5 percent) real estate (0.3 percent) and municipalities (0.3 percent).³⁰ With the country's socialist background, cooperatives' houses, which generally tend to be better quality, used to play a bigger role in house delivery, but their role has diminished recently and has been replaced by the government's IHDP.

The IHDP condominium scheme is currently the dominant government-initiated housing programme in urban Ethiopia. The IHDP arrangement allows residents who lived a certain period in a town and do not already own a house to make one application per household, and start monthly savings contributions towards a dedicated account to be used to cover the mortgage down payment if they win the lottery.³¹ More than 383 000 condominium units have been constructed and distributed under IHDP between 2004 and 2018. Most of these units have been constructed in Addis Ababa (314 000) with the rest being constructed in other major cities (69 000). Of these units, over 245 000 have been transferred to beneficiaries; the number of IHDP households is estimated at 182 000 in Addis Ababa and 62 300 in other cities.³²

Most of the existing housing stock is low quality. "Approximately 72 percent of households in large cities live in dwellings constructed out of 'Wood and Mud' (*chikka*), while about a quarter of households live in housing constructed out of 'Cement or Stone'.³³ A high proportion of households living in informal houses do not have access to basic social services.

Rental houses also meet a substantial demand. Most of the inner cities in most urban centres are houses owned by the government and rented to residents at a comparatively low fee. Although these houses were constructed during the past socialist regime and are old, their number is significant. The government is building 1 700 rental houses in Addis Ababa alone while similar initiatives are either being considered or already under way in other regions. Recently, the government has increased the price of rental houses for businesses by up to 1 500 percent in Addis Ababa. The government justified this move as a way of creating a competitive environment between businesses that rent government houses versus those who

work from houses rented by private owners. Private sector real estate developers have so far played a limited role in the housing sector (less than 0.3 percent).

Property markets

Ethiopia's rank on the Ease of Doing business index improved to 159 in 2019 (from 167 in 2018). It registered the best score (ranked 60) in enforcing contracts and scored worst in protecting minority investors (178). The Prime Minister's Office has a dedicated initiative for improving the ease doing business.

Property values have been increasing. While inflation plays a big part in the increase, higher consumption power among the emerging middle class, speculation, and irrepressible corruption play their own role. As cities expand, land that is not normally part of the cities is used for housing construction. Speculation on the land to be included into the city dramatically increases the value of the land, which in turn increase the value of property built on it.

Policy and regulation

Government policies have focused largely on ownership of houses through the IHDP with substantial subsidies benefiting the lucky few. The IHDP is too expensive for people living in smaller towns. As a result, there is a decline in demand for the IHDP houses in some cities. The targeting error is high, and intended beneficiaries are not getting the houses. Questions also arise about the loss of social capital as people move to neighborhoods where they are unlikely to know any of their neighbours due to lottery system for distribution of the houses.³⁴ Although the government prefers demolition and rebuilding high-rise houses, upgrading existing houses could be a way of maintaining the social network of people while viably providing affordable housing.

Public ownership of land has constrained the development housing market in the country. First, due to the absence of a dedicated land administration agency and insufficient staff, the country lacks a proper land administration mechanism. This absence of clear land title deeds and security creates difficulties for financing housing construction. Second, the private sector cannot obtain the required amount of land to construct houses. Third, land distribution has become a source of corruption. The price of urban land is high due to speculation, and lack of clarity on how to distribute and manage it. As a result, land for house construction is scarce. Although the Ministry of Urban Development and Construction is the main agency responsible for housing at the federal level, the role of different agencies at local and regional levels is unclear and overlapping.

Opportunities

The rapidly growing demand for houses is an opportunity to invest in the sector. The demand for housing in Addis Ababa and regional cities where the emerging middle class lives and migrates to is particularly a potential market for investors.³⁵ The reforms being undertaken to liberalise the financial sector, coupled with reforms to improve the ease of doing business in the country are expected to

advance the climate for investment in the housing sector. The government has committed to reducing the housing shortage and recently showed interest in enhancing the role of the private sector in supplying houses. The promised specialised housing bank could be a game changer for access to credit for housing construction. However, the political situation is still volatile and continues to affect the investment climate.

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Gabon

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Overview

Gabon is on the West coast of Africa and covers an area of 267 667 square metres. The country has a population of 2 067 239 million with 89.4 percent living in the urban areas of the capital city Libreville and Port-Gentil, the second largest city.

The main economic activity of Gabon is the exploitation and exploration of natural resources. It is now the ninth most significant producer of oil in Africa. In addition to oil, the country also produces and exports timber and other minerals such as manganese and uranium. In the past five years the oil industry has accounted for almost 80 percent of exports, 45 percent of the gross domestic product (GDP) of CFA36.75 billion (US\$611 480 million), and 60 percent of budget revenue. In recent years, however, Gabon has been diversifying its economy by investing more in agricultural activities and the tourism industry. The government sector employs the majority of the population with 70 percent of the citizens working in this sector.

Despite oil production declining by 4.3 percent, real GDP growth reached an estimated two percent in 2018, up from 0.5 percent in 2017. The upturn was spurred by non-oil sectors, particularly commercial agriculture (13 percent growth), manganese mining (45 percent growth), logging (14 percent growth), timber (10 percent growth), and telecommunications (18 percent growth). Nevertheless, unemployment remains a major concern because the hydrocarbon sector, the primary driver of the economy, generates a limited amount of jobs.

The fiscal deficit improved from 6.6 percent in 2016 to 3.6 percent in 2017 and is estimated at 0.3 percent for 2018. The fiscal deficit improvement is mainly due to fiscal consolidation, a component of the Central African Economic and Monetary Community's (CEMAC) response to reduced oil prices. Gabon concluded a three-year agreement (2017-2019) with the International Monetary Fund for an Extended Credit Facility, supported by the African Development Bank and other international partners. One important move by the regional central bank in 2018 was to tighten monetary policy while raising the interest rate from 2.95 percent to 3.5 percent. Inflation was an estimated at 2.8 percent in 2018, down from three percent in 2017 and below the CEMAC requirement of three percent. The current account deficit dropped to 1.5 percent of GDP in 2018 from 4.9 percent in 2017. Despite lagging oil production, total export revenue has increased as a result of stable oil prices as well as timber and manganese exports.

KEY FIGURES

Main urban centres	Libreville, Port-Gentile, Franceville
Exchange rate: 1 US\$ = [a] 1 July 2019	580.15 CFA Franc (XAF)
1 PPP\$ = [b]	249.12 CFA Franc (XAF)
Inflation 2018 [c] Inflation 2019 [c]	4.8 4.8
Population [b]	2 119 275
Population growth rate [b] Urbanisation rate [b]	2.6% 3.0%
Percentage of the total population below National Poverty Line (2017) [d]	34.3%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	19.6%
Proportion of the adult population that borrowed formally (2017) [b]	5.1%
GDP (Current US\$) (2018) [b]	US\$17 017 million
GDP growth rate annual [b]	1.2%
GDP per capita (Current US\$) (2018) [b]	US\$8 030
Gini co-efficient (2017) [b]	38
HDI global ranking (2017) [d] HD country index score (2017) [d]	110 0.702
Lending interest rate (2017) [b]	15.0%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$)	n/a
Number of mortgage providers [f] Prevailing mortgage rate	16 2.9%
Average mortgage term in years Downpayment	20 25%
Ratio of mortgages to GDP	n/a
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed	n/a
Number of houses completed	n/a
Number of formal private developers/contractors	n/a
Number of formal estate agents	n/a
Cost of a standard 50kg bag of cement	2 397 XAF (US\$9.62)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [g]	86 104 320 XAF
Size of cheapest, newly built house by a formal developer or contractor in an urban area	150m ²
Average rental price for this unit in an urban area (local currency units) [h]	85 000 XAF
Number of microfinance loans outstanding	n/a
Number of microfinance providers [f]	16
Number of housing construction loans outstanding	n/a
Number of providers of construction finance	n/a
World Bank Ease of Doing Business Rank [e]	169
Number of procedures to register property [e]	6
Time (in days) from application to completion for residential units in the main urban city	n/a

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[e] World Bank Doing Business 2018
[b] World Bank World Development Indicators	[f] Afriways Gabon
[c] IMF World Economic Outlook Database	[g] Numbeo
[d] UNDP: Human Development Reports	[h] KapitalAfrik

Access to finance

Gabon is a member of CEMAC and as such uses the common currency known as the Communauté Financière Africaine (CFA) franc, which is tied to the euro for the purpose of currency stabilisation. Furthermore, in compliance with being part of the CEMAC, Gabon's centralised monetary agency is the regional Bank of Central African States (Banque des Etats d'Afrique Centrale/BEAC), which regulates the banking and microfinance institutions sectors through the Central African Banking Commission.¹

There are 10 active banks in Gabon, comprising the Gabonese Development Bank (BGD) and nine commercial banks. However, approximately 80 percent of deposit and loan services are provided by three of the largest banks. The financial system is also open to foreign commercial banks such as the American bank Citigroup. The primary business focus of BGD is to lend money to small and medium-sized companies. Corporate services are offered by commercial banks.

However, corporations operating in the country have the freedom to contract credit from abroad. In addition, local credit is available to both local and foreign investors on equal terms. Nevertheless, the country's main economic actors, such as the oil companies, are financed from outside the country.²

In 2018, banking activities in Gabon improved by 8.9 percent and the gross reserves of the banking system increased by 42.3 percent. Banks in the CEMAC region showed an increase in gross credit of 0.9 percent from CFA74 billion (US\$123 128 119) in 2017 to CFA8 539 billion (US\$14 208 million) in 2018. In addition, bank deposits in CEMAC increased to CFA9 497 billion (US\$15 263 million), representing 73.6 percent of the total balance sheet, which is an increase of CFA158 billion (US\$262 895 173) in one year or 3.6 percent year-on-year. In Gabon, bank deposits increased by 11.5 percent and Gabon's budget surplus was 0.4 percent of the GDP in 2018. The current account deficit contracted in Gabon by 4.2 percent of the GDP against 2.4 percent of the GDP one year earlier.³

The microfinance sector in Gabon is still at an infant stage and the registered microfinance institutions only cover a limited number of the population. There are 14 registered microfinance institutions in Gabon, lower than in other CEMAC countries such as the Republic of Congo which has 57 microfinance institutions and Cameroon which has 412.⁴ However, unregulated and informal microfinancing does take place in the country. The microfinance performance in Gabon has showed an improvement of CFA236 billion (US\$392 678 866) in June 2019 from CFA19.7 billion (US\$ 32 778 702) in June 2018. Microfinance performance in Gabon is expected to grow by 2.9 percent in 2019 because of possible increased performance in agriculture, mining and telecommunications.⁵ Deposit, savings and payment of services to low income earners are offered by Caisse d'Épargne Postal, a postal savings bank that covers approximately 13.5 percent of the population. Nevertheless, access to finance for low income earners is still very low.

Gabon's housing finance programme and budget are divided between different state institutions that have the mandate to deliver and execute housing programmes in the country. These institutions are the Ministry of Housing, the Agence National des Grand Travaux and the National Real Estate Company, which is a government body created in 1976 with the aim of developing and overseeing housing projects. Today the government retains 70 percent of the stake of the National Estate Company. In addition, there is the Gabon National Housing Fund which was created in 1973 and the National Building Society (SNI) which was created in 1976 by merging the National Housing Corporation and the Gabonese Development of Real Estate and Equipment. Crédit Foncier of Gabon (CREFOGA) was established by the Gabonese government in 1976 as a specialised agency in housing finance. However, the business model of CREFOGA was severely handicapped by unpaid debts that resulted in its liquidation.⁶ Another financial government institution is the Guarantee Fund for Housing (Fonds de Garantie pour le Logement, FGL). The FGL has the administrative and financial distribution mandate to deal with the housing deficit. The government of Gabon has also established the Housing Bank, which is commissioned to provide loans at all stages of the housing construction and sale process. The National Infrastructure Master Plan (NIMP) identifies a number of mechanisms to facilitate real estate investment, including public-private partnerships, operation transfer cession and fully control private projects.

Affordability

Gabon's income per capita is CFA 10 223 010,07 (US\$17 010), but the country is subject to high income inequality and extreme poverty. In the last two years, the decline in oil prices has forced the government to decrease the country's budget and this negatively impacted economic growth, reducing it from 5.6 percent in 2015 to four percent in 2016.⁷ To develop and deliver affordable housing and to alleviate poverty in the country, the government took steps in 2008 to improve its fiscal position to compensate for the drop in oil revenues. Gabon has also put in place a long-term strategic development plan called Plan Stratégique Gabon Emergent Vision 2025 (PSGE). PSGE was launched in 2012 with the aim of diversifying and developing new industries by building smart cities that will respond to housing needs based on sustainable development principles.

The Gabon government has made considerable improvement in its business environment and it is ranked at 169 out of 190 countries in the World Bank Ease

Availability of data on housing finance

Research projects conducted in Gabon that involve empirical data collection are likely to face challenges when dealing with government institutions and government officials. In the case of housing finance in Gabon, the challenges in the collection of data are due to the non-digitalisation of housing records and the fact that Gabon does not have a central housing record. However, the following institutions collect data on housing and financing in Gabon: Agence National de l'urbanisme, des travaux topographique et du Cadastre Fonds de garantie pour le logement, National real estate company, Ministry of Housing, Gabonese Development Bank, Agence Nationale des grand travaux and Societe National des logement Sociaux.

of Doing Business report,⁸ 124 on starting a business,⁹ 144 on dealing with construction permits¹⁰ and 178 on registering a property.¹¹ The government has reduced the minimum capital requirement for starting a business to CFA500 000 (US\$831.95). However, it should be noted that Gabon has a high unemployment rate of 19.63 percent, with mainly the youth (46 percent of which are under the age of 25)¹² and uneducated people being affected in 2018. The 2017 World Bank report on Gabon stressed that Gabon's poverty rate, at 40 percent, means a vast majority of the local population are vulnerable and living with a monthly income below the minimum wage of CFA135 225 (US\$225), with an additional CFA20 434 (US\$34) monthly allowance per child. The high unemployment rate is caused by a weak education system that is not providing the right skills required for economic growth.¹³

Housing supply

The NIMP is part of the long-term vision of the country and it was launched in June 2012. Based on Action 152 of the NIMP, the government planned to build 35 000 houses with the aim of significantly increasing housing supply and facilitating access to mixed-used housing. The project aims to build and deliver on average 5 000 units annually, to encourage social diversity as well as vertical and horizontal densification. A number of social housing development projects have been started and the government aims to allocate title deeds to 5 000 registered plots annually. Since the beginning of the Angondje Development District project, 872 prefabricated houses have been completed and at the end of March 2016, 633 houses were allocated to their owners.¹⁴ Chinese company Dacheng Taihe Steel Structure Science and Technology is constructing 420 social houses and 320 houses of this project have been completed and delivered. The SNI is working in partnership with the mining company Compagnie Minière de l'Ogooué to build 2 000 houses that are destined for low income earners in Bikélé. This project will be financed by the Gabon International Bank of Commerce and Industry (Banque Internationale pour le Commerce et l'Industrie) and the Union Bank of Gabon (Union Gabonaise de Banque). The Central African Development Bank based in Congo Brazzaville is also supporting the project. To date, two-thirds of this project have been completed, with key infrastructure such as road connections, water and electricity supply remaining.

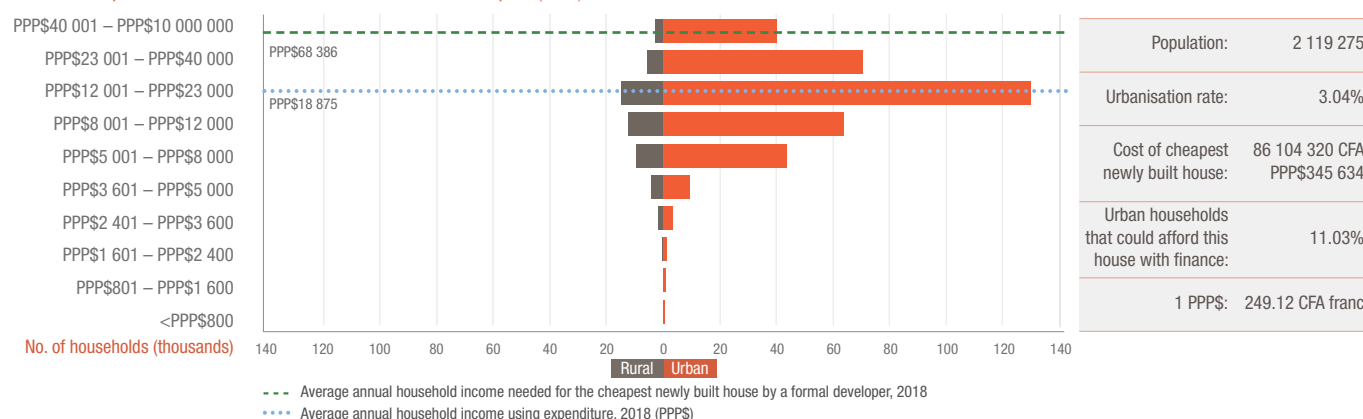
The government of Gabon has signed an agreement with a Chinese consortium, One Link Holding Group, to build 200 000 homes in several cities across the country in addition to developing a new town in the Panga province of Nyanga, which is the south of Gabon. Another housing project is the development of 3 133 houses in Estuaire. The project was initially planned to be completed at the end of 2016, but only 2 048 houses have been completed so far.

The government of Gabon is committed to facilitating the establishment of housing cooperatives through public funding that will finance housing credit at a minimum of zero percent and a maximum of 30 percent to 40 percent of buyer's credit. The government also plans to divert housing bonuses usually paid to public servants towards financing housing cooperatives.

The National Agency for Public Works of Gabon is involved in redevelopment and revitalisation projects in certain areas around Libreville. One such project is the revitalisation of the port Mole area with the aim of transforming the area into a centre of urban life. This project involves the refurbishment of the marina area

GABON

Annual income profile for rural and urban households based on consumption (PPP\$)



Source <https://www.cgidd.com/C-GIDD, 2019>

with public and recreation space, commercial and leisure space, restaurants and hotels. Most of the redevelopment projects will have a consequence on housing demand in the area or its surrounds with people wanting to live close to job opportunities. Hence the government is planning to develop major roads and boulevards along with mixed-used buildings to accommodate residential and commercial markets within the Mole precinct.¹⁵

It is important to note that the Gabon housing and urban development sector is still characterised by (i) a weak institutional and legal system; (ii) rigid tenure; (iii) virtually ineffective financing systems, and (iv) very low capacity of interventions by actors.

Property markets

The property development sector in Gabon is still at an infant stage and mostly driven by the oil sector, and sometimes by the organisation of sport events such as the Africa Cup of Nations football tournament. The real estate sector is characterised by high-end sales and expatriate rentals followed by demand for social housing.¹⁶ Nevertheless, due to the rapid urban population growth (81 percent)¹⁷, the government has set in place strategies such as reducing the procedures required to register a property to five and ensuring that the process takes 33 days to complete. Gabon is ranked at 178 in the world for ease of registering property.¹⁸ In addition, the government has establishment plans for a National Laboratory and Public Works department as a strategic institution for improving real estate development.¹⁹ Demand for high quality residential property is on the rise as well as increasing demand for retail and office buildings, with state institutions and international institutions being the target users.

To support delivery, the government is engaged in a number of reforms to stimulate the housing sector. These reforms include efforts to alleviate the burden of administrative and regulatory obstacles that were hampering social housing delivery projects. Institutional reforms are also taking place in the housing sector, including the creation of new specialised housing agencies and the establishment of several new institutions, such as the National Agency for Urban Planning and the Topographical Works and Land Registry called (Agence Nationale de l'Urbanisme, des Travaux Topographique et du Cadastre, whose mission is to plan and oversee all land and real estate development projects, maintain and extend the national land registry, and facilitate the purchase and transfer of property units.

Policy and regulation

Gabon's current economic policy and regulation focus is driven by the objective to transform the country into an emerging economy. This approach seeks to improve investment in other sectors and to move away from oil dependency. Law No. 15/98 of 23 July 1998 on the investment code was written and updated in accordance with CEMAC's investment regulations and provides equal rights to foreign and local companies operating in Gabon. However, a certain number of strategic business sectors such as mining, forestry and petroleum are organised under a specific regime of Law No. 15/98 of 23 July 1998 based on customs and

tax incentives.²⁰ To increase transparency in its resources and mining industry, the country is in the process of introducing a new mining and petroleum code. Gabon adheres to the Organisation for the Harmonisation of Business law in Africa, which allows foreign investors to choose without restraint from a wide range of legal business structures such as a private limited liability company or public limited liability company.

The Gabon Constitution of 1991, as amended, acknowledges the right to housing for every Gabonese citizen in Article I, paragraphs 10 and 11. It states that all people, as individuals or as groups, have the right to own property. None may be deprived of one's property, if not for a public necessity, legally declared, required and under conditions of a just and prior compensation. Notwithstanding, the dispossession of abandoned buildings justified by public utility and or an insufficiency of development is regulated by the law. Further, all Gabonese have the right to freely fix his or her domicile or residence in any part of the national territory.

Gabon does not have a clear land policy, the closest form of land policy dates back to 1911 and still forms part of the land legislation.²¹ Most land belongs to the state and there is no cadastral plan in some parts of the country aside from Libreville. The country also lacks a proper system of transfer of title deed and land ownership. This affects poor communities that lack collateral to access credit without legitimate land or property ownership. To overcome this, the NIMP, under Action 146, plans to reinforce the legal framework for the construction and housing sector.

Opportunities

Four emergency foundation areas have been identified to boost economic growth in Gabon. These are sustainable development, governance, human capital, and infrastructure.²² The PSGE represents a road map for economic development away from the oil sector and aims to improve the well-being of the Gabon citizens. The PSGE plans to share the country's prosperity by prioritising inclusive growth and the construction of socio-economic infrastructure until 2025, based on three pillars: Industrial Gabon, Green Gabon, and Services Gabon.

Gabon offers many business and financial opportunities for investors regardless of its small population. The country has one of the highest GDP per capita in Africa, which is an advantage for investment in the country. In 2012 Gabon introduced a system of "guichet unique" which aims to simplify the procedure of land purchase and reduce the time it takes to acquire a title deed from the initial 10 years to 180 days and to reduce the administrative steps from 134 days to seven days. The Gabon government is committed to financing private housing development projects by reducing investment regulations. Private investment in development projects is also expected to increase gradually for the next 20 years due to political will and the government's commitment to turning the country into an emerging economy.

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Gambia, The

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Overview

The Gambia is a small country of approximately 2.1 million people on the West Coast of Africa. Surrounded on three sides by neighbouring Senegal, with a small Atlantic coastline, The Gambia stretches inland along a river of the same name.¹ The country has fertile land and a market-based economy that relies primarily on services and tourism in the coastal region. The gross domestic product (GDP) is made up of services (61 percent); agriculture (23 percent); and small-scale industry (16 percent).²

The Gambia is one of the poorest and most fragile countries in Africa. During the last decade GDP growth has been volatile, averaging approximately three percent and per capita income was D320 810 (US\$715) in 2017. The Gambia became increasingly fragile during the past 10 years and was ranked in the bottom 20th percentile in the Fragile States Index in 2017. The country's fragility is driven primarily by four factors: political instability; economic vulnerabilities; weak public institutions; and vulnerability to external shocks.³ The Gambian economy is exposed to severe climate shocks as frequent floods, erratic rainfall and droughts regularly affect the agricultural economy adversely. Agriculture employs 46.4 percent of the country's labour force (ages seven and above), rising to 80.7 percent in rural areas and is the largest employer of the poor (75 percent) and the extreme poor (90 percent).⁴

Poverty is a significant challenge and opportunities to secure sustainable livelihoods are limited for many Gambians. The poverty rate is high and has almost not changed over the past five years from 48.1 percent in 2010 to 48.6 percent in 2015. Extreme poverty is also high at 20.8 percent.⁵ The number of poor people grew from 790 000 in 2010 to 930 000 in 2015.

In 2017, The Gambia underwent its first transfer of power in 22 years, ending a period of autocratic rule and economic mismanagement. Under the former regime, the macroeconomic framework was characterised by high levels of debt, high fiscal deficits and almost no international reserves. Interest payments on public debt absorbed almost half of government revenue in 2016, leaving no room for investment or development spending. There was widespread mistrust in the government and the social contract had broken. Following the democratic elections in December 2016, the new government has embarked on economic reforms, supported by international donors and an economic recovery is underway. Real GDP growth was estimated at 5.5 percent in 2017, although the

KEY FIGURES

Main urban centres	Banjul, Brikama, Kanifing
Exchange rate: 1 US\$ = [a] 1 July 2019	49.69 Dalasi (GMD)
1 PPP\$ = [b]	20.11 Dalasi (GMD)
Inflation 2018 [c] Inflation 2019 [c]	6.5% n/a
Population [b]	2 280 102
Population growth rate [b] Urbanisation rate [b]	2.9% 4.1%
Percentage of the total population below National Poverty Line (2017) [d]	29.6%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	9.5%
Proportion of the adult population that borrowed formally (2017) [b]	n/a
GDP (Current US\$) (2018) [b]	US\$1 624 million
GDP growth rate annual [b]	6.60%
GDP per capita (Current US\$) (2018) [b]	US\$712
Gini co-efficient (2017) [b]	n/a
HDI global ranking (2017)[d] HD country index score (2017) [d]	174 0.46
Lending interest rate (2017) [b]	28.0%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding [f]	49
Value of residential mortgages outstanding (US\$)	US\$0.51 million
Number of mortgage providers [f] Prevailing mortgage rate [f]	1 17%
Average mortgage term in years [f] Downpayment [f]	15 40%
Ratio of mortgages to GDP	0.03%
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed	n/a
Number of houses completed	n/a
Number of formal private developers/contractors [g]	6
Number of formal estate agents [g]	100
Cost of a standard 50kg bag of cement [g]	285 GMD (US\$5.74)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [g]	1 500 000 GMD
Size of cheapest, newly built house by a formal developer or contractor in an urban area [g]	70m ²
Average rental price for this unit in an urban area (local currency units) [g]	144 000 GMD
Number of microfinance loans outstanding	n/a
Number of microfinance providers [f]	95
Number of housing construction loans outstanding [f]	226
Number of providers of construction finance [f]	11
World Bank Ease of Doing Business Rank [e]	149
Number of procedures to register property [e]	5
Time (in days) from application to completion for residential units in the main urban city	730

NB: Figures are for 2019 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF):
Home Finance Company of the Gambia Ltd

[a] Coinmill	[e] World Bank Doing Business 2018
[b] World Bank World Development Indicators	[f] Home Finance Company of The Gambia Limited
[c] IMF World Economic Outlook Database	[g] Blue Ocean Properties Limited
[d] UNDP: Human Development Reports	[h] Ministry of Local Government and Lands

International Monetary Fund (IMF) assessed that The Gambia's public debt remained unsustainable.⁶

The main challenges facing the new administration include contending with the legacy of fragility; improving services and living standards, and mending the social contract amid a highly constrained fiscal space and with inadequate public-sector ability and performance. To tackle this, the government articulated an ambitious vision for reform and development in the 2018 National Development Plan (NDP). It is expected that achievement of these reforms would help rebuild the social contract. In partnership with the new administration, donors have pledged more than US\$1.5 billion to help fund investments aligned to the NDP; more than half of which has come in the form of grants, including US\$288 million from the World Bank. While the NDP does not mention urban development and housing, it highlights three key results for land use planning: a National Land Policy; a Land Use Plan; and a Nationwide Cadastral Map.

According to the IMF's 2019 Country Report, The Gambia is enjoying a strong economic recovery with a good prospect of sustained growth over the medium term. In the two years since the government of President Adama Barrow took office, the economy has rebounded, with growth exceeding 6.5 percent in 2018. Inflation dropped to 6.5 percent at the end of 2018 and gross official reserves reached 2.7 months of prospective imports.⁷ The IMF Country Report is also supported by the Monetary Policy Report of the Central Bank of The Gambia (CBG), which indicates that in 2018 the economy expanded by a robust 6.5 percent, higher than the 2017 4.8 percent. Headline inflation, as measured by the National Consumer Price Index (NCPI), accelerated to 6.9 percent in April 2019 from 6.1 percent in April 2018, reflecting the marked increase in non-food inflation. Non-food inflation accelerated to 8.7 percent from six percent during the period under review. The Central Bank's core measure of inflation, which stripes out utility, energy and volatile food items, decelerated to six percent in April 2019 from 6.6 percent in April 2018 and the CBG maintained its policy rate at 12.5 percent.⁸

Access to finance

The Gambian financial sector is comprised of 12 banks (one of which is an Islamic bank) with the remaining 11 conventional banks being mostly foreign-owned. The banking industry continues to cater for the needs of the small formal sector; with CBG estimates for banking penetration ranging from 20 percent to 25 percent nationwide. Financial inclusion continues to be a challenge. This is despite the fact that, as of the end of 2018, 54 registered credit unions, three microfinance companies, one mortgage finance company and 37 Village Savings and Credits Associations were operational.⁹

According to the CBG, the banking sector remains stable with adequate liquidity and capital, and high profitability. The liquidity ratio is 90.6 percent, significantly higher than the requirement of 30 percent. This increased liquidity makes funds available for lending to the private sector despite increasing government borrowing.

The World Bank's Doing Business 2019 report ranks The Gambia at 134 out of 190 economies for getting credit, and at 132 for registering property. There is a need for government to continue with reforms to improve the business environment, which is especially pertinent for the housing finance sector. There is only one financial operator, Home Finance Company Limited (HFC) that offers mortgages to customers. The national mortgage market remains low and this is evident given the company's narrow portfolio of just 49 mortgages on its books at the end of 2018. The total portfolio of approximately D25 355 289 (US\$510 231) is insignificant compared to the total banking industry construction finance loan portfolio of approximately D977 240 000 (US\$19 665 269). HFC offers a mortgage product that can finance up to 70 percent of the value of a property payable over a maximum of 15 years. HFC offers four different types of mortgage products: home purchase, home completion, home improvement and home equity. The company reduced its mortgage interest rate from 18 percent to 17 percent in 2018. However, it continues to be constrained by non-performing loans, which accounted for over 50 percent of its loan portfolio in 2017. This has slowed the growth of the number of mortgages underwritten by the company as it focuses on loan recoveries.¹⁰

The Gambia has a pension industry that actively supports housing expansion. The Social Security and Housing Finance Corporation (SSHFC) aims to provide adequate social protection for workers and to facilitate social shelter delivery on a sustainable basis. The corporation operates four constituent funds: the Federate Pension Fund, the National Provident Fund, the Injuries Compensation Fund, and the Housing Finance Fund. SSHFC requires a minimum down payment of 25 percent of the selling price, with the balance payable monthly over a 15-year period.

Affordability

The Gambia Bureau of Statistics' Income and Household survey notes that 56.1 percent of households in The Gambia live in owner-occupied dwellings, with 31.2 percent living in rented housing.¹¹ A higher percentage of people in rural areas live in owner-occupied dwellings (88.4 percent) compared to the capital city Banjul and other urban centres, where 66.4 percent and 46.5 percent of inhabitants respectively live in rented housing. Accordingly, the demand for housing is higher in the urban areas where 34 percent of the urban population live in slums and

Availability of data on housing finance

Data on housing finance is available from numerous sources in the country. However, this data is not often collected, aggregated and shared on a frequent basis. This means that the information available is not always the most recent.

The CBG does not require commercial banks to show their outstanding mortgages separately. Instead, the number of outstanding mortgages is included in the construction category and this makes it impossible to establish the total number and value of the mortgage portfolio in the banking industry. Further, the Microfinance Department of the CBG does not collect and aggregate data on outstanding loans from all the microfinance companies, thus data on the total microfinance loans in the country is not available.

Institutions such as the Deeds Registry have begun the process of digitising title deeds. This is expected to be completed next year. The title deeds are currently recorded in physical books dating as far back as the 1700s.

are faced with significant challenges around housing, health and environmental degradation.

While curated data on the trend in property prices in The Gambia is unavailable, different players in the industry confirm that prices have risen steadily over the past few years, largely driven by the property interests of Gambians in the diaspora. There is a shortage of affordable housing for most Gambians. The main developer of affordable housing in The Gambia is the SSHFC, which is mandated to provide serviced plots of land, with or without small construction loans, for low and middle income groups. It also develops complete housing units for purchase by middle income households. The price of a three-bedroom house (220 square metres) is approximately D4.3 million (US\$100 000), while a two-bedroom house is D2.2 million (US\$50 000).

According to Taf Africa Homes, a leading real estate developer in The Gambia and the Economic Community of West African States (ECOWAS) sub-region, it would cost approximately D8 720 (US\$175) per square metre to buy a two- or three-bedroom house in its planned affordable housing development in the metropolitan area.¹² This amounts to approximately D1 635 000 (US\$32 902) and D2 750 000 (US\$55 339) per property, respectively. The company has partnered with three local commercial banks (Trust Bank Gambia Ltd, Ecobank Gambia and Guarantee Trust Bank Ltd) to offer a mortgage financing facility for its customers. The mortgage financing facility is a 10-year mortgage plan that requires a 25 percent deposit called equity contribution. While the price point for the planned affordable housing estate by Taf Africa Homes is much lower than that offered by SSHFC, it is still well above the affordability threshold for the vast majority of Gambians. The shortage of affordable housing is also reflected in the lack of adequate, affordable rental housing stock and consistent reports of steep rises in urban area rentals. On average, it costs D6 000 (US\$120) and D11 500 (US\$231) a month to rent a one- and three- bedroom apartment respectively, in the metropolitan centres.

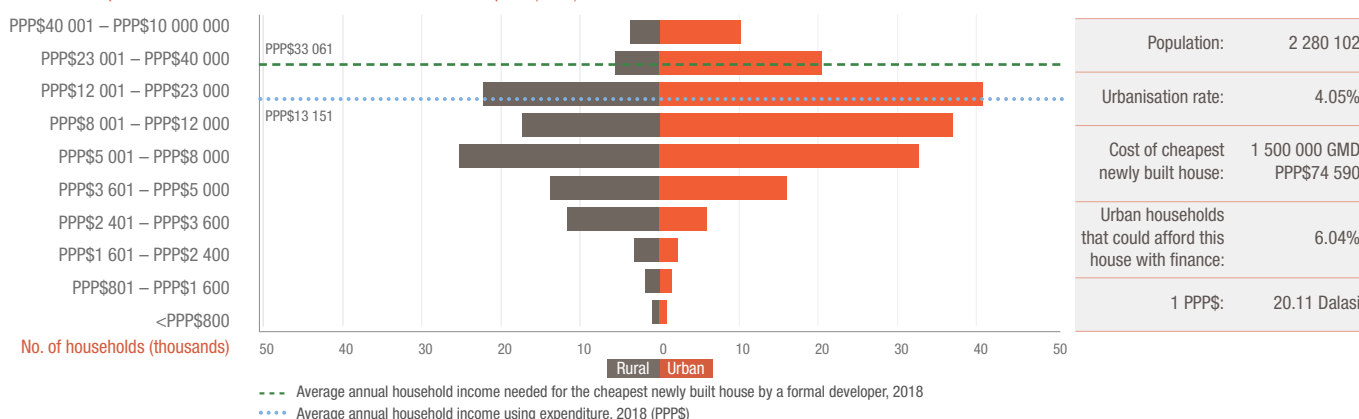
Housing supply

The demand for housing among the urban population continues to exceed supply, with a housing deficit estimate of 50 000 housing units provided by the Ministry of Lands and Regional Government in 2015 – still the deficit referred to by industry players.

The last major housing programme completed in the country was in 2011, when UN-Habitat implemented its Participatory Slum Upgrading Programme. This 36-month programme, with an estimated cost of US\$5 million, sought to meet the housing needs of low and middle income earners in the city of Banjul, and the Kanifing and Brikama municipalities. The programme aimed to construct 2 000 housing units across the three cities. In addition, 200 commercial shops, mosques, three chapels, community centres, recreation facilities and parks were planned for

GAMBIA, THE

Annual income profile for rural and urban households based on consumption (PPP\$)



Source <https://www.cgidd.com/C-GIDD, 2019>

the three sites. The project was part of a wider collection of urban upgrading projects that sought to address urban infrastructure, governance, health, environmental issues, local economic development, urban safety and urban disaster management, all being driven by the support of UN-Habitat. The Gambia is now in the second phase of the programme which entails action planning and programme formulation.

The biggest housing schemes in the country have been implemented by SSHFC, with the most notable in Bakoteh, Kanifing and Brusubi. As at August 2019, SSHFC is engaged in three housing projects: the Brikama Jamisa project, the Jabang project, and the Tujereng project. SSHFC is embarking on extending housing facilities in the urban centres of the country, especially within the Kanifing and Brikama municipalities in a bid to reduce the strain on urban infrastructure and other services.

Several private sector players operating in The Gambia, such as Taf Africa Homes, Blue Ocean Properties, Swami India International, Global Properties and Amiscus Horizons are planning to engage the affordable housing sector in 2019. While most of these companies are predominantly focused on the higher end of the housing market, Amiscus Horizons' main objective is to make housing affordable for all Gambians by pioneering the concept of cement block banking. Under the cement block banking scheme, customers will pay for cement blocks which will be kept for them until a certain threshold is reached before the cement blocks are delivered to their sites to start or complete construction of their homes.

Property markets

Property rights and secured interests in property are protected by the Constitution. The Department of Lands (under the Ministry of Lands and Regional Government) issues title deeds, which are duly registered. Both moveable and real properties are recognised and enforced. The concept of mortgage exists (even though the mortgage market is extremely small) and there is a recognised and reliable system of recording security interests. The legal system fully protects and facilitates acquisition and disposition of all property rights including land, building and mortgages. However, the bulk of the land is held through customary tenure or controlled by farmers and traditional rulers. Such land can, however, be easily taken over by the government or declared reserved land to be used in future for social amenities such as schools, hospitals or office buildings.

Land tenure remains an ongoing issue in The Gambia. This is partly because registering property involves, on average, five procedures which take 66 days to complete and cost 7.6 percent of the property value. Tenure security is limited, with only 45 percent of the population being secure and in some cities the number is even lower. Tenure security is highest in rural areas, at between 70 percent and 89 percent. It takes an average of three years to secure a title deed and the cost is exorbitant, costing D4 000 (US\$80.5) in transfer tax to the municipality and D40 000 (US\$805) in capital gains tax per transaction. This limits access to

mortgage financing and dampens the incentive to self-build through housing microfinance.

Policy and regulation

The most notable policy development revolves around the establishment of the Collateral Registry and Registration System, instituted by the CBG under the Securities Interests in Movable Properties Act of 2014. The Act provides for the creation, perfection, priority and enforcement of security interests in movable property. The intent of this is to facilitate credit delivery by providing efficient, cost-effective services and by creating an enabling environment to ensure easy access to credit.¹³

However, there has not been any significant development by the new government in housing-specific legislation and regulation, nor any formulation of an urban development strategy or a policy guiding the urbanisation process. The main policies and regulations that govern the housing sector are: the Social Security and Housing Finance Corporation Act of 1981; the State Lands Act of 1991; the Physical Planning and Development Control Act of 1991; the Land Acquisition and Compensation Act of 1991; the Survey Act of 1991; the Local Government Act of 2002; the Rent Act of 2014; and the Mortgages Act of 1992.

Opportunities

The affordable housing market in The Gambia continues to be untapped. However, recent improvements in the government's implementation of macroeconomic policies, coupled with increased business confidence, may encourage greater private sector participation in the affordable housing segment. A key development is the new government's commitment to ensuring macro-stability to support a lower interest rate environment. The expectation is for a continued decline in the lending rates of commercial banks and for them to partner with property developers to offer mortgage financing products. There is also a push for the use of alternate approaches, technologies and materials, which speed up the delivery and improvement of housing.

The high level of informal and self-built houses, coupled with an established regulatory framework for the microfinance industry, opens up a window for developing housing microfinance products that the existing financial industry players are yet to take advantage of. The revitalisation of the Association of Real Estate Companies has brought together approximately 60 percent of the estimated registered companies in the country. With more companies expected to join the association, it is envisaged that the association will engage in dialogue with the government to address its key challenges. These include access to low cost finance and land for housing development, slow government procedures, and the need for a reliable supply of electricity and water.¹⁴ The successes of Amiscus Horizons and the gradual and steep fall in the yields of Government Treasury Bills should encourage more financial industry players to seek out greater opportunities within this sector.

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Ghana

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Overview

Almost 60 percent of Ghana's population is urbanised. The issues affecting housing supply are multifaceted. They include litigation on land, the high cost of raw materials and high interest rates on mortgages leading developers to focus on the middle and high-end segments of the market, which offer higher returns.

Current estimates indicate that the country's housing deficit stands at more than 1.7 million housing units. To address this, the Government of Ghana (GoG) announced two schemes under its Decent Homes, Better Life initiative. These are the National Housing and Mortgage Scheme (NHMS) initiative and the Affordable Housing Real Estate Investment Trust (REIT) initiative, which intends to address the housing deficit through demand driven mechanisms such as lower mortgage interest rates; rent-to-own schemes; and income deductions for home ownership for public workers and civil servants.¹

Further to the objective of increasing the supply of affordable housing in the market, real estate developers are also being incentivised through the reduction of corporate taxes on income derived from the sale of low-cost affordable residential properties. The corporate tax rate, which is 25 percent, is targeted to be reduced to one percent for the first five years that low-cost affordable residential houses are made ready for sale.² The tax reductions are a finance mechanism to make rents affordable and to encourage developers to plough back profits into more affordable housing construction.

Ghana's economy, in the meanwhile, has experienced decreasing growth rates in real gross domestic product (GDP) from 8.1 percent in 2017 to 6.3 percent in 2018.³ However, Ghana's economy has averaged GDP growth rates of five percent in the past five years, and remains the second largest economy by GDP per capita measure in West Africa.⁴ The International Monetary Fund (IMF) predicts growth rates of up to 8.8 percent in Ghana's economy in 2019,⁵ which is expected to be driven by the industrial sector:

In 2018, the real estate sector contributed 2.2 percent to GDP growth rates reflecting an increase of 0.8 percent. By the end of the first quarter of 2019, real estate growth stood at 9.1 percent. The construction sector, however, showed a slight decrease from 8.6 percent between 2013 and 2017 to 7.1 percent in 2018.⁶ Moreover, the Bank of Ghana has embarked on major reforms to restore

KEY FIGURES

Main urban centres	Accra, Kumasi, Sekondi-Takoradi, Tamale
Exchange rate: 1 US\$ = [a] 1 July 2019 1 PPP\$ = [b]	5.44 Ghanaian Cedi (GHS) 2.13 Ghanaian Cedi (GHS)
Inflation 2018 [c] Inflation 2019 [c]	9.8 n/a
Population [b]	29 767 108
Population growth rate [b] Urbanisation rate [b]	2.2% 3.4%
Percentage of the total population below National Poverty Line (2017) [d]	48.4%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	2.4%
Proportion of the adult population that borrowed formally (2017) [b]	10.2%
GDP (Current US\$) (2018) [b]	US\$65 556 million
GDP growth rate annual [b]	6.30%
GDP per capita (Current US\$) (2018) [b]	US\$2 202
Gini co-efficient (2017) [b]	43.5
HDI global ranking (2017)[d] HD country index score (2017) [d]	140 0.592
Lending interest rate (2017) [b]	n/a
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$) [f]	US\$747.3 million
Number of mortgage providers [g] Prevailing mortgage rate [f]	8 34.1%
Average mortgage term in years [h] Downpayment [h]	15 20%
Ratio of mortgages to GDP	1.14%
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed [i]	71 167
Number of houses completed [j]	35 000
Number of formal private developers/contractors [k]	193
Number of formal estate agents	76
Cost of a standard 50kg bag of cement [g]	33 GHS (US\$6.00)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [i]	108 704 GHS
Size of cheapest, newly built house by a formal developer or contractor in an urban area [i]	55m ²
Average rental price for this unit in an urban area (local currency units) [g]	33 GHS
Number of microfinance loans outstanding	n/a
Number of microfinance providers [f]	566
Number of housing construction loans outstanding	n/a
Number of providers of construction finance [f]	23
World Bank Ease of Doing Business Rank [e]	114
Number of procedures to register property [e]	6
Time (in days) from application to completion for residential units in the main urban city [i]	170

NB: Figures are for 2019 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF):
Ghana Home Loans

[a] Coinmill	[g] Meqasa.com
[b] World Bank World Development Indicators	[h] Ghana Home Loans
[c] IMF World Economic Outlook Database	[i] Lands Commission Ghana
[d] UNDP: Human Development Reports	[j] Ghana Statistical Service
[e] World Bank Doing Business 2018	[k] Ghana Real Estate Developers Association
[f] Bank of Ghana	[l] Damax Construction Co. Ltd

confidence in the banking sector. The reforms included universal recapitalisation of all the banks' minimum capital requirements to GH¢400 million (US\$73 529 412) by 31 December 2018. As part of these reforms, one of the first mortgage institutions in Ghana, GHL Bank (formerly Ghana Home Loans) is merging with the First National Bank (FNB)⁷ of South Africa after GHL failed to meet the central bank's financial sector's reforms.

In April 2019, Ghana successfully completed and exited the Extended Credit Facility programme of the IMF. The exit comes after four years of Ghana correcting its macroeconomic imbalances. The exit demonstrates Ghana's discipline in tackling reforms for debt sustainability and macroeconomic stability as well as meeting fiscal targets in its commitment towards fiscal consolidation.⁸ In the past year, inflation rates have remained in the single digits partly due to the adoption of the country's inflation targeting framework led by the Bank of Ghana. At the same

time, average lending rates decreased from 29.25 percent to 27.67 percent.⁹ The prime lending rate decreased by four percentage points from 20 percent to 16 percent in the same period. The volatility of the cedi against other major currencies continues to remain a concern for business and consumers alike, given that most real estate properties and mortgages are quoted in US dollars. Year-to-date depreciation of the cedi against the dollar was approximately 11 percent as at 22 August 2019.

Access to finance

As a result of the Bank of Ghana's reforms, 23 banks (from 34) with universal banking licenses, 25 Savings and Loans Companies (from 48), and 137 microfinance institutions (from 566) have remained. The Construction Bank, established in 2017, was also affected by the central bank's reform efforts and had its operating licence revoked. As the name suggests, the bank was established to provide easier access to construction finance for contractors and developers and also deepen the local mortgage market by providing mortgage loans.

The dominant player in the mortgage market is GHL Bank accounting for approximately 50 percent of existing market share. Four microfinance institutions offer some form of housing finance,¹⁰ namely Republic Bofo, Global Access (now defunct), Sinapi Aba, and Opportunity International. Other major players within the Ghanaian mortgage market include HFC Bank (now Republic Bank), Fidelity Bank, Cal Bank (Cal Mortgage), and Stanbic Bank.

One key constraint to mortgage market growth is high interest rates, which have raised the number of non-performing loans (NPLs). For instance, the NPL ratio increased from 17.3 percent in 2016 to 22.7 percent in December 2017. However, capital reform measures by the central bank resulted in a decline of this figure to 18.2 percent by December 2018. The decline has not been enough to incentive banks to provide mortgage loan products.¹¹ For example, banks including Access Bank, First Atlantic, National Investment Bank, and United Bank for Africa have stopped offering mortgage loan products. In 2018, various financial institutions made 2 525 392 credit referencing enquiries through the three credit bureaus in the country, representing a rise of 23 percent from the previous year. This upswing reflects renewed confidence in Ghana's banking sector:

Bank long-term funding securitisation, for mortgage periods that extend to 20 years, has, up to this point, largely been limited by Ghana's embryonic capital market. As a result, commercial banks exist as portfolio lenders that provide mortgage finance only when it fits well into their loan portfolios or when they have access to capital from international development finance institutions, including multilateral agencies such as the World Bank International Finance Corporation. Local banks prefer to offer US dollar denominated mortgages, which hedge against forex risk from capital inflows. This skews the mortgage market towards borrowers who derive their income in foreign currencies and are more likely non-resident Ghanaians. The disadvantage is that resident Ghanaians can only access mortgages in the local currency, which have higher interest rates. As a result, mortgages remain unaffordable to many low and middle income households, who need the financing the most.

Affordability

With average urban households spending more than 80 percent of their income on servicing their mortgage debt,¹² housing affordability is a key issue in Ghana and a major focus of current policy debate. The cheapest price for a newly built 55m one-bedroom single family house, in 2019, was approximately GH¢108 800 (US\$20 000). Two payment options are available to Ghanaians: the house can be purchased with cash in three instalments: a 40 percent downpayment before construction, another 40 percent when construction reaches roof level, and final payment on completion.¹³ The second option is mortgage financing when loan repayments are GH¢1 791.5 a month (US\$329.32) at an interest rate of 24 percent over 10 years, assuming a 20 percent deposit. The difference between self-financing the purchase and acquiring financing from the banks is that a mortgage will cost GH¢344 233.68 (US\$63 278.28). Under these mortgage terms, the house would be affordable to less than five percent of urban residents who earn above GH¢48 000 (US\$8 831.35) a year.¹⁴

The GoG established the NHMS with GH¢51 billion (US\$183 986 366), which will offer government-subsidised local currency mortgage loans to leverage private

Availability of data on housing finance

Compared to countries of similar economic stature, Ghana is a data-poor country on the housing finance sub-sector and in dire need for capacity to be built for this aspect. Housing finance data is not collated, analysed and reported by any single agency including the central bank as the regulator, constraining access the required information. Although all banks report annually on their performance to the central bank, which in turn analyses the data and provides annual banking sector reports with sections on subsector themes, the housing financing subsector does not receive such treatment. Although some of the banks and financial institutions have made their data available online, it is not a conclusive effort since others do not disclose their mortgage portfolio either because of their insignificance or the preferential conditions beneficiaries receive.

A number of organisations (see Websites list at the end of the profile) provide data on the quantity of housing stock, total mortgages, number of real estate developers, rent prices, house purchase prices, government policies on housing and lending rates. The data is mostly available publicly and online. The Bank of Ghana is yet to streamline the collation of such data on the sector. However, the bank has expressed its readiness to improve collection of mortgage-related data. Furthermore, due to the poor documentation of transactions in the informal sector on housing provision, data is not easily available for a comprehensive analysis of the rental market. Lastly, the absence of independent research and civil society organisations, and policy think-tanks with focus on the housing finance subsector limits the availability of third-party data.

On the supply side, umbrella organisations of the industry actors, such as the Ghana Association of Bankers, Ghana Microfinance Institutions Network, and the Ghana Real Estate Developers Association provide little or no data on housing finance.

capital to construct affordable houses over five years. NHMS mortgages are for eligible public workers and civil servants who have been employed for a minimum of five years and are accessible from any of the three participating banks: GCB Bank Limited, Stanbic Bank and Republic Bank. The mortgage rates offered are the lowest in the market (at 12 percent with Stanbic Bank and 11.9 percent at Republic Bank) compared with the nominal minimum rate of 24 percent for non-foreign currency or cedi-denominated mortgages.

REITs are part of the second scheme and serve as a vehicle for rent-to-own housing to make home ownership more accessible to low-income families starting with public workers. Under the scheme, REITs purchase newly constructed property to supply rental housing. Rental payments count as equity and will assist new entrants into the property market to become homeowners without paying the 20 percent downpayment.

Housing supply

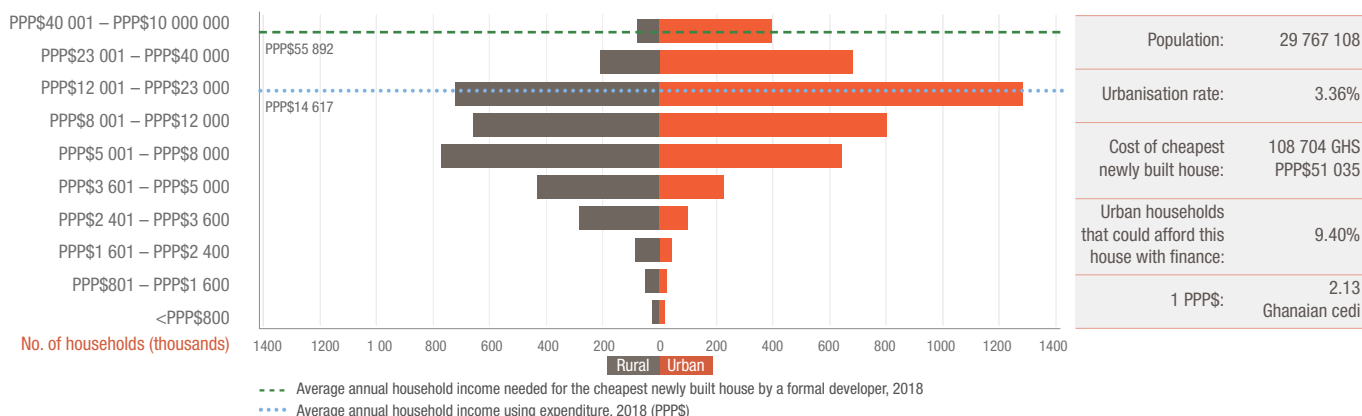
In 2010, 5.8 million housing units made up the total housing stock in urban and rural Ghana.¹⁵ Demand for affordable housing is calculated at 100 000 units annually while supply is currently estimated at 35 percent of the total need.¹⁶

Ghana's real estate sector is dominated by informal market players who take up 90 percent of market share. Formal property developers, represented by the Ghana Real Estate Developers Association (GREDA), supply approximately 4 500 housing units a year.¹⁷ These developers focus mainly on the middle and high-end segments of the market. In 2011, the Ghana Housing Profile by UN-Habitat,¹⁸ estimated that the cost of the cheapest newly built house in Ghana should not exceed GH¢97 920 (US\$18 000) given generally low income levels across the country. However, the cheapest newly built house in the formal market is delivered by Damax Construction Limited and Blue Rose Limited, at GH¢108 800 (US\$20 000) and GH¢136 000 (US\$25 000) respectively.

With a housing deficit of 1.7 million houses, and an output of 4 500 units by formal property developers, 90 percent of all housing supply in Ghana is built

GHANA

Annual income profile for rural and urban households based on consumption (PPP\$)

Source <https://www.cgidd.com/C-GIDD, 2019>

incrementally. The housing units are basic and often with inadequate basic infrastructure and limited amenities. It can take between five and 15 years to complete building a house incrementally. This approach relies on owners using small-scale contractors, craftsmen and tradesmen to help build their homes. However, building incrementally hampers both the speed at which houses are built and delivered, as well as the quality of the houses built. Building is financed with equity generated from personal loans or family savings. However, incremental building remains effective for providing convenient, affordable housing for most urban residents.

The GoG plays a significant role in supplying housing to the lower-end of the market under the Government Affordable Housing Project initiative. The government plans to build 250 000 housing units annually over the next eight years through public-private partnerships.¹⁹ In the 2019 budget statement, the Minister of Works and Housing announced that 368 housing units had been completed with another 320 units still under construction for Security Agencies.²⁰ Other housing development projects in Borteyman-Greater Accra, Asokore-Mampong and Kumasi have been handed over to the Social Security and National Insurance Trust (SSNIT) for completion.²¹ These measures reflect the GoG's commitment to deliver housing across the country in every region and to complete the development of the housing projects under its administration.²² Furthermore, the GoG signed an agreement with the United Nations Office for Project Services (UNOPS) in September 2018 to secure funding for an affordable housing scheme that will supply 100 000 units²³ over the next five years at an estimated cost of GH¢27 175 926 590 (US\$5 billion). The agreement mobilises UNOPS resources from funding partners to support this initiative. The GoG will, moreover, identify and allocate land and help create an enabling environment for foreign direct investment.

Ghana is predominantly a homeownership country where, in 2010, owner-occupied housing constituted approximately 42.7 percent²⁴ of all housing stock.²⁵ Recently, however, the focus on delivering rental housing units for middle income and high income households has increased. Private developers such as Devtraco, Trasacco, Regimanuel Estates, Clifton Homes and CPL Developers have previously ventured into this market and now, increasingly, the low-end market as well. A 2017 report by development firm Cytonn Real Estate estimates that for major urban areas such as Accra, Kumasi, Takoradi and Tamale,²⁶ demand for mid and low-end rental housing will increase, particularly for one or two-bedroom units or three and four-bedroom compound houses.

Delivery has fallen far short, however, with developers focusing on high-end apartments and detached properties. This is because low-end markets tend to generate the least returns to investors at an average of 12.9 percent compared with mid and high-end properties at 15.5 percent. As at 2017, the rent per square meter for high, middle and lower-mid-end apartments was GH¢96.83 (US\$17.82), GH¢104.99 (US\$19.32) and GH¢14.69 (US\$2.7) respectively, while that for detached properties was GH¢59.30 (US\$10.91), GH¢53.86 (US\$9.91) and

GH¢532.10 (US\$5.91). In all three market segments, landlords charge between one and three years of rent in advance²⁷ as opposed to the six-month rent advance payment detailed under the Rent Act No. 220 of 1963.

Constraints to housing supply are multifaceted²⁸ and include poor urban planning and the failure by local authorities to service land, leaving it to developers to service land that they then add to the costs of the purchase price. Another key constraint is inefficient title registration processing.²⁹ However, efforts to streamline the land title registration process to 30 days, from the current three years it takes, are under way by the Ghana Enterprise Land Information. In addition, the five percent Value Added Tax (VAT) on real estate transactions was removed in 2017 to stimulate housing supply. VAT on imported raw materials has been kept despite calls by developers to scrap these taxes.³⁰

Property markets

Ghana's property market is increasingly gaining attention from both local and international investors. In 2017, Cytonn reported that Ghana's real estate sector remains a sought-after asset class because of higher returns on investment of 18 percent, which is higher than the one-year Treasury Note yield of 15 percent. The property market in Accra recorded total returns of 14.7 percent in 2017/2018.³¹

Property prices are appreciating at an average 6.9 percent a year and this is placing pressure on housing affordability. Construction finance remains limited with high lending rates averaging 27.7 percent as of July 2019 compared with 27.5 percent a year earlier.³² This is a challenge for both the development and the purchase of real estate as it limits affordability. Construction costs comprise 59.8 percent of the total cost of producing a newly built house,³³ mostly because of high import duties as 80 percent of construction materials are imported.³⁴

Policy and regulation

The Ministry of Works and Housing and the Ministry for Lands and Forestry share the task of housing and land policy creation and market regulation respectively. The main operative housing policy instrument is the 2015 National Housing Policy, which seeks to "create an enabling environment for housing delivery" for low income and middle income households.³⁵ The policy follows longstanding legislative and institutional efforts to remove constraints in the housing market and bolster private investments in affordable housing and affordable housing finance. The new Ghana Building Code launched in 2018 regulates the building and construction industry. It sets out requirements and recommendations for efficiency standards for residential and non-residential buildings and covers planning, management and building practices.

Housing finance is regulated by the Home Mortgage Finance Act No. 770 of 2008. A key feature of the Act is to improve creditors' rights to protection and provide efficient foreclosure processes in the event of defaults. Despite these improvements, enforcement has been challenging, leading to calls for review by GREDA.³⁶ A National Housing and Mortgage Fund of GH¢1 billion

(US\$183 986 367) was also recently created to operate as a Special Purpose Vehicle³⁷ to leverage private capital investment in the housing and construction industries and to channel long-term capital towards the housing sector. Private capital will be sourced from pension funds, housing bonds, grants, insurance companies and the primary reserve of the central bank. The National Housing and Mortgage Fund is expected to help subsidise the cost of housing construction and restructure mortgages such that monthly payment obligations are more affordable.

The Credit Reporting Act No. 776 of 2007 has enabled the establishment of three credit bureaus, namely XDS Data Credit Referencing Bureau, Hudson Price Credit Bureau and Dun and Bradstreet Credit Bureau Limited. This will enhance credit screening, allocation and reporting. Despite estimates suggesting that millions of Ghanaians have credit scores, coverage of the credit referencing system is limited to approximately 10 percent of Ghanaians.³⁸ In addition, the Non-Banking Financial Institutions (NBFI)s support the operation of NBFI)s such as building societies.³⁹ The Land Administration Project (LAP) was initiated in 2003 to translate the 1999 National Land Policy into concrete actions⁴⁰ through policy, legal and institutional reforms. The project aims to increase the extent of land titling, facilitate the creation of community-based registration facilities managed by traditional authorities, minimise boundary disputes, and harmonise statutory and customary land laws.⁴¹ Three legislations have been promulgated under this project. The Land Use and Spatial Planning Act No. 925 of 2016 was passed to streamline the processes of local land use planning. The Local Governance Act No. 936 of 2016 was passed to ensure effective local government administration to speed up the processes for acquiring building permits. Finally, the Land Bill of 2017, approved by Cabinet in 2018, seeks to ensure sustainable land administration and management, and effective land tenure. It is, therefore, expected that an improved land administration system will reduce the overall cost, the number of procedures, the underwriting of mortgages, and the time and cost to register a property.

Opportunities

It is clear that the GoG is exercising its political will to promote a range of interventions for the housing and mortgage market and this is increasing private sector interest. There is, however, an entire value chain of interventions that still require attention. The supply of serviced land, together with an improved land administration system, is key. The reversal in the turnaround time (it is 47 days in 2019⁴² but was 36 months in 2008⁴³) for title registration is promising but this effort still needs engagement from government-supported site and service schemes to support incremental housing and upgrading, as well as large-scale

housing developments. Other policy interventions such as the NHMS are looking to mobilise private sector capital, support entrepreneurship, and facilitate public-private partnerships. The inauguration of the 16-member National Housing Committee to develop further guidelines for implementing the NHMS is encouraging.

As the high end of Ghana's residential property market continues to experience growth, the mid and lower ends of the market remain largely untapped. Recently, the President charged GREDA with the mandate to develop at least 20 000 units of affordable housing, annually, to bridge the housing deficit. Similarly, the Minister for Works and Housing has hinted at the GoG's desire to remove the high taxes on imported building materials and to develop land banks.⁴⁴ For example, an incentive of a reduced corporate tax from 25 percent to one percent on approved affordable housing developments is being tabled. The GH¢1 billion (US\$183 986 367) NHMS initiative to stimulate the local mortgage and construction finance market is expected to make affordable housing finance accessible to households so that they can move up the housing ladder. The Securities and Exchanges Commission has recently issued the guidelines for the REIT⁴⁵ to regulate the formation and operation of REITs. The passage of the regulations would broaden the spectrum of investment opportunities for investors as REIT funds to list on the Ghana stock exchange. Currently, Republic Bank's REIT is the only licensed REIT in Ghana. This REIT has been pivotal in funding its mortgage lending activities. Another key project is the GoG's partnership with UNOPS to deliver 100 000 new affordable housing units by 2022. As a result of the expected uptake in demand for affordable housing in the mid and lower ends of the market, investment in the real estate and construction sectors is expected to expand.

Websites

Bank of Ghana <https://ghanacompare.com/>
 Ghana Home Loans <https://www.ghlbank.com/>
 Ghana Investment Promotion Centre <https://www.gipcghana.com/>
 Ghana Real Estate Developers Association <https://www.gredaghana.org/>
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 Government of Ghana <https://www.mofep.gov.gh/>
 Meqasa <https://meqasa.com>
 Ministry of Finance and Economic Planning <https://www.mofep.gov.gh/>
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Guinea

Author: Youssouf Keita



Overview

Guinea is on the coast of West Africa and is bordered by Guinea-Bissau, Senegal, Mali, Ivory Coast, Sierra Leone and the Atlantic Ocean.

With a population estimated at 12.8 million in 2019, Guinea's gross domestic product (GDP) was FG100 780 billion (US\$10.99 billion) in 2018, and is expected to be FG104 540 billion (US\$11.40 billion) by the end of 2019, according to Trading Economics global macro models and analysts' expectations. In the long run, Guinea's GDP is projected to trend around FG110 042 billion (US\$12 billion) in 2020.

Most of the country's 5.9 percent real GDP in 2018 was attributed to the industrial sector dominated by mining and manufacturing. The primary sector recorded 3.1 percent growth rate and the service sectors 5.1 percent. The increased growth, driven by robust reforms in the business climate, improved access to electricity and attracted investment in the agro-food sector.¹

Real GDP is projected to grow by 6 percent in 2019 and 2020, underpinned by expansion in services and the extractive subsector; while the manufacturing contribution remains weak. On the demand side, the return of private investment, particularly in the mining sector, should increase the contribution of capital expenditure to growth.²

The budget deficit increased to an estimated 4.4 percent of GDP in 2018, from 2.2 percent in 2017, because of loans to finance public investments. Public debt went from 37.4 percent of GDP in 2017 to 39.0 percent in 2018, 18 percent of which is external debt.³

The inflation rate was expected to be 9.30 percent by the end of September 2019, and is expected to be at nine percent in 12 months. In the long run, the inflation rate is projected to trend around 8.70 percent in 2020.⁴

The real estate development sector has seen a relative improvement. This is the result of government's commitment to affordable housing, fiscal reforms and new regulations introduced in 2015 to facilitate access to affordable housing for all.

The adoption by the Government of Guinea (GoG) of a five-year Plan National de Développement Economique et Social (National Economic and Social

KEY FIGURES

Main urban centres	Conakry, Kindia, Kankan, Labé, Boké, Faranah, Mamou, N'Zérékoré
Exchange rate: 1 US\$ = [a] 1 July 2019	9 170.19 Guinean Franc (GNF)
1 PPP\$ = [b]	3 032.86 Guinean Franc (GNF)
Inflation 2018 [c] Inflation 2019 [c]	9.7 8.9
Population [b]	12 414 318
Population growth rate [b] Urbanisation rate [b]	2.8% 3.8%
Percentage of the total population below National Poverty Line (2017) [d]	24.2%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	4.5%
Proportion of the adult population that borrowed formally (2017) [b]	4.4%
GDP (Current US\$) (2018) [b]	US\$10 990 million
GDP growth rate annual [b]	8.7%
GDP per capita (Current US\$) (2018) [b]	US\$885
Gini co-efficient (2017) [b]	33.70
HDI global ranking (2017)[d] HD country index score (2017) [d]	175 0.459
Lending interest rate	14.50%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	130 000
Value of residential mortgages outstanding (US\$)	n/a
Number of mortgage providers Prevailing mortgage rate	n/a 33%
Average mortgage term in years [f] Downpayment [f]	12 20%
Ratio of mortgages to GDP	n/a
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed [g]	210 571
Number of houses completed	n/a
Number of formal private developers/contractors	19
Number of formal estate agents	20
Cost of a standard 50kg bag of cement	64 000 GNF (US\$6.98)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [h]	220 000 000 GNF
Size of cheapest, newly built house by a formal developer or contractor in an urban area [h]	90m ²
Average rental price for this unit in an urban area (local currency units)	n/a
Number of microfinance loans outstanding	n/a
Number of microfinance providers	20
Number of housing construction loans outstanding	n/a
Number of providers of construction finance	18
World Bank Ease of Doing Business Rank [e]	152
Number of procedures to register property [e]	6
Time (in days) from application to completion for residential units in the main urban city [i]	60

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[f] Islamic Bank of Guinea
[b] World Bank World Development Indicators	[g] Ministry of Land, Housing and Urban Development
[c] IMF World Economic Outlook Database	[h] Africa Guinea Real Estate
[d] UNDP: Human Development Reports	[i] Ministry of Housing and Urban Development
[e] World Bank Doing Business 2018	

Development Plan) in 2016, in Paris, has provided new opportunities for foreign direct investment. In her capacity as Minister of Planning and Economic Development, the Minister said the department was able to raise FG73.4 billion (US\$8 billion) of FG199 billion (US\$21.7 billion) needed for the plan.⁵

The country has improved its human development score, however; Guinea still has one of the poorest populations according to the United Nations Development Programme, with a Human Development Index ranking of 175 out of 190 2019.⁶

To promote decent housing in Guinea, several institutional reforms have been undertaken, such as the Land Code, Investment Code, Code of Construction and Housing, Tax Code, Customs Code, and texts related to public-private partnerships. The GoG has set up various bodies to facilitate access to land and housing, and to promote financial inclusion. Among these are la Société Nationale

de l'Aménagement et de la Promotion Immobilière, devoted to planning, identifying developers, allocating lands and promoting affordable housing for low income families.

The income bands are stable and vary from less than FG1 000 000 (US\$109) for 897 017 households; from FG1 000 001 to FG5 000 000 (US\$109-US\$545) for 285 726 households; from FG5 000 001 to FG10 000 000 (US\$4109-US\$1 100) for 103 265 households; and more than FG10 000 000 (US\$1 100).⁷

Access to finance

Guinea's financial sector remains relatively large in size, with 18 commercial banks, 18 microfinance and loans institutions, four electronic money institutions, and five insurance companies. For the mutual funds, known as the President's Initiative for Poverty Alleviation to facilitate access for youth and women, the official figures show that approximately FG130 billion was allocated at Afriland First Bank with the technical insights of Agence Nationale des Institutions de Microfinance.⁸

However, there is no widespread mortgage financing in the financial sector in Guinea. Individual banks and microfinance institutions provide housing finance only to their personnel on preferential conditions such as an interest rate as low as 2.5 percent with a 12 years maturity. For the general public, the restricted conditions define up to 17 percent interest rate over 12 years.

The financing of housing on these terms are conditional on certain collaterals such as land titles, houses and other forms of financial and monetary assets.

The financial institutions do not provide mortgage funding. However, they provide short-term financial resources for construction and trade. Major banks such as Société des Banques de Guinée, EcoBank, Banque Islamique de Guinée, Banque Sahélo-Sahélienne pour le Commerce et l'Industrie, and Banque Internationale pour le Commerce et l'Industrie de Guinée (BICIGUI) provide construction finance to major private companies operating in housing development. These private companies include SOGEFEL SA, BEGEC SA, and GUICOPRESS SA, which partner with the GoG to finance construction projects and affordable housing development through public-private partnerships.

To access decent and affordable housing for low income earners, the GoG has instituted a tax called solidarity-housing tax. A one percent tax rate is levied on workers' gross payroll in the public and private sectors. Other financial resources are also collected to finance access to decent housing for low income households.⁹

Affordability

There have been a host of burgeoning debates on housing policy in Guinea recently. GoG's efforts to narrow the housing backlog and facilitate access to housing remains a challenge for the inhabitants. A main concern of President Alpha Condé's administration since 2010 has been on providing affordable, decent and secure housing for low income families. The GoG has been developing and building social housing units on government-subsidised lands. In Keitaya, for instance, the Ministry of Land, Housing Development and Urban Planning has built social housing units to reduce the housing backlog in the country. In Kobaya, in Conakry, with the help of China, the GoG has undertaken the construction of 20 000 housing units in the first step of a mega project.

On the housing market, a four-room house would cost between FG850 million (US\$92 700) and FG2 billion (US\$218 100).¹⁰ The payment terms made this house unreachable by low and middle income families with an interest rate as high as 15 percent a year and a 20 percent down payment.

In an attempt to overcome this obstacle, financial inclusion for vulnerable persons is being promoted and policies designed that increase purchasing power. Building and escalation costs, including price inflation of construction materials, and administrative costs are the major determinants affecting affordability in Guinea. According to property management company SONAPI, these costs may account for up to 70 percent of house prices in Guinea.

The types of affordable houses according to the Code of Construction and Housing are F2, F3 and F4 with two, three and four rooms respectively. However, most people with a monthly income below FG1 million (US\$110) can afford only

Availability of data on housing finance

There are many reasons behind the data gap on housing finance in Guinea. First, confidentiality surrounding official data with civil servants whether at the Ministry of Land, Housing and Urban Development, or Ministry of Finance, or other public entities. The same applies to private sector entities or private developers. Organisations involved in data collection are:

- Ministry of Land, Housing and Urban Development, www.mvat.gov.gn: provides land and planning through the land registry system to private developers. It seeks funding through the many entities that it incorporates.
- Institut National de la Statistique, www.stat-guinee.org, in the Ministry of Planning and Economic Development: provides data on households.
- Ministry of Economy and Finance, www.mef.gov.gn: promotes economic activities to spur economic growth in the country.
- Ministry of Budget, www.mbudget.gov.gn, with the Customs Office: provides tax breaks and holidays to private developers.
- Ministry of Trade and Industry: has adopted the Investissements Code in which there are incentives for private companies not specific for housing finance.

There are many other entities providing non-mortgage-housing finance to their in-house personnel with lower interest rates. These entities are in the banking and non-bank sectors.

Again, the main problem is data confidentiality in the strictest sense. The gap is that there is no data or if it exists, it is difficult to collect because they are paper-based.

crowded slums; those with FG5 million (US\$550) can afford F2; those with below FG10 million (US\$1 110) can afford F3, and high income earners with more than FG10 million (US\$1 110) can afford F4.

With 30 percent of total population living in big cities, affordability is a big issue leading to the growth of overcrowded slums. To overcome this, GoG has provided incentives in terms of land, tax holidays, and a duty-free tax rate on construction materials and equipment at the port of entry in Guinea.¹¹

Housing supply

Guinea's burgeoning young population, rising poverty levels in both rural and urban areas, and an increasing rate of urbanisation are some of the realities that explain the steady rise in demand for affordable housing. In a context of rising and generalised poverty, the shortage of housing supply in Guinea is at the root of real social problems. The issue has spurred and ignited government's awareness to focus on housing supply.

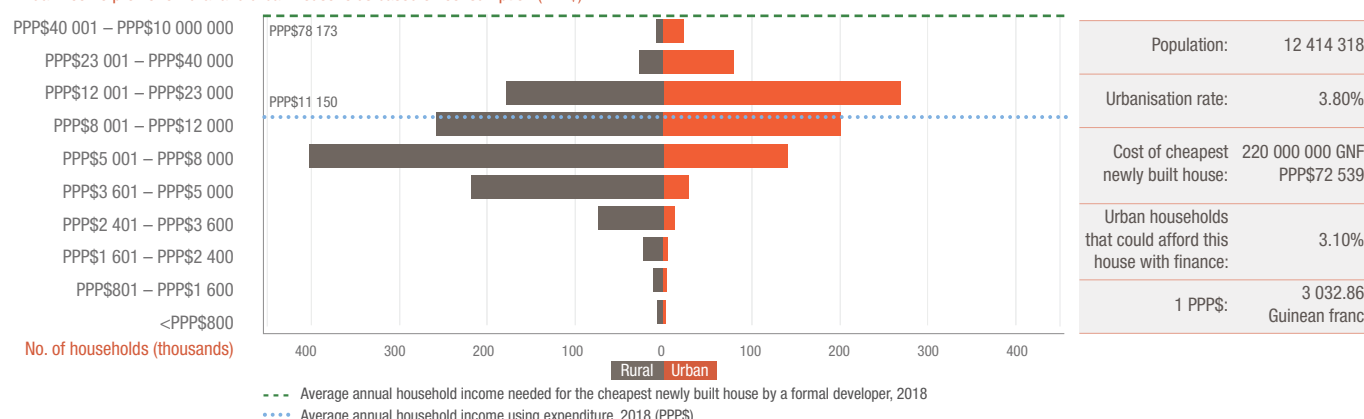
Because of the housing supply deficit and an increasing urbanisation rate, informal housing dominates in urban areas, especially in Conakry.

To fill the housing gap in urban and rural areas, the GoG has accelerated policy reforms to consider the housing backlog and provide incentives to housing industry participants in the short, medium and long run. These reforms include, among others, the fiscal stability granted to developers, the financing options for social housing, and the creation of different bodies such as the national funds for urbanisation and habitat, and the national society for planning and development.

The challenge for the GoG lies in the complexities that characterise and determine the value chain in the housing sector and the involvement of shareholders including financial institutions, private real estate developers, public companies, non-governmental organisations and international institutions.

GUINEA

Annual income profile for rural and urban households based on consumption (PPP\$)



Source <https://www.cgidd.com/C-GIDD, 2019>

A recent analysis of the housing market in Guinea, carried out jointly by the GoG and the International Finance Corporation (IFC), and taking into account access to housing that is both decent and secure, provides new information on the housing deficit. According to this study, Guinea faces today a significant housing deficit estimated at 500 000 units with an annual demand of 47 000 homes.¹²

In this study, the Minister of Land, Housing and Urban Development said that the President's "A roof for every Guinean" initiative will deal with the general problem of housing in Guinea. Plans include the GoG building 5 000 social housing units in Conakry and upcountry.

The IFC Regional Director for West and Central Africa has made it clear that Guinea is a priority country. According to the director, Guinea faces a major housing crisis. Various sources have indicated that the deficit could be between 250 000 to 650 000 units over the next five to 10 years if nothing is done.

The Prime Minister and Head of Government have said that the theme is in line with the priorities of the presidential programme of social housing, with the ambition to make every citizen a real estate owner, and guarantee a roof over the head of each family.¹³

In view of its development and modernisation plan of Guinea, the GoG envisages the construction of 100 000 social housing units in the peripheral areas of Conakry. The signing of a memorandum of understanding took place in 2016 between the GoG and national private companies in charge of the project, under the auspices of the Guinean Chief of State Alpha Condé.¹⁴ The total cost of the project is valued at US\$6 billion. According to the memorandum, social housing units will be offered to more than 100 000 families at affordable prices. The project spans five to eight years.

The GoG, through SONAPI, has identified 20 hectares in Conakry and surrounding areas. The project will be financed by companies from the United States, China, Switzerland, Gabon, Germany and Guinean national companies.

Lack of diversified financing options on a large scale, has spurred the self-building of houses in Guinea. The gap between housing supply and demand is immense. Based on the salary level, the most vulnerable people are teachers, youth and women with a monthly income below FGI 1.5 million (US\$164). China Drill Group is a major participant in the housing sector in Guinea. In a partnership agreement with the GoG and a commercial bank for mortgage financing, China Drill Group will provide 200 000 houses comprised of social housing, economic housing, medium standing, and high standing units. Launched on 24 April 2018, this project is part of a global package of a project named the New City of Conakry and is yet to start. It covers 20 000 social housing units to be built in Conakry on a total land area of 700 hectares including green space.¹⁵

In the short run, China will help build 80 000 affordable houses in the capital, Conakry. It's one of the largest construction projects in the country and is set to make a visible difference in a nation that is classified as one of the poorest on the continent, according to China Global Television Network on 21 May 2018.¹⁶

The GoG has started building social housing in the areas of Keitaya in Dubreka and Kassonya in Coayah.¹⁷ The materials used are locally produced and made of blocks, concrete, cement, sand, concrete iron, wood, timber, corrugated sheets and sheet. The land sizes vary between 70m² and 250m² and up for F2, F3 and F4.¹⁸

Seventy percent of the housing market is dominated by rental with an average price valued at FGI 15 million (US\$1 636) located in the city centre, and FGI 5.5 million (US\$600) outside the city centre in THE residential area.¹⁹ There are no official figures on rental in Guinea, but the Code of Construction and Housing set up the average rental price.

The National Bureau of Statistics identified 1 253 154 households in Guinea during the last general census survey in 2012. Urban population growth accounts for 30 percent of the total population with 6.1 percent population growth rate a year in the capital city of Conakry. While 470 270 households live in urban areas, 290 000 households live in Conakry. To put an end to precarious housing in Guinea, the GoG has signed more than 10 partnership agreements with national private companies and foreign developers to build 120 000 housing units in Lambadiji and Cobayah in the northeast of Conakry, as well as in Dubreka.²⁰

Property markets

Guinea does not have a vibrant housing market because of both acute poverty and non-existent mortgage financing options. However, Guinea's investment and tax code, and the regulatory bodies, provide security to investors in the housing and construction industry. There is not yet a reliable system of property registration. However, as of September 2019, the GoG has sent agents into the field to record the houses.

Measuring business regulations, the World Bank Doing Business 2019 report notes that Guinea is making steady progress in improving its business atmosphere in dealing with the construction permits and registering property. However, the country recorded a low 152 out of 190 countries in the Ease of Doing Business Index. On average, it takes almost 151 days to deal with a construction permit, slightly above Sub-Saharan African countries and below the countries of Organisation for Economic Cooperation and Development (OECD). It requires 15 procedures to obtain a construction permit in Guinea, while in Sub-Saharan Africa and the OECD countries, the average number of procedures is 14.7 and 12.7 respectively. The cost of registering a warehouse is relatively equivalent with OECD countries' scores but far below Sub-Saharan Africa on average.

While the 2015 Land Code stipulates the GoG owns lands, there are still traditional landowners who continue to sell land in the country. Most land is not

registered. To obtain a secure, reliable cadastral system, a Title Deed Restoration Programme by the Ministry of Land, Housing and Urban Development, with the assistance of Morocco, began in 2018 to ensure the registration of land.²¹

However, prices are skyrocketing in the formal market in the city centre and peripheral surroundings. The GoG with technical assistance from SONAPI is building social housing units in the area of Keitaya at affordable prices with the help of local banks. The rental price varies. On average in Conakry, office spaces are valued at FG19 million (US\$2 072), and residential rents are estimated at FG5 million (US\$545.25). In the suburban areas such as Kipé, office spaces are valued at approximately FG12 million (US\$1 310) while residential rent is estimated from FG2.5 million to FG4.5 million (US\$273-US\$491). In the same areas, a lot size from 500m² to 800m² is priced on average at FG3.5 billion to FG5 billion (US\$382 000 to US\$545 245). In area like Somaya in Coyah, the same size of land costs FG475 million (US\$52 000), according to Immolux Guinée on its Facebook page. Typical residents cannot afford these prices and instead build their own houses over long periods of years and sometimes decades.

Formal and informal real estate agents coexist in the property market, and the most influential are AGUIMMO SARL, Conakry Immobilier, Agence Immobilière Titi Camara, Kakandé IMMO, Immolux Guinée SARL, CIC Guinée, COGEST SA and Guinée Home.

Policy and regulation

The Ministry of Land, Housing and Urban Development, the National Funds for Housing and Urbanism, the National Society for Planning and Real Estate Development, the Mortgage Guarantee Fund, and the Land Security Fund are the five major public institutions in the housing industry.

These bodies were created by the 2015 Code of Construction and Housing to accelerate land ownership and housing finance in Guinea:

- Fonds National de l'Habitat et de l'Urbanisme (National Funds for Housing and Urbanism), responsible for raising and mobilising financial resources;²²
- Société Nationale de l'Aménagement et de la Promotion Immobilière (National Society for Planning and Real Estate Development) responsible for planning, identifying developers, and promoting affordable housing;²³
- Fonds de Garantie Hypothécaire (Mortgage Guarantee Fund) responsible for mortgage guarantee; and
- Fonds de Sécurisation Foncière (Land Security Fund) responsible for land guarantee.²⁴

For these bodies to function, the GoG introduced a new Land Code in 2015.²⁵ The Code stipulates that the state, as well as private individual and entities, may hold title to land and buildings and exercise the ownership right pertaining to the rules of the Civil Code and those of this Code. The right of ownership confers on its holder the enjoyment and free disposition of the property.

The 2012 Investment Code facilitates investment conditions for national as well as foreign investors in Guinea by providing fiscal incentives as long as they invest in infrastructure and housing development.²⁶

The 2015 Tax Code provides tax incentives for national and foreign real estate developers.²⁷

The 2015 Customs Code stipulates duty-free entry for construction materials and equipment in Guinea.²⁸

Finally, the 2015 Code of Construction and Housing governs regulations that guarantees duty-free lands to developers committed to building social housing for low and middle income families.

Despite all these efforts, the housing industry still does not meet the needs of the people who still face major difficulties in the housing industry.

Opportunities

According to the Ministry in charge of Investments and Public Private Partnerships, Guinea has experienced rapid growth and a high urbanisation rate (in 2010, the urban population exceeded the 30 percent population threshold). Many projects in urban planning and development, sanitation and housing have been completed or are underway. The GoG has signed a number of housing development partnerships with private developers. The legal framework has also undergone great reforms with the promulgation of a housing and real estate development code to better organise the housing industry. To promote real estate development for the poor, the GoG assists in providing investment incentives to developers. These incentives are, to mention a few, tax holidays, duty-free entry for construction materials and equipment, and free repatriation of investment proceeds.²⁹ The five-year development plan also provides incentives and stipulates government's political will to narrow the 500 000 housing gap. The Ministry of Land, Housing and Urban Development and private shareholders are joining together to support the housing economy for the benefit of low income households.

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 Ministère de l'Economie et des Finances www.mef.gov.gn
 Ministère de la Ville et de l'Aménagement du Territoire www.mvat.gov.gn
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²⁸ Agence Pour la Promotion des Investissements Privés de Guinée. The Customs Code, online.

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Guinea-Bissau

Author: Youssouf Keita



Overview

The Republic of Guinea-Bissau is in West Africa and is bordered by the Atlantic Ocean in the West, Senegal in the North, and Guinea in the South East. The population is estimated at 1 928 923.¹ The number of people per kilometer is 44.

The surface area is 36 125km², of which only 27 700 km² is dry land, and the urban population is estimated at 882 000 people in 2015. Guinea-Bissau's urbanisation rate increased from 22.5 percent in 1997 to 42.16 percent in 2015.²

Real GDP growth stabilised at 5.3 percent in 2018, slightly below the 5.9 percent in 2017, supported by robust agriculture and fisheries output. Real GDP is forecast to grow by 5.1 percent in 2019 and 5.0 percent in 2020.³ The country relies on agriculture, especially rice and cashew nut production.

On the demand side, growth was driven by exports and private consumption. To stabilise the economy, the government has conducted a conservative fiscal policy, which increased government revenues, and the budget deficit is 2.5 percent of GDP. This policy allowed public debt to decline from 55.1 percent to 49.2 percent, placing the country at a moderate risk of debt distress.⁴

Inflation was an estimated 2.0 percent in 2018, up from 1.4 percent in 2017, driven by high domestic demand and rising prices for rice and other essential food items. Overall, inflation is projected to be 2.2 percent in 2019 and 2.3 percent in 2020, below the 3 percent convergence criterion for the West Africa Economic and Monetary Union (WAEMU).⁵

The current account deficit deteriorated to 3.2 percent of GDP in 2018 from 0.6 percent in 2017, despite sharp increases in the volume and prices of cashew nut exports.

Most houses are traditional in Guinea-Bissau, and made of adobe, mud, and of a combination of woven branches and straw.⁶

According to the World Bank Group (WBG) and the United Nations Development Programme (UNDP), only 69.2 percent of the population have access to running water and 14.6 percent have access to electricity in their homes. The World Bank 2019 Doing Business Report states that Guinea Bissau has performed poorly in enhancing access to electricity, ranking 180th on a scale of 190 countries. However, the World Bank launched in 2016 an Emergency Project for the

KEY FIGURES

Main urban centres	Bolama/Bijagos, Cacheu, Gabu, Oio, Quinara, Bafata, Biombo, Bissau, Tombali
Exchange rate: 1 US\$ = [a] 1 July 2019 1 PPP\$ = [b]	580.15 CFA Franc (XOF) 240.73 CFA Franc (XOF)
Inflation 2018 [c] Inflation 2019 [c]	1.4 2.0
Population [b]	1 874 309
Population growth rate [b] Urbanisation rate [b]	2.5% 3.5%
Percentage of the total population below National Poverty Line (2017) [d]	55.2%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	6.1%
Proportion of the adult population that borrowed formally	n/a
GDP (Current US\$) (2018) [b]	US\$1 458 million
GDP growth rate annual [b]	3.8%
GDP per capita (Current US\$) (2018) [b]	US\$778
Gini co-efficient (2017) [b]	50.70
HDI global ranking (2017)[d] HD country index score (2017) [d]	177 0.455
Lending interest rate (2017) [b]	5.1%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$)	n/a
Number of mortgage providers Prevailing mortgage rate [f]	n/a 11%
Average mortgage term in years Downpayment	15 11%
Ratio of mortgages to GDP	n/a
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed	n/a
Number of houses completed [g]	250
Number of formal private developers/contractors	2
Number of formal estate agents	3
Cost of a standard 50kg bag of cement [h]	7 000 XOF (US\$12.07)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units)	17 866 258 XOF
Size of cheapest, newly built house by a formal developer or contractor in an urban area	85m ²
Average rental price for this unit in an urban area (local currency units) [i]	146 381 XOF
Number of microfinance loans outstanding	n/a
Number of microfinance providers [j]	17
Number of housing construction loans outstanding	n/a
Number of providers of construction finance	n/a
World Bank Ease of Doing Business Rank [e]	175
Number of procedures to register property [e]	5
Time (in days) from application to completion for residential units in the main urban city	n/a

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[f] The Global Economy.com
[b] World Bank World Development Indicators	[g] MACAUHUB
[c] IMF World Economic Outlook Database	[h] RFI Afrique
[d] UNDP: Human Development Reports	[i] Numbeo
[e] World Bank Doing Business 2018	[j] Central Bank of West African States (CBWAS)

Rehabilitation of Electricity and Water sectors (PURSEE). This project aims to improve access to running water and electricity through construction of a central gasoline-powered electricity facility, and enhancing the efficiency of the Guinea Bissau Water Company.⁷ Only 57 percent of urban population have access to sanitation facilities against 23 percent in rural Guinea Bissau.

Many obstacles like in the path of Guinea-Bissau's housing market. Among the, political instability and affordability issues reduce access to decent housing units.

Access to finance

Access to finance is vital in reducing the current 4 000 housing backlog in Guinea-Bissau. Guinea Bissau's high urbanisation and population growth rate mean high demand for both housing units and housing finance. The financial sector, however, is not well developed, not tailored for housing finance and does not provide long-

term funding either for developers or for households. People finance their housing needs by using their life savings.

The microfinance sector is developing but it remains limited. At the end of 2014, the country had 18 microfinance institutions and 19 service points for 16 210 member clients. The total amount of deposits is approximately CFA207 million (US\$352 802) and the outstanding credit totals CFA84 million (US\$144 790). Seventeen of the 18 microfinance institutions were grouped under the Professional Association of Decentralised Financial Systems of Guinea Bissau, created in 2003.⁸

Some of the 18 banks that comprise the Bissau-Guinean financial sector are: Central Bank of West African States, Banque Régionale de Solidarité, Banco Da Uniao, Banco Da Africa Occidental, Ecobank, Banque Atlantique Guinee Bissau, Orabank, Agencia 3 Agosto BDU, Banco Central Da Guine-Bissau, Banco Central Da Africa Occidental, Banco International da Guine Bissau, Banco National da Guinea, Banco Totta & Açores SA. The banks provide no figures on housing finance. No formal banks provide mortgage funds in Guinea Bissau.

A new financing tool developed by the World Bank helps thousands of families across the WAEMU zone access housing finance. The Bank has provided CFA1 450,4 billion (US\$2.5 billion) to the International Development Association (IDA) 18 IFC-MIGA Private Sector Window (IDA PSW), launched in July 2017, to catalyse private sector investment and create jobs in the lowest income countries eligible for IDA financing.⁹

The IDA PSW combines concessional funding provided by IDA donors with financing and guarantee instruments on commercial terms; an approach often referred to as blended finance. This helps unlock private sector investment in fragile economies affected by conflict. It includes the WAEMU window, where banks currently issue 15 000 new mortgages every year against an annual demand for 800 000 new housing units across the economic and monetary union.¹⁰

On a regional basis, the World Bank opens a line of credit to Caisse Régionale de Refinancement Hypothécaire (CRRH) to help extend long-term finance to a select few non-bank financial institutions meeting strict eligibility criteria based on financial soundness and target client population. The objective is to support housing finance in the form of either mortgages to non-salaried workers or home improvement loans, incremental construction loans, and loans secured using alternative forms of collateral. The goal is to reach borrowers currently excluded from formal housing finance.¹¹

Access to finance for low income households is difficult in Guinea Bissau because of its vulnerability to external shocks, weak regulatory framework, high interest rates, poor risk management and political instability. Political stability remains the key overarching condition to improve the financial sector and the economy.¹²

Even though the financial sector has come a long way since the 1998/99 civil war, it needs more progress to supply mortgage finance.

While a specific country-based housing finance mechanism does not exist, regulation is covered by many regional initiatives at the African Union, the ECOWAS and the WAEMU level. However, limitations in bank lending stifles demand and disincentivise investors.

Affordability

Guinea-Bissau has one of the most dynamic population growth rates in the world with an accelerated urbanisation rate, creating big challenges to curbing the housing deficit. Despite visible political will, information on housing affordability is severely lacking.

With 70 percent of its population under the UN poverty line of US\$1 per day, Guinea-Bissau is among the 15 poorest countries in the world. Since independence in 1974, the country has suffered regular and recurrent political crises. These crises fueled political instability, with consequent increasing poverty, inefficient public services and rampant corruption.¹³ As a result, the country could not provide adequate housing for the population, creating a housing crisis.

Availability of data on housing finance

Because of weak local data collection entities, it is difficult to collect reliable data. Data on a number of sectors is lacking, including the housing industry. However, some international organisations and NGOs play a substantial role in narrowing the information gap. The main organisations involved in collecting data on housing finance are:

- Fondation Abbé Pierre, www.fondation-abbe-pierre.fr, promoting and rehabilitating sustainable habitat in Guinea-Bissau.
- West Africa Economic and Monetary Union (WAEMU), www.uemoa.int, making housing finance affordable across the union.
- Ease of Doing Business in Guinea-Bissau, www.doingbusiness.org, gathering data on construction permits and registering property.
- UN Habitat, www.unhabitat.org, makes data available online related to the country programme document from 2018-2020.

Political instability leading to civil conflict has plagued many institutions in Guinea-Bissau, creating gaps in data collection in the country. The data gap can also be explained by poor training of personnel and lack of resources.

In a period of political calm from 2015 to 2019, with the support of West African countries and the technical assistance of UN-Habitat, the political authorities have encouraged local and foreign investment in the country, including investment in real estate development.

Since 2014, la Fondation Abbé Pierre in partnership with CRAterre and Groupe de Recherche et de réalisations pour le Développement Rural (GRDR) has set up a development programme aimed at promoting and rehabilitating sustainable habitat in Guinea Bissau. The sociological feasibility study has identified three neighborhoods (Bentame, Tchada and Pundai) in Canchungo for the project implementation. And at the end of 2016, the first outcomes were visible on the ground. At Canchungo with 12 000 inhabitants, the third largest city of the country, 50 houses were rehabilitated, 200 small and medium size enterprises with green projects were funded (of which 75 percent were run by women) and 50 youth were trained. At the end of 2016, the Canchungo typical GRDR houses were valued on average at CFA1 945 434 (US\$3 353.31) per house. These units can house 12 to 25 people.¹⁴

Availability of long-term funding resources for mortgage financing for social housing is a major issue for banking institutions in Guinea Bissau. These resources remain inaccessible to most households. CRRH refinances a limited number of banks in other WAEMU countries with bank credits backed by mortgages based on land titles. Unfortunately, the absence of mortgage-backed financing contributes to financial exclusion in Guinea-Bissau.

While the housing question has been a perennial problem in Guinea Bissau, household income is far too low to spur the banking system to provide housing credit. Few households can afford housing units built by formal developers, which are priced on average at CFA93 474 013.65 (US\$161 120).¹⁵

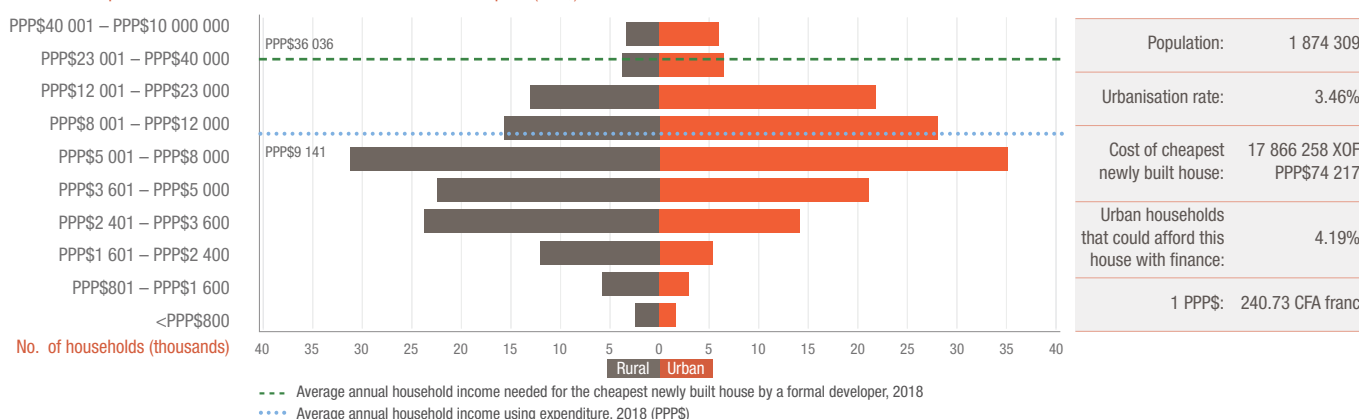
In addition to government initiatives to provide affordable housing to the poor, some private real estate developers operate in the field, but they build solely for rent. The monthly rental prices can range from CFA500 000 through CFA1 000 000 (US\$862 to US\$1 724) and are beyond the reach of the poor.¹⁶

Housing supply

According to recent statistics on the housing sector in Guinea-Bissau, 76.3 percent of households live in housing units that use adobe as construction materials. Only 14.5 percent of households live in reinforced adobe and 5.4 percent live in housing units constructed with cement blocks.¹⁷ In 2015, the Minister of Public Affairs, José Antonio Almeida, told the Portuguese news agency Lusa, the government urgently needed to build 4 000 homes.¹⁸

GUINEA-BISSAU

Annual income profile for rural and urban households based on consumption (PPP\$)



Source <https://www.cgidd.com/C-GIDD, 2019>

China would support the country in building 250 dwellings in Bissalanca in the first phase of 1 000 homes, according to the Bissau-Guinean Minister of Public Works in 2015. The project would involve construction of buildings with a maximum of four storeys, intended to resettle the inhabitants of the neighborhoods of Reno and Mindara, in the centre of the capital, whose current buildings would be demolished to make way for new residential blocks.¹⁹

The government was also establishing a partnership with Moroccan property developers to construct a block of buildings of up to four floors in Bissalanca.²⁰

Affordable housing is problematic across West Africa, where fewer than 7 percent of households can afford decent and secure housing units. The situation is particularly acute in Bissau and other cities in the region.

According to UN-Habitat, Guinea-Bissau is one of few countries in Sub-Saharan Africa where urban issues are a priority.²¹ This is a great opportunity for UN-Habitat, notwithstanding many difficulties and structural challenges confronting the in mobilising resources through the New Urban Plan. This plan concentrates on, among others, improving the legal institutional framework and land acquisition regulation, and developing a real estate sector.

Despite legal and institutional reforms associated with a clear political will aimed at promoting social housing in Guinea-Bissau, a stumbling block is increasing the housing supply.

The difficulties of increasing the housing supply are quintessentially linked to the increased level of urbanisation, the cost of construction materials, the struggle to obtain planned land, a lack of financing options, the high level of informality in housing sector, land insecurity, and restrictive rules and regulations on land acquisition.

Property markets

The real estate market in Guinea Bissau is undeveloped, and it is hard to rent a house. The monthly rental for a well-furnished house equipped with a generator and well-functioning water supply varies from CFA1 580 500 (US\$2 725) to CFA1 896 600 (US\$3 270).²²

Guinea Bissau still uses a traditional cadastral system and the World Bank Doing Business report finds five procedures are needed to register property in Guinea-Bissau, which is slightly below Sub-Saharan Africa's level.²³ It takes 48 days to complete these procedures in Guinea-Bissau, lower than the Sub-Saharan African level of 53.9 days. The cost of registering property as percentage of the property value at 5.4 percent is slightly above the Sub-Saharan standard of 4.2 percent.²⁴ According to Doing Business 2019, Guinea Bissau has made transferring property easier by lowering the property registration tax. Guinea Bissau registered an improvement in its rank on this indicator from 2017 to 2019.

The cost of registering a new property in the Land Registry system is CFA1 303 352 (US\$2 247). The quality of land administration index indicates that Bissau-Guinean's distance to standard is 3 compared to Sub-Saharan Africa and the OECD high income countries, respectively 8.8 and 23.²⁵ This distance indicates that the country does not have a well performing cadastral system, making it difficult for the poor to have access to land and build decent shelters.

The housing market is considered one of the worst performing markets in West Africa. With GDP per capita as low as CFA419 805 (US\$273.61), an ordinary citizen cannot afford housing in Bissau or in rural areas. Rent for 1-bedroom apartment in the city centre of Bissau is between CFA93 684 (US\$161) and CFA 130 000 (US\$224) while the same size dwelling commands rent of CFA40 989 (US\$71) outside the city centre. A 3-bedroom dwelling in the city centre is estimated to cost CFA146 381 (US\$252) while it costs CFA70 263 (US\$121) outside the city centre.²⁶

Policy and regulation

Since independence, the country has undergone several land reforms. Based on the Country Programme Document Guinea Bissau 2018-2022, developed by UN-Habitat, the country has an outdated and incomplete legal and regulatory framework inherited from colonial times.

The Land ownership law in the 1960s, le DEC 43893 de 1961, recognised two forms of ownership: state property and common property allowing access to land for people. In 1975, Guinea-Bissau adopted law No. 4/1975;²⁷ and put an end to private land ownership. This regulation was effective until 1981. Then the government adopted a bill under No. 5/98 known as the Land Policy favoring access to land for the people of Guinea Bissau. The adoption of the Constitution in 1984 provided the foundation for the development of private ownership in the country, including land and housing.²⁸

The Bissau Master Plan (PGUB) adopted in 1993 provided a legal framework for the management of the city of Bissau and the development of real estate enterprises.

The 1998 Lei Da Terra literally "Land Law" confirmed that land belongs to the State and people. In this view, the population can identify their own housing plans and seek funding as well.

The 2005 General Regulation of Construction and Urban Housing established the legal framework that governs urbanisation and city planning, and building and construction incentives for the benefit of the population. The Draft Law on the Basis of Land-Use Planning regulates land planning to improve access to land in Guinea and the development of urban human settlements. The Draft Declaration on the National Policy on Land Use of 2014 promotes reduction of imbalances in land distribution and housing development between the regions in Guinea Bissau.

The 2030 Strategic Plan, worked on by the UN-Habitat along with the Municipality of Bissau, highlights the vision of “a socially inclusive city with urban development that is compact, sustainable and resilient to climate change.”²⁹

The City Code is a guide for land-use planning. Like Bissau’s Master Plan, it regulates the land management system. The new Land Law Regulation was approved by the Council of Ministers on 22 November. According to a press release from Bissau-Guinean Presidency, the enacted regulation “deals with the application of the Land Law,” namely customary land use, rural and surface concession, delimitation of local community land, land commissions, land registration, pastureland, and land management institutions.

In summary, land law has undergone reform. However, political instability has made changes difficult to implement.

Opportunities

Guinea-Bissau is seen to have investment opportunities in many sectors such as property development, construction of residential houses (low-cost housing), and industrial houses, among many others.³⁰

The WAEMU Affordable Housing Finance has offered an opportunity to microfinance institutions and banks that operate in the zone to submit pipelines of loans to be refinanced.³¹ CRRH notes that the capacity absorption of the national securities markets is limited. The introduction of refinancing for microfinance institutions is a priority for 2019 to better serve households with modest and irregular incomes.³²

The relative political stability due to recent elections in the Guinea Bissau, combined with an improved macroeconomic situation, leads one to believe that the country will develop a strong foundation for investment in the housing industry. The country’s Plan Stratégique et Opérationnel 2015-2020 (Terra Ranka) encourages private companies to participate in housing development for different categories of the population. Thus, long-term financing solutions for social housing are suggested to facilitate access to financing for low and middle income households.³³

These regulations favour the setting up of a dynamic and vibrant housing sector, able to contribute to the development of the country, promoting jobs and revenues.³⁴

According to UN-Habitat, the shortage of housing finance in Guinea-Bissau is compounded by among other problems an insufficient and outdated legal framework, the absence of sector-specific data and outdated national cartography. The UN Agency suggests it is urgent to update the legal framework, based on Guinea-Bissau’s constitution and international conventions; develop and apply the National Land-Use Plan; formulate a National Urban Policy; and support creation of a national system of geographic databases.

To address the lack of social housing development in rural and urban areas of Guinea-Bissau, UN-Habitat recommends implementing a national social housing programme under the National Housing and Urbanisation Policy and developing affordable housing programmes through adequate political, institutional and financial mechanisms.

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Kenya

Author: Beatrice Wacuka Mwangi



Overview

Kenya is generally considered the economic, commercial, financial and logistics hub of East Africa. Its strategic location as a launch pad to Eastern and Central African markets has been its core selling point to investors, who have chosen it as their centre of regional operations. The Kenyan business environment is welcoming to investors, as evidenced by the continued entry and expansion of multinational firms. This has resulted in growth in the demand for real estate products. The housing sector has been one of the most vibrant sectors with the main focus being on affordable housing aimed at serving low and middle income earners.

Kenya has an estimated population of 52.6 million people as at 2019,¹ with 26.6 percent of the population being urban. Kenya has a relatively high annual population growth rate at 2.5 percent compared to the global average of 1.2 percent.² The country's urbanisation rate of 4.3 percent, mainly driven by rural-urban migration, is relatively higher than the global average annual urbanisation rate of two percent in 2017 and the Sub-Saharan Africa average of 4.1 percent. This has resulted in an overall increment in pressure on amenities and services including water, power, sewerage systems, transport, land and housing in urban areas.

In particular, increased demand for housing has resulted in upward pressure on land, house prices and the cost of renting, making housing unaffordable for the majority of the Kenyan population. As a result, approximately 61 percent of Kenya's urban population live in slums and squatter settlements, often characterised by poor structural quality, overcrowding, a lack of security and inadequate access to clean water and sanitation.

Kenya's economy recorded 5.6 percent average growth in gross domestic product (GDP) in the last five years and 6.3 percent in 2018. The growth was attributable to increased agricultural production, accelerated manufacturing activities, sustained growth in transportation and vibrant service sector activities, coupled with a relatively stable macroeconomic environment in 2018, following the end of the fractious political season in 2017.³

Kenya's average annual inflation rate increased marginally to five percent in August 2019 from four percent in August 2018 due to base effect and a rise in the transport index.⁴ The capping of lending rates has been retained at a maximum of four percent above the Central Bank Rate (CBR), restricting commercial banks'

KEY FIGURES

Main urban centres	Nairobi, Mombasa
Exchange rate: 1 US\$ = [a] 1 July 2019	102.72 Kenyan Shilling KES
1 PPP\$ = [b]	50.06 Kenyan Shilling KES
Inflation 2018 [c] Inflation 2019 [c]	4.7 4.4
Population [b]	51 393 010
Population growth rate [b] Urbanisation rate [b]	2.3% 4.0%
Percentage of the total population below National Poverty Line (2017) [d]	69.3%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	11.5%
Proportion of the adult population that borrowed formally (2017) [b]	16.8%
GDP (Current US\$) (2018) [b]	US\$87 908 million
GDP growth rate annual [b]	6.3%
GDP per capita (Current US\$) (2018) [b]	US\$1 711
Gini co-efficient (2017) [b]	48.50
HDI global ranking (2017)[d] HD country index score (2017) [d]	142 0.59
Lending interest rate (2017) [b]	13.7%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding [f]	26 187
Value of residential mortgages outstanding (US\$)	US\$2 173 million
Number of mortgage providers [f] Prevailing mortgage rate [f]	31 12.4%
Average mortgage term in years [f] Downpayment [f]	12 10.0%
Ratio of mortgages to GDP	2.5%
What form is the deeds registry? [e]	Computer - Fully digital
Total number of residential properties with a title deed [g]	4 060 000
Number of houses completed [h]	983
Number of formal private developers/contractors [i]	73
Number of formal estate agents [j]	435
Cost of a standard 50kg bag of cement	678 KES (US\$6.60)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [k]	4 000 000 KES
Size of cheapest, newly built house by a formal developer or contractor in an urban area	
Average rental price for this unit in an urban area (local currency units) [l]	23 000 KES
Number of microfinance loans outstanding 2017 [f]	264 000
Number of microfinance providers [f]	13
Number of housing construction loans outstanding [f]	26 959
Number of providers of construction finance [f]	50
World Bank Ease of Doing Business Rank [e]	61
Number of procedures to register property [e]	9
Time (in days) from application to completion for residential units in the main urban city [m]	730

NB: Figures are for 2019 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF):
Housing Finance Group
National Housing Corporation Kenya

[a] Coinmill	[h] Nairobi City Council
[b] World Bank World Development Indicators	[i] Kenya Property Developers Association
[c] IMF World Economic Outlook Database	[j] Kenya Estate Agents Board
[d] UNDP: Human Development Reports	[k] Tsavo Real Estate
[e] World Bank Doing Business 2018	[l] Property 24 Kenya
[f] Central Bank of Kenya	[m] Architectural Association of Kenya
[g] National Land Commission Kenya	

lending rate to an average of 13 percent to 13.5 percent. This has continued to result in high costs for financing and been crippling real estate development.

Access to finance

Kenya's banking sector has remained resilient and stable, despite the interest rate capping, and continued its growth, supported by legal, regulatory and supervisory reforms and initiatives. This is evident in that the banking sector's asset base grew by 8.1 percent to KSh4.27 trillion (US\$41.6 billion) in June 2018 from KSh3.95 trillion (US\$38.5 billion) in June 2017; the liquidity ratio improved to 48.5 percent in June 2018 from 45 percent in June 2017; and the deposit base expanded from KSh2.87 trillion (US\$27.9 billion) in June 2017 to KSh3.16 trillion (US\$30.8 billion) in June 2018.⁵

The CBR was decreased twice in 2018: from 10 percent to 9.5 percent in March 2018 and to nine percent in July 2018. This was aimed at reducing the cost of borrowing, enhancing money supply and boosting economic activity. The 91-Day Treasury bill dropped to 7.34 percent in December 2018 from 8.1 percent in December 2017.⁶

After implementing the interest rate cap in 2016, the growth of bank credit to the private sector dwindled significantly as banks tightened underwriting standards. SME's in particular suffered due to the rate cap. Despite the significantly low average of 4.3 percent in June 2018 (compared to a five-year (2013-2018) average of 11.8 percent), the 2018 average was an improvement from the 1.5 percent in June 2017. The increase is attributed to a relatively strong growth in credit to the manufacturing, building and construction, and trade sectors. Credit to building and construction grew by 13.5 percent. The improved private sector credit growth reflected increased optimism about the growth prospects of the Kenyan economy as well as an improved business environment.⁷

Banks are the main providers of mortgage finance with 77.5 percent of all mortgage lending originating from six banks out of a total of 43 banking institutions in the country, indicating the reluctance of financial institutions to expand their mortgage portfolios. The main barriers to mortgage issuance include:

- Asset-liability mismatch by tenor due to the relatively long-term nature of mortgage loans and short-term nature of bank deposits;
- Limited access to capital markets funding for mortgages resulting in low supply of long-term capital;
- A complex legal and regulatory framework and collateral requirements making mortgages exceedingly expensive;
- Insufficient credit risk information, particularly on the informal sector despite the informal sector making up a significant 83.4 percent of the total employment; and
- An inefficient land and property registration process, which affects mortgage credibility for homebuyers.

Out of an adult population of about 23 million, only 26 187 mortgage loans were active in December 2017. While the number of mortgage loans has been growing by a compounded annual growth rate (CAGR) of 5.7 percent since 2013, the average mortgage size in Kenya has been growing at a higher CAGR of 9.6 percent, from KSh6.9 million (US\$67 171) in 2013 to KSh10.9 million (US\$106 111) in 2017,⁸ thus locking out potential homeowners. PS Hinga has indicated that 18 000 of these mortgages are on concessional rates to employees of banks, corporations or government.

The value of mortgage loan assets outstanding increased to KSh219.9 billion (US\$2.4 billion) in December 2016 from KSh203.3 billion (US\$2 billion) in December 2015, an 8.1 percent growth. However, following the interest rate cap law, average mortgage interest rates dropped to 10.5 percent-18 percent, from 11.9 percent-23 percent in 2015. Despite its potential, the Kenyan mortgage market continues to lag behind with some of the factors hindering its maturity being: (i) the high cost of houses against low incomes, (ii) high lending rates, (iii) difficulties with property registration and titling, (iv) undeveloped standardisation of loan underwriting, documentation or servicing procedures, and (v) the inability to access long-term financing. It is notable that the size of mortgages outstanding has hardly changed in the last ten years since CBK began collecting data. As anecdotally known, but difficult to quantify, there is a considerable amount of credit into housing from personal loans from banks.

Gross Non-Performing Loans (NPLs) increased by 27.2 percent to KSh298.4 billion (US\$2.9 billion) in June 2018 from KSh234.6 billion (US\$2.3 billion) in June 2017.⁹ This increase was fuelled by (i) delayed payments by government agencies and the private sector; (ii) business stagnation during the prolonged electioneering period, and (iii) slow uptake of developed houses in the real estate sector. Real estate was one of the sectors with the highest NPLs in 2018, increasing by 48 percent due to the slow uptake of developed housing units and delays in the subdivision of land.¹⁰

Kenyans generally access loans from Savings and Credit Cooperatives (SACCOs), which provide approximately 90 percent of Kenya's total housing finance. While

Availability of data on housing finance

The main challenges in the collection of housing data in Kenya include:

- The unavailability of up-to-date data means that the data that is available is not likely to be indicative of the current market situation;
- Given that there is no standard metric used in determining property prices in Kenya, it is difficult to identify market prices. This means that property pricing will vary depending on the owner; and
- There is no centralised data available on property transactions and the real estate industry, both in the private and public spheres.

The major sources of information on housing and housing finance in Kenya are: the Central Bank of Kenya, the KNBS, the Kenya Private Developers Association, Kenya Bankers Association, the NHC, United Nations, the Housing Finance Company of Kenya, Cytonn Investments and the World Bank.

SACCOs' interest rates remain low at 12 percent, they remain highly constrained by the short-term nature of their deposit liabilities and short loan tenures of not more than five years.¹¹ This has resulted in low home ownership with only 26.1 percent of urban dwellers owning the houses they live in, the main constraint being access to financing instruments.¹²

Affordability

Housing affordability continues to be a key challenge in Kenya given the current high cost of funding and unavailability of financing, amid rising property prices. As a result, one third of public sector and urban wage earners live in inadequate housing. The maximum selling price of an affordable housing unit in Kenya ranges between KSh0.8 million (US\$7 788) to KSh3.0 million (US\$29 204) a unit and targets individuals earning an income of KSh49 999 (US\$487) a month or below.¹³

According to the Kenya National Bureau of Statistics, 74.5 percent of the Kenyan population earn KSh49 999 (US\$487) a month or below in the formal sector. This means that an affordable housing unit would need to have a monthly rental price of KSh15 000 (US\$146) and below, assuming a maximum of 30 percent of household gross income is spent on housing. To purchase an affordable housing unit, it would cost KSh1.4 million (US\$13629), assuming a 20-year mortgage, at a 13.5 percent interest rate, with a 10 percent deposit. An affordable house for a household earning the median income or below would need to cost KSh2.7 million (US\$26 284) or lower. This is in line with the prices set by the Government of Kenya for affordable housing.¹⁴

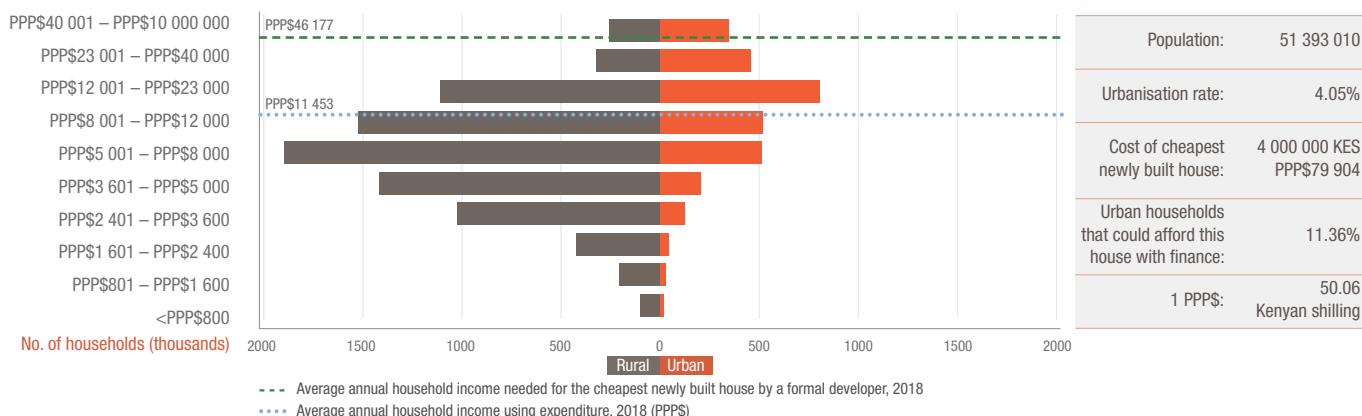
The average price of an apartment in satellite towns where several lower middle income families live is approximately KSh7 676 (US\$746) per square metre as at June 2019 and the price of a 40 square metre one-bedroom unit is KSh3.1 million (US\$30 178), which is out of the affordability range for the majority of the population. In selected markets such as Thika, the average price per square metre ranges from KSh45 000 (US\$438) to KSh65 000 (US\$633) and the price for the same unit would be KSh1.8 million (US\$17 523) to KSh2.6 million (US\$25 311).¹⁵ However, these areas are more than 30 kilometres from the city centre and residents are likely to incur higher commuting costs.

The high cost of development passed on to end buyers is one of the factors contributing to the unaffordability of housing units in the market. However, with the aim of supporting home ownership, the government has introduced incentives such as exemption from stamp duty tax for first-time home buyers under the affordable housing scheme, which refers to:

- Social housing designated for monthly income earners earning between 0 to KSh14 999 (US\$146.01);
- Low-cost housing designated for monthly income earners earning between KSh15 000 (US\$146.02) to KSh49 999 (US\$486.7); and
- Mortgage gap housing designated for monthly income earners earning between KSh50 000 (US\$486.74) and KSh100 000 (US\$973.5).¹⁶

KENYA

Annual income profile for rural and urban households based on consumption (PPP\$)



Source <https://www.cgidd.com/C-GIDD, 2019>

Other incentives include a 15 percent corporate tax rate relief for developers that provide at least 100 low-cost housing units per annum and a 15 percent tax relief up to a maximum of KSh108 000 (US\$1 051) per annum for first-time homebuyers under the affordable housing relief section of the Income Tax Act of 2018.¹⁷

Housing supply

Production of housing units stands at 50 000 units a year, well below the annual demand of 200 000 housing units, culminating in a housing deficit of more than two million units, with nearly 61 percent of urban households living in slums.¹⁸ This deficit is fuelled by fundamental constraints on both the demand and supply side, inadequate credit supply, the high cost of funding and the low uptake due to the low purchasing power of Kenyans. Nevertheless, the housing sector recorded a 3.4 percent increase in the number of completed private residential and non-residential buildings in the Nairobi City Council to 12 304 in 2018 compared to 11 902 in 2017.

Approximately 83 percent of the existing housing supply is for the high income and upper middle income segments, with only 15 percent for the lower middle and two percent for the low income population.¹⁹ The reason for this is that developers seek higher returns from high-end developments targeting high net worth buyers. This has resulted in ineffective demand as the supply in the high-end areas has outgrown demand, with declining occupancy rates. At the same time, the supply in the middle and low-end segments of the market has remained low despite the growing demand for housing units. This has given rise to the expanding housing deficit, estimated to be growing by 150 000 housing units a year.

The government has made strides to bridge the deficit, evidenced by the 2019/20 national budget allocation towards housing, which was raised by 61.5 percent to KSh10.5 billion (US\$102.2 million), from KSh6.5 billion (US\$63.3 million) in the previous 2018/19 budget. In addition, the affordable housing initiative launched in 2017 as one of the four pillars of the government's Big Four plans, has continued to gain momentum with participation of both the government and private sector players, evidenced by the launch of various affordable housing projects between 2018 and 2019.²⁰ The main structures adopted to deliver these projects have included government partnerships through public-private partnerships, private developers' partnerships and state-funded projects. The public-private partnership projects include the ongoing 1 500 units New Ngara Project, located in Ngara in Nairobi, and the 1 500 units Jevanjee project in Eastlands, which is in the planning stage. The private low-cost housing projects include the 1 200 units Unity Homes within Tatu City in Kiambu and 2 720 units within Edemann Property in Ngara, which are both under construction, and the 8 888 units Mavoko Project by the United Nations Habitat Cooperative Society, which is in the predevelopment stage. Over the course of 2019, the National Union for Housing Cooperatives (NACHU) has completed several incremental and core housing type projects

around Nairobi: the Malaa Housing Project I of 228 units, the Mloathi I Housing Project with a total of 177 units, the Nyalenda Housing Project with a total of 40 core housing units, and the Kakamega Housing Project of 23 units.

Property markets

The real estate sector in 2019 recorded decreased development activities attributed to the existing space oversupply in the commercial office and retail sectors, and the unmatched demand and supply in the residential sector. This is in tandem with the decreased contribution of the real estate and construction sector to the GDP of 13.5 percent in the first quarter of 2019 compared to 13.6 percent in the first quarter of 2018.²¹

Activities in the residential sector have continued to be driven by an attractive demographic profile with a relatively high population growth and urbanisation rate and the fact that increased household incomes as average real earnings grew by 3.2 percent in 2018 compared to the 2.7 percent decline in 2017.²²

In the first quarter of 2019 the residential sector posted a 10.3 percent drop in the value of approvals to KSh33.0 billion (US\$321.3 million) from KSh36.8 billion (US\$358.2 million) in the first quarter of 2018, indicating decreased building activity.²³ Challenges include the relatively high land and financing costs, inadequate infrastructure in terms of access roads, and limited access to funding for both developers and off-takers.

Policy and regulation

In 2017 affordable housing was included as one of the national government's pillars of growth in the President's Big Four plan aimed at promoting long-term economic development. The plan focused on delivering 500 000 housing units for the lower and middle income population segments by 2022, to address the large housing deficit.

To this effect, several initiatives have been established with some of most recent being the formation of the Kenya Mortgage Refinancing Company (KMRC) whose main function is enhancing mortgage affordability by enabling long-term loans at attractive market rates through the provision of affordable long-term funding and capital market access to primary mortgage lenders such as banks and financial cooperatives. Another initiative is the establishment of the National Housing Development Fund (NHDF) which was established under the Housing Act 2018 Section 6 (1), and is controlled by the National Housing Corporation (NHC) as provided for in the Housing Act, Cap 117. The NHDF includes a 1.5 percent levy on employee's basic salaries up to KSh5 000 (US\$48.7), with the employer expected to match the same amount that will be channelled into the fund. Essentially, the housing fund is expected to bridge the gap for affordable housing by: (i) de-risking private developers by guaranteeing off-take for the incoming supply under the affordable housing initiative, through signing of off-take agreements, (ii) enabling end-buyer uptake by providing affordable finance solutions such as the

Tenant Purchase Scheme, and (iii) allowing mortgage and cash buyers to save towards purchasing homes through the affordable housing Home Ownership Savings Plan.

However, the housing levy has been suspended by the court following contestation by institutions such as the Federation of Kenya Employers and the Central Organisation of Trade Unions, which have filed a case in a bid to stop the levy.

The Kenyan government has reviewed the public-private partnership framework to enable fast-tracking of the approval processes of housing projects and to accommodate new approaches, such as joint ventures and land swaps. However, key constraints to this strategy include uncertainty on revenue sharing, corruption and bureaucracy. In addition, private developers have been reluctant on projects more than five years, given the uncertainty associated with transitioning to a new government after the end of presidential terms.

Despite the incorporation of a series of policy and regulatory interventions in the housing sector, the unavailability of financing continues to cripple development. The failed attempts to review the Bank Amendment Act of 2015 that introduced the interest rate capping at four percent above the CBR's rate of nine percent continues to impact the housing sector through low private sector credit growth and lenders tightening their underwriting standards.

Opportunities

It is expected that the residential sector will continue growing on the back of an improved mortgage market following the launch of KMRC and NHDF as well as government incentives supporting the affordable housing initiative. Further strides in infrastructural development, such as the Bus Rapid Transit System, planned sewer and water improvements in areas such as Ruiru and Kitengela, will promote a more conducive environment for the housing sector to thrive.

In the first half of 2019, the average total returns on apartments was 5.8 percent in comparison to detached units at 4.1 percent. Apartments also recorded higher annual uptake of 22.4 percent, compared to 19.7 percent for detached units.²⁴ This indicates that apartments have a wider market due to their relative affordability for homebuyers, which also sustains their price growth.

The housing sector's lower mid-end segment will continue to exhibit fast-growing demand from the majority of Kenyans seeking to buy affordable homes amid a tough financial environment.

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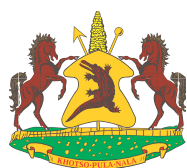
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Lesotho

Author: Susan Mathabo Makuta



Overview

Lesotho is a mountainous, landlocked country surrounded by the Republic of South Africa, with an estimated population of 2 128 280 as at 4 September 2019.¹ The inflation rate in Lesotho was 5.6 percent in June 2019, an increase from 2018 when it was 4.8 percent. The annual gross domestic product (GDP) growth rate in 2018 was 1.47 percent and the GDP in 2018 was P36 965 453 121.22. The GDP per Capita in 2018 was P17 534.70 and the gross national income (GNI) per Capita was P19 660.35.² With an unemployment rate of 27.3 percent, currently 1 242 225 people live in extreme poverty, which translates to 52.7 percent of the population still trapped under the international poverty line of US\$1.25 a day.³

Among the many challenges Lesotho's economy faces is the decrease in revenue from the Southern African Customs Union (SACU). Revenue fell from 24 percent of GDP in 2014/15 to an estimated 17.2 percent of GDP in 2017/18, with a projected further decrease to 15.8 percent in 2019/20.⁴

Nonetheless, Lesotho's real GDP is projected to grow by 0.9 percent in 2018/19 and 1.2 percent in 2019/20.⁵ This growth will be supported mainly by increased diamond exports and a strong rebound from the construction of the Lesotho Highland Water Project Phase II.

The business sector contributes a noticeable percentage to the national GDP due to improved processes and procedures in Doing Business in Lesotho, which in 2018 ranked Lesotho at 106 position. However, the economic outlook is modest with growth projected at two percent in 2018 and 2.3 percent in 2019,⁶ mainly driven by enhanced construction activities under Phase II of the Lesotho Highlands Water Project and robust growth in construction. The services sector has also been a main vehicle for growth, having benefited from the reforms and innovations in the financial sector development strategy, particularly reforms to improve financial inclusion and access to credit.

Access to finance

The financial institutions that are licensed to operate in Lesotho in terms of the Financial Institutions Act No. 3 of 2012, the Insurance Act No. 12 of 2014 and Collective Investment Schemes Regulations include approved banks, insurance companies, insurance brokers, microfinance institutions, credit bureau, foreign exchange and collective investment schemes.

KEY FIGURES

Main urban centres	Maseru City, Teyateyaneng
Exchange rate: 1 US\$ = [a] 1 July 2019	14.13 Loti (LSL)
1 PPP\$ = [b]	5.44 Loti (LSL)
Inflation 2018 [c] Inflation 2019 [c]	5.2 5.4
Population [b]	2 108 132
Population growth rate [b] Urbanisation rate [b]	0.8% 2.3%
Percentage of the total population below National Poverty Line (2017) [d]	36.1%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	27.3%
Proportion of the adult population that borrowed formally (2017) [b]	4.9%
GDP (Current US\$) (2018) [b]	US\$2 792 million
GDP growth rate annual [b]	1.5%
GDP per capita (Current US\$) (2018) [b]	US\$1 324
Gini co-efficient (2017) [b]	54.2
HDI global ranking (2017)[d] HD country index score (2017) [d]	159 0.52
Lending interest rate (2017) [b]	11.4%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding [f]	16
Value of residential mortgages outstanding (US\$) [f]	US\$0.75 million
Number of mortgage providers [f] Prevailing mortgage rate (2018)	3 11.87%
Average mortgage term in years [f] Downpayment	19 20%
Ratio of mortgages to GDP	0.03%
What form is the deeds registry? [e]	Computer - Scanner
Total number of residential properties with a title deed [g]	67 592
Number of houses completed [h]	326
Number of formal private developers/contractors [i]	2 226
Number of formal estate agents [j]	19
Cost of a standard 50kg bag of cement [k]	99 LSL (US\$7.01)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [l]	165 000 LSL
Size of cheapest, newly built house by a formal developer or contractor in an urban area [l]	32m ²
Average rental price for this unit in an urban area (local currency units) [l]	2 500 LSL
Number of microfinance loans outstanding [m]	522
Number of microfinance providers [f]	3
Number of housing construction loans outstanding [f]	191
Number of providers of construction finance [f]	3
World Bank Ease of Doing Business Rank [e]	106
Number of procedures to register property [e]	4
Time (in days) from application to completion for residential units in the main urban city [h]	90

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[h] Maseru City Council
[b] World Bank World Development Indicators	[i] Ministry of Public Works
[c] IMF World Economic Outlook Database	[j] Ministry of Local Government
[d] UNDP: Human Development Reports	[k] AFRISAM Lesotho
[e] World Bank Doing Business 2018	[l] Lesotho Housing and Development Corporation
[f] First National Bank	[m] Lesana Lesotho
[g] Lesotho Land Administration Authority	

There are four commercial banks; nine licensed insurance companies; 47 licensed insurance brokers; six stockbrokers/advisors; two licensed asset managers; 16 licensed microfinance institutions; two licensed foreign exchange and money transfer agencies and one licensed credit bureau.⁷

This sector is regulated by the Central Bank of Lesotho. The financial sector is largely dominated by commercial banks, namely Standard Lesotho Bank Limited (SLB), First National Bank (FNB) Lesotho, Nedbank Lesotho and Lesotho Postbank.

SLB is present in all 10 districts of Lesotho with a total of 17 branches, 86 ATM networks and 555 point of sale terminals throughout the lowlands and highlands of Lesotho. SLB offers home loans from M100 000 (US\$7 078) up to M10 million (US\$707 807) at an interest rate of 12.5 percent payable over a 20-year period.

FNB Lesotho is present in only five districts and offers home loans at interest rates of 11.25 percent and 13.25 percent at the lower and upper bound, respectively. Between the years 2004-2019, FNB Lesotho issued 191 housing construction loans, classified as follows: 19 building loans worth of M13 035 734.24 (US\$922 679.33); 63 purchase loans worth of M63 530 514.75 (US\$4 496 738.86); 82 equity release loans worth of M29 265 000.00 and 27 switch finance loans worth of M21 265 000.00 (US\$1 505 153.11). The number of mortgages classified as non-performing is recorded at 10 and the value of residential mortgages outstanding stands at M10 608 331.91 (US\$750 865.92).⁸

Nedbank Lesotho offers home loans for buying readily available housing stock on freehold title and sectional title. Between January 2018 and December 2018, Nedbank Lesotho issued 37 housing construction loans and the value of housing construction loans for the same period stands at M21 737 844.38 (US\$1 538 621.40). The average mortgage term is 20 years with a 10 percent average down payment on a mortgage. To date June 2019, the number of residential mortgages outstanding is 301, worth M175 089 201.00 (US\$12 392 948.75). Nedbank Lesotho offers the lower bound on mortgage interest rate at prime -1 and the upper bound at prime +3. There are 30 mortgages classified as non-performing.⁹

Even though STANLIB Lesotho is not offering mortgages, it is supporting housing-related loans by allowing its clients to use their investments as collateral for mortgages/housing loans with other banks. Between 2018 and 2019, 68 clients used this facility to get housing loans worth M62 765 508.29 (US\$4 442 591.11), as follow: 45 used it for loans with Standard Lesotho Bank worth M27 104 010.59; 13 with Nedbank Lesotho worth M34 071.92 (US\$2 413.48); seven with FNB Lesotho worth M1 525 850.02 (US\$108 000.84); three with Lesotho Post Bank worth M293 253.02 (US\$20 756.68) and three representing other institutions worth M64 554.85 (US\$4 569.24).¹⁰

There are 16 registered microfinance institutions in Lesotho. Of all these microlenders in Lesotho, only two are providing housing-related loans in a specific housing portfolio. These are Lesana Lesotho (Pty) Limited and Letshego Financial Services. The average loan size given by Lesana Financial Services is M33 359.20 (US\$2 361.19). The loans are payable at the rate between 21.5 percent for housing-related loans and 45 percent for other loans a year over a period of 60 months. In 2019, 522 microfinance loans were disbursed worth M18 893 331.00 (US\$1 340 114.3).¹¹

There are limited bond markets in Lesotho and these are mostly in the form of Treasury Bills and Treasury Bonds offered by the Central Bank of Lesotho. The Treasury Bills are ninety-one, one-hundred and eighty-two, two-hundred and seventy-three and three-hundred and sixty-four days, and are divided into competitive and non-competitive markets. The Treasury Bonds market has four maturities ranging from three, five, seven and 10 years that are issued in the primary market by the bank. Commercial banks, pension funds, insurance companies, corporate entities and individuals are the investors. The bonds are listed on the Maseru Securities Market for secondary market trading.¹² There are no refinancing facilities or credit lines for banks to draw on for liquidity and the government needs to address this through policies that will enable the operationalisation of wholesale lending opportunities in Lesotho.

Affordability

In Lesotho, the market price in 2019 for the cheapest newly built house by a formal developer or contractor in an urban area is M165 000.00 (US\$11 678.83), with size of 32 square meters. An average rental price for the cheapest newly built house by a formal developer or contractor in an urban area is M2 500.00 (US\$176.95). The total construction costs per square meter are M5 156 (US\$365.95) and the associated labour cost per square meter is M2 320 (US\$164.21).¹³ The minimum plot size is 375 square meters, according to 1990 Planning Standards.¹⁴

A significant number of Basotho cannot afford to buy formally surveyed plots or developed houses despite 17 percent of Basotho earning a salary or a wage. This implies a gap in the housing supply which prevents most poor people being able to access affordable and adequate housing as they do not meet the commercial banks' requirements for a loan, such as a deposit and the amount of the loan

Availability of data on housing finance

Lack of housing and housing finance data is a major problem in Lesotho and undermines statistical analysis and weakens the basis for decision-making by the private sector and government. Data is often outdated or may not be sufficiently disaggregated for useful analysis. The primary sources of housing finance data are:

- Bureau of Statistics (BOS) in the Ministry of Planning collects national statistics on different sectors but it has not specifically collected classified data on housing finance. The data available from BOS is classified census information according to a specific purpose and sometimes publicly shared on website.
- Central Bank of Lesotho also collects data associated with the registration and control of the financial sector.
- Standard Lesotho Bank, FNB Lesotho and Nedbank Lesotho keep data but this is not always in the public domain.
- Land Administration Authority keeps records as it registers all land transactions that involve bonds and collaterals. The data is available on request.

repayment which is above their net salary. This is due to high unemployment, which is between 24 percent and 28 percent and mostly affects the economically active population aged between 15 and 45 years.

Notwithstanding all these challenges, Basotho still rely on social networks and inheritance to own property with a small percentage, 23 percent, living in houses they financed through bank loans. Some build their homes themselves while others live in homes they inherited. The Government of Lesotho does not allocate national budget to the housing sector or any housing-related subsidies for Basotho.

Housing supply

The National Housing Policy estimates that a total of 98 711 dwellings will have to be constructed by 2025 to meet the demand for housing in Lesotho. The 2016 Lesotho Housing Profile Report estimated that 5 195 dwellings or 8 932 rooms will be needed to meet the urban housing demand in a year. The urbanisation rate in 2018 was 2.31 percent. The national household average size is estimated at 4.8 persons for rural areas and 3.4 persons in urban areas.

The housing delivery systems are mainly through home ownership that is financially sponsored by individuals and employment-tied housing rentals for the civil service employees. Lesotho Government provides its civil servants with housing quarters but no direct housing subsidies. The formal private sector housing supply focuses at the top of the market, leaving the majority unserved with no options but informal housing. This is evidenced by the collected statistics on the number of new houses completed in Maseru City in 2018 which stood at 326 approved building permits.¹⁵

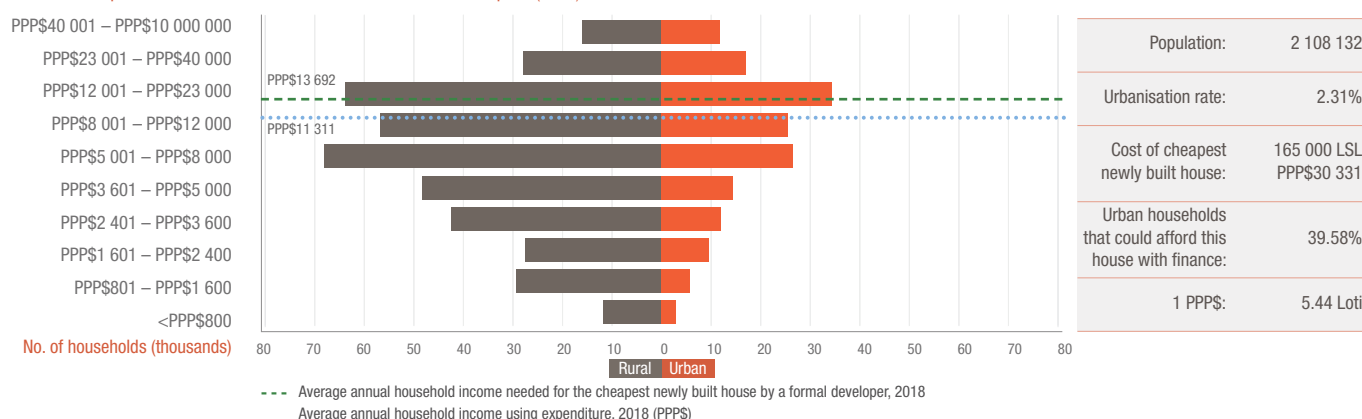
Housing for the poor is located on the periphery where land and rentals are relatively cheaper. The private rental housing stock constitutes 50 percent of the urban housing stock and accommodates approximately 52 percent of households renting single-row houses (*malaene*) in urban areas. The tenants occupy housing units for a monthly rental. The rental housing tenure lasts as long as the tenant can pay, and this renders the tenants vulnerable to eviction on the loss of their jobs.

Lesotho Housing and Land Development Corporation (LHLDC) is a government parastatal mandated to deliver formal housing in Lesotho. Over the years it has developed mixed income housing to cater mainly for the high and middle income bracket, with limited focus on low income earners. However, LHLDC is planning to develop 300 sites in 2019. These are already planned but not yet surveyed. This housing project will be implemented in Maputsoe in Leribe District in an area called Khomo-Khoana.

This project will be categorised in three different levels to cater for housing needs for low, middle and high income people. In this case, the sites can vary from

LESOTHO

Annual income profile for rural and urban households based on consumption (PPP\$)

Source <https://www.cgidd.com/C-GIDD, 2019>

M13 000.00 (US\$920.15) to M50 000.00 (US\$3 539.04) and will be banded such that people are allocated sites based on affordability. The low income house design and financial level/band will comprise of a 32 square meters two-room house combined with bath and toilet. The construction cost with an individual builder can be M85 000.00 (US\$6 016.37) and the selling price M120 000.00 (US\$8 493.70). The estimated cost of construction with a contractor is M125 000.00 (US\$8 847.60) and the selling price is M165 000.00 (US\$11 678.83) for the same house size.¹⁶

The middle income band with a house size of 71 square meters has an open plan lounge and kitchenette, combined bath and toilet and two bedrooms and can cost M200 000.00 (US\$14 156.15) with an individual builder; M250 000.00 (US\$17 695.19) with a contractor; and the selling price can be M285 000.00 (US\$20 172.52) and M340 000.00 (US\$24 065.46), respectively. The high income band is 96 square meters with open plan and kitchenette, combined with bath and toilet, ensuite master bedroom, and two bedrooms, and can cost M300 000.00 (US\$21 234.23) with an individual builder and a selling price of M385 000.00 (US\$27 250.60), and M360 000.00 (US\$25 491.08) with a contractor selling at M430 000.00 (US\$30 435.73).¹⁷

The proposed financing models will involve cash basis, bank purchases, rent to purchase, and also incremental purchase. This arrangement may involve a mortgage, which may demand an average monthly instalment of M2 900.00 for the middle income band and for M3 500.00 for the high income band.

In 2018, there was a booming market for private housing development including a proposal by the company registered as Morero City Development to do satellite town housing developments in partnership with the Maseru Municipal Council. According to a Morero City Development Report, *Sustainable infrastructure for a better future*, the aim of this new housing project is to develop a mixed-use development located in the southwest of Maseru, 5km from the Maseru City Centre. The project required 400 hectares of land to do residential (on 253 325.32 square metres of land); office space; education facilities; a proximity retail complex; hotel; and other buildings such as a civic centre and sport facilities. It is a four-year plan.

Habitat for Humanity Lesotho (HFHL) works in partnership with vulnerable groups, i.e. orphans and vulnerable children, the elderly and disabled. To date, around 3 000 households have received different housing solutions. Between July 2017 and June 2019, 100 two-roomed houses with pit latrines were built for vulnerable households.¹⁸ Most of the houses provided under HFHL are 100 percent subsidised by the donors and it is so far the only non-governmental organisation working in the housing sector in Lesotho. The construction costs range from M45 000 (US\$3 185.13) to M55 000 (US\$3 892.94) per housing unit inclusive of all costs. These homes are constructed with cement bricks and the cost of a 50kg bag of cement in August 2019 was M99.00 (US\$7) at the Afrisam factory warehouse.

Property markets

Lesotho has a dynamic land tenure system dominated by customary and statutory land tenure systems. The type of land tenure rights in Lesotho are Leasehold, Form C and Title Deed. The 2016 Population Household Census Report revealed that 16 percent of the population had Leasehold rights; 41 percent had Form C rights; four percent had Title Deeds, and 27 percent and 12 percent represented other and none of the above.

From 2010 until May 2016, 67 592 leases were issued and registered in the Deeds Register at the Land and Administration Authority. Between April 2018 and March 2019, 2 184 leases¹⁹ were registered in the Deeds Register.

The registering of title now takes 11 days with a 90-year lease issued in a month. The number of days required to register a company has reduced from 28 to seven. The number of days required to obtain an industrial licence has also reduced from 35 to five days and the turnaround time for a trading licence has reduced to 15 days from 30-50 days.

With the support of the World Bank and Private Sector Competitiveness and Economic Diversification Project, government has improved the construction permit process by moving from a manual to an electronic and automated system, thereby reducing the time and cost of issuing the permits. It takes three to four months to issue a building permit and 323 residential building permits were approved by the city development control department between January 2018 and December 2018.²⁰ Rated properties in Maseru City are limited to only 8 000 properties,²¹ which are mostly located in the former colonial boundaries.

Some property estate agents are more prominent than others, such as the Matekane Group of Companies (MGC), which is involved in property development and to date has built 20 three-bedroom luxury houses at Mpilo Estate. MGC was established in 1986 as Matekane Transport and Plant Hire but has evolved into a multi-sector corporation embodying aviation, property construction, mining and farming. Since 2015, MGC has completed three big construction projects, namely the Mpilo Boutique Hotel, MGC Offices Park and Mpilo Estate, and the price per unit ranges from M1.8 million (US\$127 405.39) to M2.5 million (US\$176 951.93).²² Sigma Construction and Property Development has developed low, middle, and high income residential houses (both detached and attached) in Mabote, Khubetsoana, Masowe II and III. Its housing stock for sale caters for middle to high income only and ranges from M650 000 (US\$46 007.50) to M950 000 (US\$67 241.73) and M1.5 million (US\$106 171.16) to M3.5 million (US\$2 477 327.00) respectively. It also caters for low income with rentals ranging from M1 800 to M2 500; M5 000 to M10 000 for middle income; and M15 000 and M25 000 in the high income categories.

Property markets are more skewed towards potential buyers in the middle to high income category, leaving out the lower income and only a few, mostly middle to high income earners rely on real-estate agents. Unfortunately, the real estate

sector is not regulated as there are no laws in place to guide its operations and the sector is also not officially registered with the Ministry of Public Works nor with the Ministry of Local Government and Housing. As a result property prices are often inflated in the market, which make the properties disposed by the real estate agents expensive and inaccessible to most Basotho.

Policy and regulation

The developed National Housing Policy Implementation Strategy 2018-2022 by the Government of Lesotho in April 2018 sets out the priority actions and activities to be implemented between 2018/19, 2019/20, 2020/21 and 2021/22 government fiscal years. The main goal of this strategy is to "achieve the progressive realisation of the right to adequate housing of all".

The Maseru Master Plan Readiness Study (2015) is an opportunity as it facilitates the development of a National Urban Policy and the National Spatial Development Framework. With the current urbanisation rate, these frameworks will be important in guiding the spatial distribution of people and resources, as well as the use and consumption of land. A World Bank consultant is in Lesotho working with officers in the Maseru City Council and local consultants to start developing the Maseru Master Plan at the end of September 2019. The finalisation of the Maseru Master Plan will facilitate smooth implementation of development projects in Lesotho. Through its implementation, development control will be improved and this will help to densify and zone land appropriately as well as making optimum use of scarce land resources. This will also make housing more affordable by cutting capital costs and bringing people closer to infrastructure and other services.

The review of all relevant planning policies such as the Town and Country Planning Act No. 11 of 1980; Development Control Code 1989 and Planning Standards 1990 will make these documents more relevant and applicable to guide the future housing investment in Lesotho.

The ongoing national reforms aim to help the country address some of the economic, social, political, cultural and constitutional challenges that have hindered the economy. The declining economy may be reversed with the implementation of these reforms, which will yield employment opportunities as well as build political stability which is often a major deterrent for investors.

Opportunities

According to 2016 Central Bank of Lesotho Supervision Annual Report, the financial sector was heavily clouded by unregulated pyramid schemes, which emerged in the form of stokvels and/or illegal investment schemes. However, the implementation of Financial Institutions Regulations in 2016 has helped regulate this. In April 2019 there were 17 registered microfinance institutions providing innovative housing finance options targeted at lower income earners to grow the sector.²³ Property estates advertising different housing options has also increased in 2019.

The recent and ongoing reviews of financial regulations as well as housing and land policies/regulations will hopefully support a more conducive environment for accelerated economic growth in Lesotho. An approval of sectional titles will create opportunities in property ownership as it enables separate ownership of a section or sections of a building. The increasing number of registered microfinance institutions can also provide innovative housing finance options targeted at lower income earners that can grow the sector.

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Liberia

Authors: Es-Samir Bropleh and Mathew Ndote Peter



Overview

The Republic of Liberia is on the west coast of Africa, bordering Ivory Coast, Sierra Leone, Guinea and the Atlantic Ocean on the East, West, North and South respectively. The country's Pro-Poor Agenda for Prosperity and Development (PAPD) 2018-2023 is the second in a series of five-year National Development Plans anticipated under the LiberiaVision 2030 framework. It follows the Agenda for Transformation 2012-2017 and was informed by lessons learned from the implementation of the Interim Poverty Reduction Strategy 2007 and the Poverty Reduction Strategy (2008-2011). The PAPD is projected to cost L\$1.18 trillion (US\$6 billion) up to 2030 and will be funded from both domestic and external resources.¹

Liberia's urban population is estimated to be 53.9 percent with a mean household size of 4.2 people and the rural population is estimated at 46.1 percent with a mean household size of 4.3 people.² PAPD projects that, by 2030, the Human Development Index will rise from 0.427 to 0.523 (or by 0.096 points), as the multi-dimensional poverty index also improves by 0.115 points, from 0.374 to 0.259 nationally.³ Liberia is ranked 174 out of 190 countries in ease of doing business compared to the 172 recorded in 2017. Liberia's economy expanded by an estimated three percent in 2018 to L\$182.98 billion (US\$932.5 million) from L\$177.45 billion (US\$904.3 million) in 2017 following a downward adjustment of 0.2 percentage points in September 2018. The projected growth in real gross domestic product (GDP) was mainly attributed to developments in the mining and panning sector through industrial gold production, and growth in the agriculture and fisheries sector. Production of iron ore, rubber, diamonds, cocoa, crude palm oil and cement increased over this period, while beverages and sawn timber production decreased.⁴ The GDP was L\$637.74 billion (US\$3.25 billion) in 2018,⁵ with a 28.5 percent inflation rate recorded at the end of December 2018.

The country's total revenue outturn for 2017/18 was L\$97.33 billion (US\$469 million); a decline of L\$10.79 billion (US\$55 million) compared to L\$102.82 billion (US\$524 million) recorded in the financial year (FY) 2016/17. The country's domestic revenue for FY2017/18 declined by L\$6.83 billion (US\$34.8 million) to L\$83.8 billion (US\$427 million), compared to L\$90.62 billion (US\$461.8 million) recorded in FY2016/17. Revenue performance against target for FY2017/18 was 87 percent declining by one percent, compared to 88 percent for FY2016/17.

KEY FIGURES

Main urban centres	Monrovia
Exchange rate: 1 US\$ = [a] 1 July 2019	196.23 Liberian Dollar (LRD)
1 PPP\$ = [b]	0.52 Liberian Dollar (LRD)
Inflation 2018 [c] Inflation 2019 [c]	23.4 22.3
Population [b]	4 818 977
Population growth rate [b] Urbanisation rate [b]	2.4% 3.3%
Percentage of the total population below National Poverty Line (2017) [d]	57.1%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	2.4%
Proportion of the adult population that borrowed formally (2017) [b]	7.5%
GDP (Current US\$) (2018) [b]	US\$3 249 million
GDP growth rate annual [b]	1.2%
GDP per capita (Current US\$) (2018) [b]	US\$674
Gini co-efficient (2017) [b]	35.3
HDI global ranking (2017) [d] HD country index score (2017) [d]	181 0.435
Lending interest rate (2016) [b]	13.6%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding [f]	65
Value of residential mortgages outstanding (US\$)	US\$2.5 million
Number of mortgage providers [f] Prevailing mortgage rate [f]	1 13.4%
Average mortgage term in years Downpayment	10 30%
Ratio of mortgages to GDP	0.08%
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed	n/a
Number of houses completed [g]	36
Number of formal private developers/contractors [h]	218
Number of formal estate agents [g]	9
Cost of a standard 50kg bag of cement	1 344 LRD (US\$6.84)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [g]	2 943 450 LRD
Size of cheapest, newly built house by a formal developer or contractor in an urban area	n/a
Average rental price for this unit in an urban area (local currency units) [g]	17 661 LRD
Number of microfinance loans outstanding	n/a
Number of microfinance providers [f]	18
Number of housing construction loans outstanding	n/a
Number of providers of construction finance	n/a
World Bank Ease of Doing Business Rank [e]	174
Number of procedures to register property [e]	10
Time (in days) from application to completion for residential units in the main urban city [g]	1 080

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[e] World Bank Doing Business 2018
[b] World Bank World Development Indicators	[f] Central Bank of Liberia
[c] IMF World Economic Outlook Database	[g] National Housing Authority
[d] UNDP: Human Development Reports	[h] Ministry of Public Works

Liberia's annual domestic revenue growth for FY2017/18 was recorded at negative seven compared to two percent recorded in FY2016/17.⁶

As at the end of November 2018, average rates for lending personal loans and mortgages were recorded at 12.4, 13.3 and 12.3 percent respectively compared to 13.3, 12.9 and 13.4 percent recorded in 2017.⁷ The exchange rate for one US\$ increased from L\$147.01 to L\$196.23. The Central Bank of Liberia (CBL) is the regulator of the country's financial sector. The monetary policy thrust of the CBL is anchored on achieving price stability through broad exchange rate stability. During the year, the foreign exchange auction, sales of government securities (i.e. Treasury bonds) and reserve requirement ratios were the policy instruments used to influence domestic monetary conditions. Government securities were used for both liquidity management and short-term cash flow smoothing to help scale down rapid accumulation of excess liquidity in the economy meeting public expenditure demands.⁸

The National Housing Authority (NHA), established through an Act of parliament, is the government agency with the mandate to initiate, plan and execute housing programmes in the country. Out of the 108 housing units under construction in 2018, only 36 are completed to date by the NHA.⁹ A Memorandum of Understanding was signed between the NHA and Shelter Afrique in 2019 for 1 000 housing units to be constructed by the NHA with funding from Shelter Afrique.¹⁰ Liberian Bank for Development and Investment (LBDI) is the only bank that provides mortgages in Liberia and there are nine formal real estate agents.

Public debt stock as at the end of November 2018 stood at US\$987.8 million, reflecting an increase of 13 percent relative to the stock at the end of December 2017. Total public debt amounted to 30.7 percent of GDP, up from 26.6 percent of GDP as at December 2017 due to external debt which rose by 18.8 percent year-on-year. Total external debt stock as at November 2018 rose by 18.8 percent to US\$722.6 million (22.5 percent of GDP) compared to the stock reported at end 2017. The rise in the external debt position was driven by increases in borrowing from both multilateral and bilateral creditors. Multilateral debt surged by 15.2 percent when matched with the stock reported at end December 2017. The World Bank and African Development Bank were the two leading multilateral creditors to Liberia in 2018, accounting for 75.6 percent of total multilateral debt, while Kuwait's debt to Liberia constituted 53.1 percent of total bilateral debt during the period. External debt made up the bulk of total public debt in 2018, accounting for 73.2 percent. Total domestic debt stock stood at L\$52.04 billion (US\$265.2 million) or 8.2 percent of GDP, slightly reduced by 0.3 percent, from L\$52.23 billion (US\$266.1 million) or 8.1 percent of GDP in 2017. The moderate fall in domestic debt stock during 2018 was as a result of reduction in payments of government's obligations to financial institutions, mainly the CBL. When the stock of domestic debt is measured against the amount reported in 2016, total domestic debt declined by 1.2 percent.¹¹

Access to finance

Liberia financial sector consists of nine banking institutions, 18 registered microfinance institutions, three credit reference bureaus, 19 insurance companies, two licensed insurance brokerage firms, 152 registered/licensed foreign exchange bureau, 12 licensed Rural Community Finance Institutions, 285 credit unions and 2 300 village savings schemes. Orange Money, a subsidiary of Orange Communication Company, and Lonestar Cell MTN Mobile Money Incorporated are the two mobile money providers operating in the country. The number of mobile money agents in the country increased from 3 525 in 2017 to 6 203 as at 31 October 2018. The banking industry, which accounts for about 85 percent of the total assets of the financial sector, witnessed strong growth in balance sheet size in 2018. Total assets of L\$142.1 billion (US\$724.1 million) rose by 44.6 percent compared with 26 percent in 2017; total capital increased by 46.9 percent compared with 21.7 percent in 2017; and total deposits grew by 38 percent compared with 20.9 percent in 2017. Growth in loans was 39.5 percent compared with 31.4 percent in 2017 and liquidity in the sector remained strong during the year with a liquidity ratio of 40.7 percent which is 25.7 percentage points above the 15.0 percent minimum requirement. It is important to note that these increases are partly attributed to the conversion effect of the United States dollar to the Liberian dollar, which is the reporting currency. The insurance industry witnessed steady growth in total assets, largely attributed to a fresh injection of capital through real properties and cash. However, the industry's profitability remained challenged, partly due to high operating expenses and the small insurable market with 19 insurance companies. Overall, the financial system remains strong and resilient.¹²

The average interest rates in the economy for the 11-month period ended November 2018 showed mixed trends with increases recorded for interest rates on both personal loans and certificate of deposits but decreases for the lending rate, mortgage rate, time deposits rate and saving deposits rate. The average rates on lending, mortgages, time deposits and saving deposits decreased to 12.4 percent, 12.3 percent, 3.5 percent and 2.1 percent, respectively, from 13.3 percent, 13.4 percent, 3.6 percent and 2.2 percent, reported at end-December 2017. However, the average rates on personal loans and certificate of deposits increased to 13.3 percent and 3.3 percent, respectively, from 12.9 percent and 3.2 percent. The gradual increase in the savings rate coupled with the reduction in lending rates points to the efforts by some banks to mobilise domestic savings and encourage private sector investment.¹³

Availability of data on housing finance

The CBL collects and publishes data on mortgage amounts, average interest rates and construction finance in its annual reports and financial statistics. This information can be accessed on its website <http://www.cbl.org.lr/>.

Data on the number of mortgages, number of outstanding mortgages and amount, number of non-performing mortgages and amount, required downpayment and tenure is not published but can be provided on request. Data is not readily available on other key indicators for the sector, including investment into housing finance, profitability of the mortgage sector, mortgage repayment performance, sectors of the population that benefit, overall demand for mortgages and construction finance versus total loans provided. Accessing such unpublished data from CBL is challenging.

The Liberia Institute for Statistics and Geo-Information Services (LISGIS) was created in July 2005 to establish, develop and maintain a holistic National Statistical and Spatial Data System and an integrated National Statistical and Spatial Database. The 2014 Household Income and Expenditure Survey is the last account of household statistics. The most recent population census was undertaken in 2008. Obtaining updated statistics is therefore difficult.

Commercial mortgage values also increased from L\$3 188.52 (US\$16.20) to L\$382 706.15 (US\$1 950.29) during the same period.¹⁴ The mortgage term is 10 years and the down payment is 30 percent. The total number of mortgage outstanding is 65 while the number of non-performing mortgage is 30. Value of residential mortgage outstanding is L\$492 147 784.00 (US\$2 508 015.00) while the value of non-performing mortgage is L\$2 153 385 583.00 (US\$1 097 378.50).

Affordability

Affordability is a major challenge for Liberia's housing sector. About 2.2 million Liberians or 50.9 percent of the population is classified as poor with poverty considered higher in rural areas (71.6 percent) than in urban areas (31.5 percent). The unemployment rate in Liberia is estimated at 3.9 percent nationally. The percent of Liberians in informal employment is as high as 79.9 percent and the vulnerable employment rate is 79.5 percent, which highlights the fragility and instability in the labour market. Many Liberians (22.4 percent) earn between L\$6 000 (US\$30.58) and L\$15 000 (US\$76.44) monthly, while only 13.5 percent earn over L\$30 000 (US\$152.88).¹⁵

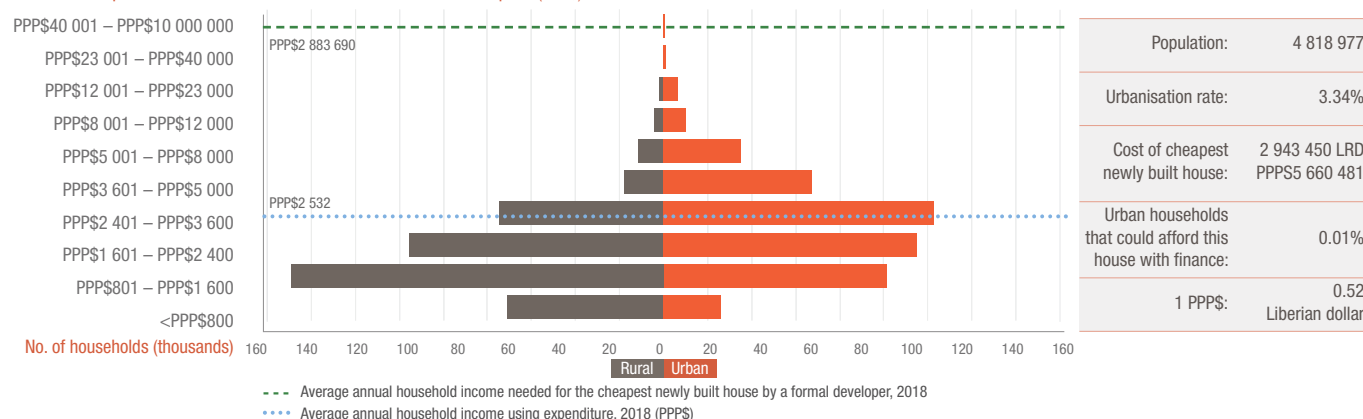
Liberia's high rates of poverty and informally employed people suggest that the vast majority of the citizens cannot afford houses constructed by the NHA as well as the mortgage programme being offered by LBDI with Government of Liberia stimulus funding. Houses constructed by the NHA and mortgaged by LBDI at the cost of L\$2 943 450.00 (US\$15 000.00) have a required loan-to-value of 70 percent. With a down payment of 30 percent, and a loan of L\$1 962 300.00 (US\$10 500.00) and an interest rate of eight percent over 10 years, the required monthly payment is L\$24 921.21 (US\$127.00) and the minimum income required is L\$72 212.64 (US\$368.00). To enhance affordability, especially for informal workers living in slums, Habitat for Humanity International signed a Memorandum of Understanding with Foundation for Women to pilot a housing microfinance product within Monrovia in collaboration with the slum upgrading unit of the NHA. Currently, there is no housing microfinance institution in Liberia. Options are also being explored for housing cooperatives.

Housing supply

In Liberia, owner-occupied housing accounts for 44.6 percent, employer-subsidised housing 1.4 percent, employer-provided housing (rent free) 2.1 percent, rented housing 27.3 percent and rent-free housing 24.5 percent. In urban areas, owner-occupied housing accounts for 29.3 percent, employer-subsidised housing two percent, employer-provided housing (rent free) 1.4 percent, rented housing 46.3 percent and rent-free housing 21.0 percent. In rural areas, owner-occupied housing accounts for 61.1 percent, employer-subsidised housing 0.8 percent, employer-provided housing (rent free) 3.0 percent, rented housing 6.9 percent and rent-free housing 28.3 percent.

LIBERIA

Annual income profile for rural and urban households based on consumption (PPP\$)

Source <https://www.cgidd.com/C-GIDD, 2019>

Liberia's current housing stock is yet to be updated because the 2018 National Population and Housing Census was not conducted. Plans are under way to conduct the census in 2020. The country does not have a housing ministry, resulting in lack of updated housing statistics in between census periods.

However, Liberia's stock of dwellings was estimated at 327 000 in 2010 with 44 percent of that stock (144 000) needing renovation or reconstruction. The stock in good order was 183 098 dwellings. The need to renovate/reconstruct all the 144 000 by 2030 will be equally spread between 2010-2020 and 2021-2030. The need for new housing by 2030 is 694 000 dwellings in urban Liberia, 512 000 more than the 2010 stock, with delivery of the 512 000 dwellings over 17 years (2013 to 2030).¹⁶

The government's emphasis in 2018 was on free/welfare housing. Construction work has commenced on the much needed Pro-poor Housing units project in Grand Kru County. For a pilot phase, eight communities making up SassTown are benefitting from the 282 modern houses currently being constructed.¹⁷ In addition, 50 housing units have been handed over in Popo Beach, New Kru Town.¹⁸ The NHA has completed 36 out of the 108 housing units being constructed in VOA Community, Brewerville City for the voluntary relocation of sea erosion victims from West Point Township.

Property markets

Liberia is ranked 182 with a score of 31.09 in registering a property. There are 10 procedures, and it takes 44 days at a cost of 13.8 percent of the property value, and quality of land administration of 3.5 percent.¹⁹ Liberia does not have a formal land market. Liberia Land Authority (LLA) is in its infant stage and is yet to gather information on the total number of residential properties with title deeds. The LLA is putting into place systems to ensure that the land sector is fully regulated.²⁰ The National Archive where land deeds are registered is not digitised. Liberia's Land Rights Act describes the nature of land ownership in four categories: the right to possess, the right to use, the right to exclude, and the right to transfer by sale, devise, gift or otherwise. A person not having title to land may still have and enjoy the right to possess and/or use the land pursuant to (i) an agreement or lease; (ii) an easement; or (iii) a licence.

The government may also grant a concession on government land and public land. The four categories of land ownership in Liberia are public land, government land, customary land and private land. All interests and rights in land, irrespective of the identity of ownership or the nature of ownership, constitute property entitled to the protection provided by the Constitution of Liberia for all property rights.

Current data on the number of private housing firms, their production and sales levels are not readily and centrally available. Rental housing supply and demand are not regulated. Information on housing demand and supply and changes in housing backlog is not available. No national data is available on residential resale market, changes in price of houses, costs of rental properties and land respectively.

In addition to the NHA's nine formal estate agents, there are also informal estate agents.

A total of 70.26 percent of houses in Liberia are owned (55.31 percent urban and 84.50 percent rural) while 21.21 percent are rental houses (32.86 percent urban and 10.12 percent rural) and 8.53 percent are either squatters or categorised as other (11.83 percent urban and 8.53 percent rural) respectively.²¹

Policy and regulation

The Land Rights Act was signed into Law in 2019.²² Though the Act does not address housing and housing finance directly, it broadens access to land and guarantees protection under the laws of the Republic. This has the propensity to attract interest in land acquisition for housing investment. Habitat for Humanity International in collaboration with the Slum Upgrading Unit of the NHA has concluded consultations on the draft Voluntary Gender Responsive Relocation Guidelines. Additional consultations are under way to formulate the National Urban Policy.

These policy interventions are besides the previous policy interventions reported in 2018, including the Act Against Criminal Conveyance of Land (26 August 2014); Framework for National Land Use Planning 2018 under way by the Liberia Land Authority with inputs from stakeholders; the Act establishing the National Housing Authority (1960); the Masterplan Study on Urban Facilities Restoration and Improvement in Monrovia in the Republic of Liberia, November 2009; the Urban Policy discussion paper; and the establishment of the NHA-Slum Upgrading Unit with support from Habitat for Humanity and Cities Alliance to develop and guide interventions in slum upgrading and affordable housing. The unit is a shift in government policy from addressing the housing needs of formally employed households with verifiable income to low income segments via an incremental housing approach. Voluntary Relocation Guidelines and Slum Upgrading Guidelines that will eventually lead to a Relocation Policy and a Slum Upgrading Policy are being developed at present. Profiling slum communities and gathering information to enhance policy interventions is being conducted by the Young Men's Christian Association with support from Slum Dwellers International. To date, 116 slum communities within Monrovia have been profiled compared to 63 reported in 2018.

Opportunities

Liberia's housing sector presents huge opportunities for investment. Key trends to watch in the years ahead are the expansion of rented housing due to its flexible terms in contrast to mortgages, which have complex qualification requirements and short tenure (10 years). The strength of the housing sector is the huge housing need but the limited means of meeting such needs is a significant weakness.

There are opportunities for investment in housing construction projects, mortgages, housing microfinance and housing cooperatives to support both large-scale housing construction for middle to high income levels as well as housing

solutions for low income households and slum dwellers through initiatives such as incremental housing. With the enactment of the Land Rights Act and the Act against Criminal Conveyance of Land, there is a huge opportunity to formalise the land market and attract more investment. There are opportunities to invest in alternative construction materials to reduce the costs of housing construction, considering that most of the country's building materials are imported.

The Credit Reference System (CRS) managed by CBL continues to provide credit information on borrowers' creditworthiness to banks and non-bank financial institutions. The system has been assisting financial institutions in their credit appraisals for potential borrowers, focused mainly on positive and negative credit reports. A total of 23 039 credit inquiry requests were received from the financial institutions in 2018.²³ The CRS presents an opportunity for investment in housing finance. According to the National Housing Profile of Liberia, the country's housing need is estimated at 512 000 housing units by 2030 and this is an opportunity to attract investment into the sector. A large diaspora population is interested in returning home now that the 14 years of civil conflict is over. There is a compulsory direct deposit regime in place for public sector workers' salaries and benefits payment that investors can take advantage of.

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Libya

Author: Sharah Olayina Sadou



Overview

Libya is in North Africa and is bordered by Niger, Chad, Egypt, Sudan, Algeria, Tunisia and the Mediterranean Sea. In 2018, the country had a predominantly youthful population of 6.7 million.¹ Approximately three-quarters of the population lives in urban areas.² Libya's economy depends mainly on oil production. In June 2018 oil production dropped from one million barrels per day to 400 000 following an attack on the oil fields and main terminals. As a result of this turmoil, real gross domestic product (GDP) growth in 2018 dropped, but still remained considerable (estimated by African Economic Outlook to be 10.8 percent in 2019).³ The inflation rate fell from 28.5 percent in 2017 to 13.01 percent in 2018, due to increase in the supply of hard currency.

Political instability continues in Libya, and the country is listed as a fragile country. Eight years after the fall of Muammar Gaddafi's regime, Libya which was once considered an upper middle income country with the highest GDP in Africa and one of the highest Human Development Index (HDI) rankings in the world, is faced with insecurity, unstable politics, poor infrastructure and constrained government spending. Fiscal spending has not reduced economic hardship caused by the lack of goods and services. In 2018 only 4.7 percent of fiscal spending went to development.⁴ Government introduced an economic reform programme in September 2018 to eliminate fuel subsidies and devalue the dinar. This reform is expected to eliminate the important difference between the official exchange rate and the parallel market rate.

The humanitarian situation continues to worsen with about 1.1 million of people (estimated by the United Nations Support Mission in Libya) in need of assistance and protection. Living conditions, including access to clean drinking water, medical services and safe housing have declined.⁵ In June and July 2019, the number of internally displaced people (IDPs) in Libya increased from 268 629 to 301 407.⁶ Houses, schools and hospitals have been destroyed. The number of housing units to meet the deficit and satisfy the need between 2014 and 2033 is estimated at 1 164 134 units.⁷

Access to finance

All economic sectors are stagnating, including the banking sector. Access to basic needs is challenging, and access to housing finance in a country listed insecure is

KEY FIGURES

Main urban centres	Tripoli, Benghazi
Exchange rate: 1 US\$ = [a] 1 July 2019	1.39 Libyan Dinar (LYD)
1 PPP\$ = [b]	0.48 Libyan Dinar (LYD)
Inflation 2018 [c] Inflation 2019 [c]	23.1 15.0
Population [b]	6 678 567
Population growth rate [b] Urbanisation rate [b]	1.5% 1.8%
Percentage of the total population below National Poverty Line (2017) [d]	n/a
Unemployment rate (% of total labour force, national estimate) (2017) [d]	17.7%
Proportion of the adult population that borrowed formally (2017) [b]	4.7%
GDP (Current US\$) (2018) [b]	US\$48 320 million
GDP growth rate annual [b]	7.8%
GDP per capita (Current US\$) (2018) [b]	US\$7 235
Gini co-efficient (2017) [b]	n/a
HDI global ranking (2017) [d] HD country index score (2017) [d]	108 0.706
Lending interest rate (2017) [b]	3.0%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$)	n/a
Number of mortgage providers Prevailing mortgage rate	n/a 6%
Average mortgage term in years Downpayment	30 n/a
Ratio of mortgages to GDP	n/a
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed	n/a
Number of houses completed	n/a
Number of formal private developers/contractors	n/a
Number of formal estate agents	n/a
Cost of a standard 50kg bag of cement	14.06 LYD (US\$10.12)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units)	69 000 LYD
Size of cheapest, newly built house by a formal developer or contractor in an urban area	n/a
Average rental price for this unit in an urban area (local currency units)	723 LYD
Number of microfinance loans outstanding	n/a
Number of microfinance providers	n/a
Number of housing construction loans outstanding	n/a
Number of providers of construction finance	n/a
World Bank Ease of Doing Business Rank [e]	186
Number of procedures to register property [e]	n/a
Time (in days) from application to completion for residential units in the main urban city	n/a

NB: Figures are for 2019 unless stated otherwise.

- [a] Coinmill
- [b] World Bank World Development Indicators
- [c] IMF World Economic Outlook Database
- [d] UNDP: Human Development Reports
- [e] World Bank Doing Business 2018

really challenging. Bank activities are officially carried out by formal commercial banks, but there are many informal financial activities and alternative exchange rates in the informal market. Access to data of the country's financial activities is a challenge. There are no current statistics on the number of banks operating and the central bank that is supposed to regulate the financial activities is also in crisis. High inflation, sustained liquidity crisis⁸ and rival governments all contribute to the banking crisis of Libya. The crisis has gotten worse since April 2019 when the central bank in Tripoli started enforcing restrictions on several Eastern state-owned commercial banks, which covers 30 percent of Libya's commercial banking needs.⁹ The looming crisis is the direct consequence of the split between the central bank in Tripoli and its branches in the East since 2014.

The power struggle to control Tripoli the capital, and consequently the country, continues. The Eastern Libyan commander, Khalifa Hafta, has mobilised the biggest military campaign since 2011. The general has advanced on the UN-backed administration in Tripoli, and the Tripoli government under the leadership of Prime Minister Fayez al-Serraj has taken measures to control the country's finance via the Tripoli based central bank. Banking and business sources qualify the central bank restrictions as a means to limit access to hard currencies to Eastern banks, hence undermining Eastern authorities' ability to fund themselves.¹⁰ Although the Tripoli-based central bank, allied to the prime minister, vowed to be neutral, there is concern that the financial crisis could hinder the efforts to reunify the divided banking system. The International Crisis Group has warned that the crisis can lead to economic disaster and that in addition to a ceasefire, Libya's warring sides should reach an agreement to standardise commercial banking operations in the East and work towards the central bank reunification.¹¹

Affordability

Living conditions and access to safe housing have deteriorated in post-Gaddafi Libya. Before the political turmoil, many housing projects were under construction. To address the housing shortage, the transitional government announced the launching of a housing programme estimated at about US\$100 billion.¹² This programme has not yet been executed.

Living conditions in the country have deteriorated, with a HDI ranking of 108 in 2018.¹³ The economy suffers from high inflation. This has adversely affected Libyan households, which have lost almost 80 percent of their purchasing power.¹⁴ Unemployment at 17.3 percent has also led to inadequate housing.¹⁵ Prices of rents are accelerating well beyond the affordability of an average household. The average rent for a one-bedroom unit in city centre of Libya costs US\$514 and US\$319 outside the city per month, while rents for three-bedrooms units in the city centre are estimated at US\$947 per month and US\$565 per month outside the city.¹⁶

Housing supply

Formal housing supply has been extremely limited since 2013. The multi-billion housing programme with Libya HIB, which was meant to be relaunched by the Libyan government in 2013, is dormant, like most of the development programmes. Many of the housing contracts worth hundreds of millions of US dollars with foreign companies such as AECOM, El-Abd and Simplex have been stopped due to the political instability and violence. The housing deficit therefore continues to grow and is projected to be 500 000 units by 2020, as announced by Mahmood Baclir Ajaj, chairman of HIB.

Property markets

The political situation is not favourable for property development. The property market is static, but has potential. If the country succeeds in organising elections as programmed for 2019 (United Nations target) this would mean success for bringing the fragmented society under one central authority for the first time in years. The country could use its rich resource to reconstruct a shattered state.¹⁷ Reconstruction means a big market for housing and infrastructure industry.

The property market in Libya has been influenced by legislation which prevents ownership for leasing purposes. During Gaddafi's socialism regime, one of the most important laws regarding housing development was Law n° 4 which prevented activities for profit purposes, stopped housing rents, and prevented the private sector from building houses for leasing purposes. As a result, many changes took place which led to administrative instability; there was high turnover among civil servants, both high level decision-makers and low level implementers. The merger and separation of provinces (administrative districts) was another one of the significant causes of administrative instability, which provoked confusion in the local and national housing programmes, hence contractors could not carry out their commitments.¹⁸

The situation has further deteriorated with the political crisis. There are no procedures in place for obtaining a construction permit, registering property or resolving insolvency, giving Libya a ranking of 186 for dealing with construction permit and 187 out 190 countries in registering property of the World Bank Doing Business 2019 report.

Availability of data on housing finance

The Bureau of Census and Statistics is the national body in charge of the entire country's statistics. In spite of the political situation, the organisation continues to produce socio-economic reports to some extent. Other sources of information are essentially absent, and data is severely lacking for the housing sector. The only chamber of commerce with a functioning website is Amcham. The banking crisis has also aggravated the situation. In short, accessing statistical information is extremely difficult.

In the years before the fall of Gaddafi's regime, Libya attempted to open its real estate sector and enable foreign investment in real estate, known as Decree 21 in 2006. The decree allowed HIB to contract private and foreign developers for property development. Although foreigners can now buy real estate, a lack of clarity on property rights has prevented much uptake; and efforts to open the property and real estate markets have been significantly set back due to the sustained post-revolution instability and subsequent investor scare. Property markets have, since the revolution, been in disarray as many former owners of confiscated land returned to lobby for the reform of property laws and compensation. Draft bills on property have been brought before parliament – nevertheless, nothing has been passed due to the political fragmentation and controversy over such reforms. This is further complicated by the fact that many properties have been resold since confiscation and property registration records were destroyed in the early 1980s. It is estimated that up to three-quarters of homes in Tripoli might have been formerly confiscated properties.

Until the ambiguity of property rights is resolved, banks will remain reluctant to register property as collateral. The property market is further constrained by difficulties in doing business, and by corruption. Transparency International's 2018 Corruption Perceptions Index rated Libya 170 in the world out of 180 countries.¹⁹

Policy and regulation

Libya housing policy and regulation in the post-Gaddafi's era is dominated by grievances and debate about law 4/1978 – the law which prevented leases and restricted the right of ownership to one house, beyond which property was confiscated. Following the revolution that put an end to Gaddafi's regime, former property owners' sought justice from the transitional government and reclaimed the right to their confiscated property. The General National Congress, GNC, the legislature at the time, did introduce two laws in late 2015; law 16 that retrospectively abolished law 4 and law 20 that addressed the consequences thereof.²⁰ Given the current situation, housing policy in Libya is questionable and there is no doubt that in the absence of a central government these laws can be enforced in at least half of the country.

Opportunities

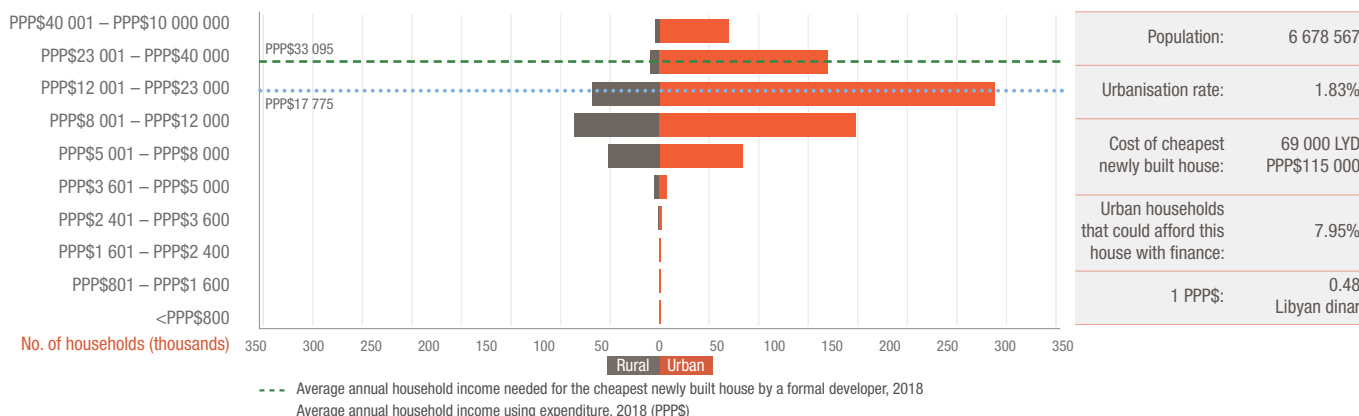
Libya is an oil-rich country with great potentials and opportunities in infrastructures and housing. More than US\$100 billion, just for housing, has been withheld due to insecurity. Other sectors of property development are also of interest, particularly upper-standard hospitality outlets, hotels, chalets, and inns for the yet to be developed tourist industry. Libya, with its rich heritage, is a land of multiple civilisations and blessed with natural resources and a young population.

Once Libya achieves peace and stability, addressing the chronic housing shortage and providing for internally-displaced persons could become a priority. It is estimated by the World Bank that restoring Libya's infrastructure will cost US\$200 billion over the next 10 years.²¹ A peace settlement in Libya could lead to a rebound in oil outputs and exports, which could improve the fiscal deficit and current account imbalances, and allow Libya to address housing shortages and economic development. However, the political situation impedes economic progress, as projected by the African Economic Outlook with GDP growth projected at only 1.4 percent in 2020.²²

Once rule of law is restored, there will be a need for reconstruction. Infrastructure and housing should be top priorities in addition to putting in place policies and regulation that encourage the creation of wealth. Regarding housing, the lawful

LIBYA

Annual income profile for rural and urban households based on consumption (PPP\$)

Source <https://www.cgidd.com/C-GIDD, 2019>

authorities should adopt policies that promote effective development, promote real estate development, protect the population, and empower Libyans to participate effectively in the reconstruction of their country.

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Madagascar

Authors: Leon Katambwe Ntambwe and Jerome Kaplan



Overview

Madagascar is located in the southwest of the Indian Ocean, separated from Africa by the Mozambique Canal. With an area of 590 000km², Madagascar is the world's fourth-largest island and measures 1 570km from north to south and 565km from east to west.¹ Madagascar has a high incidence of poverty and inequality, with 75 percent of the population living on less than \$1.90 a day. The electricity access rate, 15.2 percent, is one of the lowest in Africa.

Importantly, in 2018 Madagascar undertook its first successful general census since 1993, making it the third general census since 1975. Initial high-level results of the census were released in February 2019 by the Institut National de la Statistique de Madagascar (National Institute of Statistics of Madagascar - INSTAT) providing a crucial update of high-confidence population and housing data. The census shows that the total population of Madagascar was 25.68 million in 2018, of which 80.5 percent live in rural areas and the remaining 19.5 percent (five million people) in urban areas.² This finding is crucial as it had been estimated that the urban population constituted a significantly larger proportion of the population based on urbanisation trends between 1975 and 1993. This in turn has significantly reduced the observed urbanisation rate of the country at 2.35%³ average per annum between 1993 and 2018. Overall population growth has increased from 2.68 percent between 1975-1993 to an average annual growth rate of 3.01 percent between 1993 and 2018. Further in-depth data releases from the third general census are expected in 2019/20.

The main drivers of economic growth in Madagascar are transport, energy, public works, extractive industries, and businesses in the export processing zone. Exports are dominated by products like cloves, vanilla, and mining products. In 2018, growth in aggregate demand for goods and services was driven mainly by public and private investments in infrastructure such as roads, airports, energy, and the port of Toamasina.⁴ Real gross domestic product (GDP) growth was estimated at 5.2 percent in 2018 and is forecast to remain stable in the medium term according to the World Bank.⁵ The inflation rate has been steadily declining over the past two years with the year-on-year Consumer Price Index (CPI) growth rate dropping from 8.2 percent in March 2017 to 5.9 percent in February 2019.⁶

Madagascar experienced a severe drought in 2017 and the outbreak of a plague epidemic in early 2018. Despite the epidemic, the service sector expanded by 5.4 percent in 2018. The agricultural sector increased by 4.5 percent in 2018,

KEY FIGURES

Main urban centres	Antananarivo
Exchange rate: 1 US\$ = [a] 1 July 2019	3 647.48 Malagasy Ariary (MGA)
1 PPP\$ = [b]	940.05 Malagasy Ariary (MGA)
Inflation 2018 [c] Inflation 2019 [c]	7.3 6.7
Population [b]	26 262 368
Population growth rate [b] Urbanisation rate [b]	2.6% 4.5%
Percentage of the total population below National Poverty Line	n/a
Unemployment rate (% of total labour force, national estimate) (2017) [d]	1.8%
Proportion of the adult population that borrowed formally (2017) [b]	3.6%
GDP (Current US\$) (2018) [b]	US\$12 100 million
GDP growth rate annual [b]	5.2%
GDP per capita (Current US\$) (2018) [b]	US\$461
Gini co-efficient	n/a
HDI global ranking (2017) [d]	161
HD country index score (2017) [d]	0.519
Lending interest rate (2017) [b]	55.4%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$)	n/a
Number of mortgage providers Prevailing mortgage rate [f]	7 12%
Average mortgage term in years [g] Downpayment	18 20%
Ratio of mortgages to GDP	n/a
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed [h]	142 000
Number of houses completed [h]	762
Number of formal private developers/contractors	14
Number of formal estate agents [i]	10
Cost of a standard 50kg bag of cement [j]	25 000 MGA (US\$6.85)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units)	90 000 000 MGA
Size of cheapest, newly built house by a formal developer or contractor in an urban area in square meters [k]	75m ²
Average rental price for this unit in an urban area (local currency units) [l]	633 927 MGA
Number of microfinance loans outstanding [m]	261 002
Number of microfinance providers [n]	25
Number of housing construction loans outstanding [o]	346 654
Number of providers of construction finance [p]	5
World Bank Ease of Doing Business Rank [e]	161
Number of procedures to register property [e]	6
Time (in days) from application to completion for residential units in the main urban city [e]	185

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[i] Midi-Madagasikara
[b] World Bank World Development Indicators	[j] Sanifer Le Meilleur
[c] IMF World Economic Outlook Database	[k] Jevendsmonterrain
[d] UNDP: Human Development Reports	[l] Numbeo
[e] World Bank Doing Business 2018	[m] FRED Economic research
[f] Bank of Africa Madagascar	[n] International Monetary Fund
[g] Link Springer: Housing Market Dynamics in Africa	[o] BNI Madagascar
[h] Madagascar Land Observatory	[p] Finmark Trust

recovering from a 6.6 percent contraction in 2017 due to drought conditions. Madagascar's unique climate favours the cultivation of certain cash crops like vanilla, cloves and other spices. It is estimated that 80 percent of the population are engaged in agricultural activities,⁷ however, as the agriculture sector is still traditional it remains highly vulnerable to climatic shocks in the future. The industrial sector expanded by 6.7 percent in 2018, driven mainly by textiles and essential oil manufacturing.

Presidential elections were held peacefully in the country and in January 2019 President Rajoelina, a previous president under the High Transitional Authority government, was inaugurated. This follows a period of protracted political instability which affected the country's economic performance. Under the International Monetary Fund's (IMF's) 40-month Extended Credit Facility

Arrangement, worth US\$304.7 million, awarded to the country in 2016, Madagascar has implemented several reforms to strengthen macroeconomic stability, improve central bank operations and financial supervision, increase revenue generation and prioritise public spending, strengthen the judicial system and decrease corruption.⁸

As Madagascar is among the poorest countries in the world with a prevalence of poverty, the supply of adequate housing is extremely low. In addition, approximately 58 percent of Malagasy people lack access to safe drinking water and almost half of all households live without sanitation facilities.⁹ Given the levels of need, it is positive to observe that the rate of inflation for housing and utility costs was lower than CPI in Antananarivo over the 2017- 2018 period.

Access to finance

The Madagascar financial system has 54 institutions grouped into 1) deposit collecting institutions and 2) other financial institutions. Under the deposit collecting institutions there are 38 institutions including 11 banks, 25 microfinance institutions (MFIs) and one savings fund. Under other financial institutions there are 16 institutions including three financial establishments, five insurance entities, one pension fund and seven investment funds.¹⁰ Although 11 banks operate in the country, the sector is highly concentrated around four banks, which own 87 percent of total banking sector assets, 88 percent of total deposits and share between them 94 percent of profits. Ten out of 11 banks are foreign-owned, with the state having shareholdings in three major banks. Strong foreign ownership is generally considered a strength since the parent company can usually support a subsidiary in case of difficulties.¹¹

The microfinance sector provides financial services to numerous poorer households, but this is relatively small in financial terms. Activity is concentrated in five MFIs, which account for three-fourths of the national credit portfolio and half of the sector's deposits.¹² The government remains the dominant operator in the nonbank financial institution (NBFI) sector. It controls the two main insurance companies, the savings network provided through the postal service, the National Savings Fund, and, to a large extent, the National Insurance and Social Security Fund, which manages the main pension scheme for private sector retirees and other benefits. The structure of the NBFI sector has been stable except for the establishment of certain investment funds, which are outside the regulatory perimeter.¹³

Banking penetration remains low in Madagascar with less than 10 percent of adults having an account at a bank or other financial institution. Further, 41 percent of households are completely excluded from the financial sector suggesting that there is still a long way to go before the benefits of digital innovations become more broad-based and inclusive. However, mobile money offers some promise for financial inclusion. Between 2014 and 2017, the released Findex data show that the percentage of adults with an account at a financial institution or mobile money service in Madagascar doubled in recent years (from nine percent in 2014 to 18 percent in 2017) but it is still far below the Sub-Saharan Africa average of 43 percent.¹⁴

This expansion in mobile money is offering opportunities to increase financial inclusion. Growth of the sector is being facilitated by a new e-money regulation which allows financial institutions other than banks to issue e-money.¹⁵ Based on this, the number of mobile money accounts rose from 11 to 54 per 1 000 adults between 2013 and 2016. Similarly, the volume of lending in the microfinance sector increased, with total credit at 1.9 percent of GDP in 2016.¹⁶

The maximum loan term for land acquisition or home improvement/renovations is 96 months, while loans to purchase or construct a house range from 36 months to 240 months. BNI Madagascar charges 15 percent per annum plus a 2.2 percent initiation fee for all types of real estate loans, while BFV-SG charge the same rate for home purchase/construction and home renovation projects (18 percent per annum). Banks primarily target salaried individuals and application criteria includes a monthly contribution of no more than 33 percent of monthly income and at least a 10 percent deposit. A few MFIs offer housing-related loans, namely Baobab (formerly MicroCred), OtivTana and Premiere Agence de Microfinance. The loans are primarily for home improvements and have a maximum loan term of 36 months. Maximum loan amounts vary considerably from Ar50 million to Ar600

Availability of data on housing finance

The main local institutions that collect and share data on housing finance include the Madagascar Ministère De l'interieur et de la Décentralisation; the Central Bank of Madagascar; the national agency of support to housing and habitat – Analohy; and the Minister at the Presidency in charge of presidential projects, the planning of the territory and the equipment (M2PATE). INSTAT provides quarterly economic updates, monthly inflation data and is the custodian of the general census results. In addition to local institutions, some regional and international organisations provide information on housing, including UN-Habitat, Finmark Trust, the African Development Bank, the International Monetary Fund, and the World Bank Group.

It should be noted that most of the public institutions provide information related mainly to the housing supply, housing policies and regulations; however, the private organisations, while also focusing on the housing supply, also present information on economic analysis and housing opportunities.

million (about US\$13 708 to US\$16 449) and interest rates are charged monthly on a declining balance.¹⁷ Overall the benchmark lending rate was unchanged in 2019 at 9.5 percent.¹⁸

One of the obstacles for those trying to access credit is that banks find it hard to assess the creditworthiness of prospective clients due a lack of information on these future borrowers. Credit bureaus play an important role in collecting data on the repayment behaviour of the population, to provide insights on how likely a person is to repay a loan. A newly enacted Credit Bureau Law provides the foundation for private credit bureaus to enter the market in Madagascar. These credit bureaus will be an important source of information for banks looking to expand their client base.¹⁹

Affordability

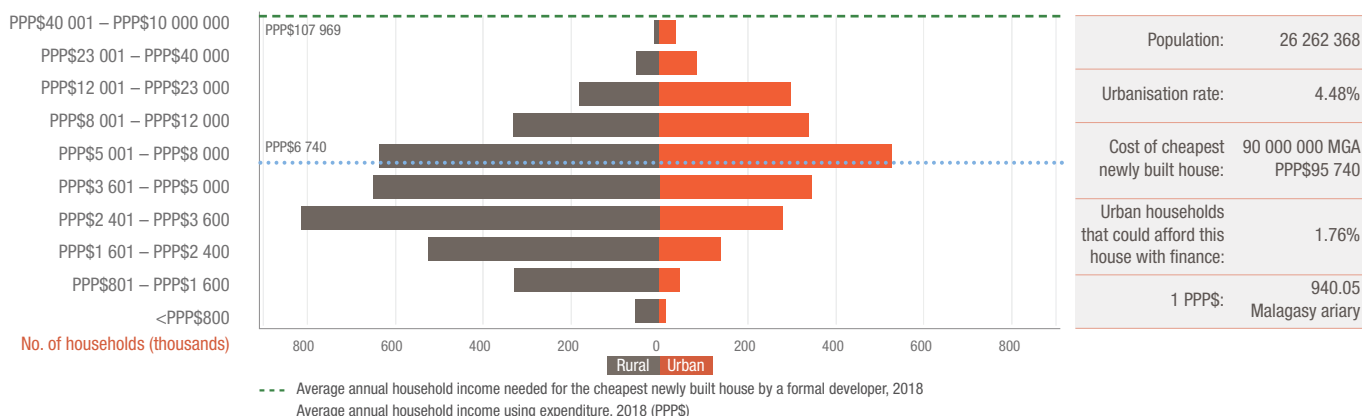
Given the high rate of poverty, formal housing is largely unaffordable to most of the population in Madagascar. Madagascar is among the poorest countries in the world with 75 percent of the population living on less than US\$1.90 a day.²⁰ In 2018, 95 percent of adults had a personal monthly income of Ar400 000 (US\$116) or less. Only 15 percent of adults are salaried workers and an estimated 80 percent of the population²¹ are engaged in agricultural activities, commonly in subsistence form. As such the affordability and provision of formal housing in Madagascar is highly dependent on economic performance.

The secondary sector is expected to continue expanding as textiles exports are forecast to remain strong following the reinstatement of eligibility to the African Growth and Opportunities Act (AGOA). The textile industry is among the key urban employment sectors in the country.²² The minimum monthly wage was increased in 2018 to Ar168 019 (US\$46.05) for non-agricultural workers and Ar170 422 for agricultural workers (about US\$49).²³ Assuming a factory worker earns three times the minimum wage (about Ar500 000 or US\$145 p/m), which is in line with the wages of someone falling between a high-skilled and low-skilled worker, they should be able to afford rentals or loan repayments of around Ar166 000 (US\$45.5) a month (using the bank's affordability ratio of 33 percent).²⁴ This is far below the income required to rent or purchase a property on the formal market.

A one-bedroom apartment in the city centre of Madagascar rents for between Ar369 827 and Ar1 million (US\$101-US\$274) a month, while a three-bedroom apartment in the same area rents for Ar1.8 million to Ar5 million (US\$493-US\$1370) a month.²⁵ A one-bedroom apartment outside the city centre of Madagascar rents for between Ar175 000 and Ar474 000 (US\$47.9-US\$129) a month, while a three-bedroom apartment in the same area rents for Ar1.2 million to Ar5.2 million (US\$328-US\$1 425) a month.²⁶ A two-bedroom apartment in the capital city can cost from Ar90 million (US\$24 675) and above. With a 15-year loan at 15 percent per annum, monthly repayments on this property would be around Ar1.2 million (US\$328), which is within the reach of only a small part of the population.²⁷

MADAGASCAR

Annual income profile for rural and urban households based on consumption (PPP\$)



Source <https://www.cgidd.com/C-GIDD>, 2019

Inflation for housing and household utilities in the capital city, Antananarivo, was 4.7 percent over the period September 2017 to September 2018.²⁸ This was lower than the overall inflation rate of 6.2 percent in Antananarivo over the same period and the national CPI inflation. Therefore, despite nominal cost increases for housing and utilities, in real terms the sector experienced slight deflation.

Housing supply

According to the provisional census release, in 2018 there were 6.12 million households in Madagascar equating to an average household size of 3.8 people in urban areas and 4.3 in rural areas.²⁹ The urban population accounts for five million people, 19.5 percent of the population, of which 2.58 million people live in the major urban centres and 2.42 million in secondary urban centres.³⁰ Slum dwellings are characteristic of urban living conditions in Madagascar. For Antananarivo, informal settlements account for 60 percent to 70 percent of dwellings. In coastal towns like Manakara, 75 percent of homes are traditional. In Moramanga, about 65 percent of households are living in precarious housing and informal settlements.³¹ There are three main typologies of houses in Madagascar including hard construction, semi-hard construction and locally constructed dwellings.³²

Public housing developers in Madagascar include Societe d'Equipement Immobilier de Madagascar and Agence Nationale d'Appui au Logement et a l'Habitat (ANALOGH). In 2016, ANALOGH announced a plan to construct 500 social housing units a year starting in 2017, with the aim of building 10 500 units in total.³³

There is a commitment from the state to construct 762 social housing in four regions of the country as follows: 182 housing units in Iarinarivo Ambohidratrimo, 124 in Ivoloina Toamasina, 203 in Amparemahitsy Mahajanga and the 253 rest in Vatofofotsy and Ivohitra Antsirabe, payable between five to 10 years.³⁴ Further, the state will proceed with the construction of social housing on the side of Ivato on a plot of 58ha. The construction of these social housing projects will be done through a public-private partnership model.³⁵

Other housing projects include the Slum Upgrading Programme undertaken by UN-Habitat with the aim of strengthening community, city and national key stakeholders' capacities in participatory slum upgrading.³⁶

Property markets

Given the low levels of affordability, it is not surprising that most residential housing development is focused on high income households and expatriates. Constraints to new development include the time and cost of accessing construction permits and registering a property, and the inefficient but developing land administration system.

In registering property, the country ranks 162 out of 190 countries (down from 161 in 2018). It takes six procedures, 100 days and 9.1 percent of the property value to register a property in the country. Likewise, the process for acquiring a

construction permit is equally lengthy and costly. It takes 16 procedures, 185 days and close to 36.3 percent of the property cost to obtain a building permit in Madagascar.³⁷

The Malagasy construction sector is characterised by a high level of informality and most of the country's micro-sized and small building firms remain unregistered. Many registered contractors collaborate with their unregistered counterparts, enlisting the services of informal sub-contractors for smaller projects and/or specific tasks. Over the five year period 2013 to 2018, the construction industry's contribution to the country's GDP has averaged less than US\$400m per annum, representing less than four percent of GDP.³⁸

Madagascar also performs poorly on quality of land administration. Out of a possible score of 30, Madagascar scores 8.5, just below the Sub-Saharan Africa average of 8.8. The country falls short on this measure for several reasons, including the lack of an electronic database for checking encumbrances (such as mortgages and restrictions), the lack of registry containing geospatial data on privately held properties, and the lack of a national database to verify the accuracy of identity documents.³⁹

Policy and regulation

Madagascar has inherited the state-ownership land tenure system established by French colonisation and inspired by the Australian Torrens Act. The land is presumed to belong to the state, which grants land titles to those who cultivate it.⁴⁰ An overview of major historical land policies is detailed below.

In 1897-1960 the French colonial administration removes customary law and a system of land title proof of ownership is implemented. Subsequently, between 1960-2005, the new independent state maintained the colonial tenure system and land insecurity was widespread. In 2005 a land reform process was launched under the government of Ravalomanana (2002-2009), which set out to secure land rights for as many people as possible, quickly and at an appropriate cost for the economic context. In 2015 a New Letter for Land Policy from the government of Madagascar expressed a resolve to overcome the limitations of the 2005 reform resulting in Law 2017-023, which established Special Economic Zones. Foreign companies are not allowed to own land in Madagascar but may acquire land through leasehold (99-year lease contracts).⁴¹

The country's policy environment, characterised by the agenda set out in the 2017 Economic Development Document, remains focused on issues related to inclusive economic growth, land tenure problems, underdeveloped sanitation infrastructure, persistent inflation and the erosion of purchasing power, the limited and inefficient financial system, governance problems, and the impact of adverse weather conditions. Based on the available information, housing is not identified directly as a mechanism for social development or as an objective of the policy.

Opportunities

With a high rate of urbanisation, low supply of adequate housing and general lack of access to services, demand for improved housing conditions in urban areas is a dire need and presents opportunities in the housing, construction and infrastructure sectors.⁴² However, the potential for growth and development in Madagascar is pegged to its ability to stabilise the macroeconomic environment, particularly given recent political change. The outlook is positive, with GDP growth forecast to reach 5.2 percent in 2019 and 5.3 percent in 2020.⁴³

Despite this, in the short term, political developments and potential instability may pose the highest risk to Madagascar's continued economic expansion.⁴⁴ Potential private or public investors will be closely tracking developments in the political sphere as Madagascar has experienced recurrent periods of political turmoil and instability that have derailed much-needed development initiatives.

There are further opportunities for both the microfinance and banking sector to continue to adapt their products to cater for the housing needs of low income earners and non-salaried workers. Given the country's continued risk of natural disasters, particularly cyclones, opportunities exist for innovative insurance products that can protect households' (and their assets) in the event of such risks. The country's rich renewable energy sources also provide opportunities for the financing of energy-efficient products which can improve the living conditions of many in rural and urban areas.

On data accessibility and transparency, the implementation of a new Enhanced General Data Dissemination System is a positive step. The new system aims to improve the dissemination of official macroeconomic data of the country through an accessible National Data Summary Page on the African Development Bank (AfDB) Open Data Platform. Further detailed releases from the third general census are expected in latter 2019 or 2020 and will provide crucial insights into the socio-economic profile of contemporary Madagascar.

Overall, Madagascar's current focus on realising inclusive economic growth, macroeconomic stability, good governance, improved land tenure and administration and basic infrastructure is a sound strategy, given that the country's housing market cannot flourish without these being in place.

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Malawi

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Overview

Malawi is a small, landlocked country in Southern Africa. It had an estimated population of 17.6 million in 2018, a 35 percent increase from 13.1 million in 2008.¹ The country is predominantly rural with 84 percent of the population living in rural areas, and 16 percent living in urban areas. The urban population in Malawi has increased from about two million in 2008 to 2.8 million in 2018,² a 40 percent increase over 10 years. This increasing rate of urbanisation has the potential to drive the growth of housing demand and related infrastructural facilities.

Real gross domestic product (GDP) growth was four percent in 2018, declining from 5.2 percent in 2017.³ Despite this, the economic outlook is positive as real GDP growth is projected to rebound to 4.5 percent in 2019,⁴ mainly because the favorable weather conditions the country has experienced in 2019, supporting increased agricultural output, the mainstay of the Malawian economy and exports. Meanwhile, after being in the double digits for six consecutive years, inflation for June 2019 was nine percent. The gradual slowdown in inflation is attributed to tight monetary policy, favorable weather patterns and exchange rate stability.⁵ Meanwhile, according to the latest World Bank annual ratings, Malawi's Ease of Doing Business marginally dropped to 111 in 2018 from 110 in 2017.⁶

Malawi's construction sector, which accounts for about three percent of overall GDP, grew by 4.5 percent in 2018, surpassing the growth of 4.4 percent in 2017.⁷ The growth was partly attributed to resumption of some government construction works, such as the construction of a dual carriageway in both Lilongwe and Blantyre.⁸ Nationally, the total stock of housing units is 4.8 million⁹ with each household averaging 4.4 members.¹⁰

Access to finance

The banking sector's assets are approximately 52.1 percent of the total assets of the financial sector. Total assets of the banking sector, on a quarterly basis, increased by 4.4 percent to K1 744.1 billion (US\$2.3 billion) in June 2019.¹¹ The sector is mainly concentrated around two major banks, the National Bank of Malawi and Standard Bank Malawi, which accounted for 47 percent and 49.3 percent of the banking sector's total assets and deposits respectively, as at end-June 2019.¹²

KEY FIGURES

Main urban centres	Lilongwe, Blantyre Mzuzu and Zomba
Exchange rate: 1 US\$ = [a] 1 July 2019 1 PPP = [b]	760.26 Malawian Kwacha (MWK) 217.91 Malawian Kwacha (MWK)
Inflation 2018 [c] Inflation 2019 [c]	9.2 8.7
Population [b]	18 143 315
Population growth rate [b] Urbanisation rate [b]	2.6% 4.0%
Percentage of the total population below National Poverty Line (2017) [d]	70.7%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	6.0%
Proportion of the adult population that borrowed formally (2017) [b]	8.5%
GDP (Current US\$) (2018) [b]	US\$7 064 million
GDP growth rate annual [b]	3.5%
GDP per capita (Current US\$) (2018) [b]	US\$389
Gini co-efficient (2017) [b]	44.70
HDI global ranking (2017) [d]	171
HD country index score (2017) [d]	0.477
Lending interest rate (2018) [b]	32.3%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$) [f]	US\$59.58 million
Number of mortgage providers [g]	4
Prevailing mortgage rate [g]	20%
Average mortgage term in years Downpayment	20 15%
Ratio of mortgages to GDP	0.84%
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed [h]	241
Number of houses completed [i]	1 800
Number of formal private developers/contractors [j]	408
Number of formal estate agents [k]	37
Cost of a standard 50kg bag of cement [l]	6 000 MWK (US\$7.89)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [m]	16 000 000 MWK
Size of cheapest, newly built house by a formal developer or contractor in an urban area	n/a
Average rental price for this unit in an urban area (local currency units) [m]	150 000 MWK
Number of microfinance loans outstanding	n/a
Number of microfinance providers [f]	48
Number of housing construction loans outstanding	n/a
Number of providers of construction finance [n]	57
World Bank Ease of Doing Business Rank [e]	111
Number of procedures to register property [e]	6
Time (in days) from application to completion for residential units in the main urban city [o]	425

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[j] National Construction Industry Council of Malawi
[b] World Bank World Development Indicators	[k] Surveyors Institute of Malawi
[c] IMF World Economic Outlook Database	[l] Lafarge
[d] UNDP: Human Development Reports	[m] Sustainable Urban Land and Shelter Development Consultants Limited
[e] World Bank Doing Business 2018	[n] Microfinance Network of Malawi
[f] Reserve Bank of Malawi	[o] The Centre for Community Organisation and Development
[g] National Bank of Malawi	
[h] Ministry of Lands, Housing and Urban Development	
[i] Malawi Housing Corporation	

The semi-annual Reserve Bank of Malawi (RBM) Financial Stability Report for June 2019 highlights that the ratio of Non-Performing Loans (NPLs) to gross loans and leases of the banking sector improved significantly and fell within the acceptable limit of five percent for the first time since December 2012. The report indicates that the industry NPL ratio was 4.8 percent. However, the reduction in NPLs was mostly driven by write-offs rather than improved loan recovery rates. In terms of sectoral contribution of NPLs, the real estate sector's NPLs stood at one percent as at end June 2019.

RBM also reported that, on a quarterly basis, credit supply of the banking sector contracted by 3.2 percent to K442.3 billion (US\$581.8 million) due to a seasonal

decline in economic activities and political uncertainty as the country was heading towards elections in May 2019.¹³ In contrast, mortgages and foreign currency denominated loans registered respective increases of 10.2 percent to K45.3 billion (US\$59.6 million) and 1.8 percent to K133.9 billion (US\$176.1 million).¹⁴ Borrowing by the real estate sector remained relatively low at 1.4 percent of the total private sector credit percentage in July 2019, from 1.7 percent in December 2018.¹⁵ Financial institutions have a variety of credit options such as asset-based loans with five years tenure, consumer loans with three years tenure and home improvement loans.

The RBM revised the Policy Interest Rate downwards to 13.5 percent from 14.5 percent in May 2019.¹⁶ Banks responded by adjusting downwards their lending rates to an average of 13.9 percent as at end June 2019 from 24.78 percent in January 2019. Four of the nine commercial banks provide mortgages. The average mortgage interest rate is approximately 20 percent and interest on non-mortgage housing finance is 24.9 percent.¹⁷ Although these rates are higher in nominal terms, they are reasonable given historic double-digit inflation rates during the past few years. A positive outlook is envisaged as the cost of borrowing is expected to continue reducing in line with declining inflation.

The approval rate for mortgage loans is approximately 40 percent and most applicants are declined due to insufficient salaries. The average salary for all mortgage applicants is about K400 000 (US\$526.14) a month and the minimum mortgage for a house that meets the standards of the National Bank of Malawi (NBM) is about K12 million (US\$15 784.07) repayable over 20 years. NBM's policy is that the applicant's monthly repayment amount should fall within 30 percent of his/her monthly salary. With the current average mortgage rate of 20 percent this means the client is expected to repay about K199 159 (US\$261.96) a month from a salary of K400 000 (US\$526.14) for a K12 million mortgage.¹⁸ This repayment is above the 30 percent threshold of K120 000.00 (US\$157.84), hence the rejections. Approved applicants whose salaries are around K400 000 (US\$526.14) a month mostly have their mortgages subsidised by their employers, like the Malawi Revenue Authority.¹⁹ The contractor of a mortgage should have documents such as the title deed, Malawi Revenue Authority tax clearance certificate and a Credit Reference Bureau report.

Microfinance Institutions (MFIs) are also an important source of non-mortgage housing finance through general loans. The performance of the microfinance sector, which comprises 48 licensed MFIs, was positive during the first half of 2019, as improvements in the levels of NPLs were noted and liquidity for the sector remained satisfactory.²⁰ For microfinance institutions, such as Wealth Net, potential non-mortgage housing finance ranges from K200 000 (US\$263.1) to K2.5 million (US\$3 288.4) and is repayable over 24 months. This financing is mainly for home improvements and land purchases.

The 2017 Global Findex report states that Malawi has made tremendous strides in ensuring increased financial access. The percentage of adults (15 years or older) with a bank account increased to 33.7 percent in 2018, from 18.1 percent in 2014.²¹ Similarly, the proportion of adults owning a mobile account increased significantly to 20.3 percent in 2018 from 3.8 percent in 2014.

Affordability

Malawi ranks 171st on the United Nations Development Programme (UNDP) Human Development Index global ranking²² and the GDP per capita in Malawi was K285 168.84 (US\$375.1) in 2018, one of the lowest in the world.²³ This poses a challenge for people to rent and buy decent houses, mainly in urban areas. The market for houses in urban areas can be categorised as low, middle and high income segments. The middle class prefer to buy land and rent on the peri-urban outskirts of the cities due to relatively lower prices, compared to more central urban areas which are predominantly sought after by higher income groups. Meanwhile, a low income household would on average spend 47 percent of their total non-food expenditure on rental to reside in a three-roomed house.²⁴

Affordable housing developers such as the Malawi Housing Corporation (MHC) state that the government of Malawi does not support them with financial subsidies. Despite this, affordable developers such as the MHC report that their rentals are affordable to most clients. For MHC, the major challenge is, however, balancing rising costs of building materials against low rentals.

Availability of data on housing finance

The main organisation that collects and shares data on housing finance through its reports is the Central Bank of Malawi. The central bank collects and publishes data such as mortgage interest rates, loans to the real estate sector, mortgage loans and NPLs of both MFIs and banks in Malawi.

Besides the Central Bank of Malawi, selected property market data is also readily available at institutions such as the National Statistics Office, National Construction Industry Council of Malawi, Department of Lands in the Ministry of Lands and Housing, Malawi Housing Corporation, City Councils, Surveyors Institute of Malawi, CCODE, Sulsdec and the Microfinance Network of Malawi. The data is on request and also published on websites and in periodic reports by the institutions.

Data, such as number and names of private developers, is found on the website of the National Construction Industry Council. Commercial banks such as National Bank of Malawi also provide data on their websites such as mortgage interest rates and mortgage terms in years.

Other institutions such as city councils keep their data in files in offices and this data is not publicly available. Formal developers and land market agents such as CCODE and Sulsdec have also provided data for the land and housing markets, for instance the number of houses completed in 2018.

However, the data gaps include the number of housing construction loans, value of housing construction loans in local currency, number of transfers financed with a mortgage, number of microfinance loans, value of microfinance loans, and the number mortgages outstanding. In addition, city councils do not have digital records of data such as the number of title deeds and number of residential resale transactions.

To ease the capital costs of electricity supply connections to land buyers, organisations like Sustainable Urban Land and Shelter Development Consultants Limited (Sulsdec) have gone into a public-private partnership agreement with the Electricity Supply Corporation of Malawi (ESCOM), whereby Sulsdec provides ESCOM with materials for supplying electricity in areas where Sulsdec's customers have bought plots.

Housing supply

Habitat for Humanity reports that Malawi needs approximately 21 000 housing units every year for the next 10 years to meet the demands of the current backlog and future growth.²⁵ Of the 4.1 million housing units in Malawi in 2017, 85 percent were owner-occupied and 12 percent (554 738) were rented.²⁶ Rural households registered a higher proportion (81 percent) of households that own their dwelling units than urban households (39 percent).²⁷

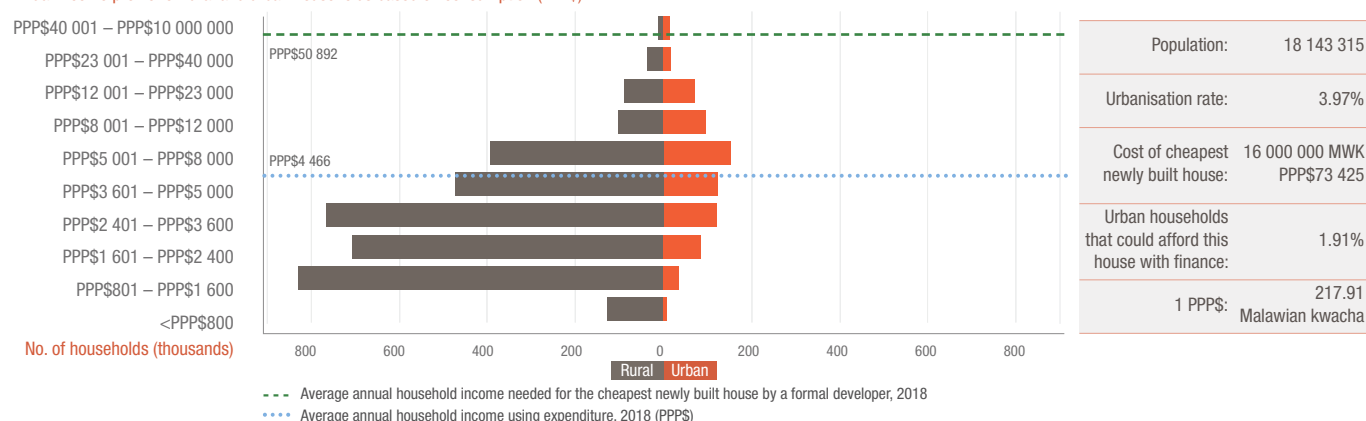
MHC is the major institutional supplier of houses in Malawi. In 2019, it is constructing 60 units of two-bedroomed houses, 20 units of three-bedroomed houses and 10 units of three-bedroomed houses. The Centre for Community Organisation and Development (CCODE) and Habitat for Humanity are also constructing 100 housing units each in 2019 for low income people in urban and rural areas. Both MHC and CCODE are planning to construct 200 and 100 units respectively in 2020.

Of the total demand for houses of approximately 21 000 per year,²⁸ MHC receives at least 10 000 applications for rental houses a year.²⁹ This demand is partly driven by the relatively high urbanisation rate in Malawi of 3.97 percent and the limited number of housing providers.³⁰

This supply and demand mismatch is more pronounced among the middle income demographic and this demand is pushing rental prices high in urban areas.³¹ The middle class demands two- to three-bedroom houses yet suppliers are providing bigger houses which are relatively expensive for this category. In general, the

MALAWI

Annual income profile for rural and urban households based on consumption (PPP\$)



Source <https://www.cgidd.com/C-GIDD, 2019>

demand in all the sectors of the property market, including commercial, residential and office, outweighs the supply, mainly in Lilongwe and Blantyre.³²

Property markets

The custodian of land is the Ministry of Lands, Housing and Urban Development. The Ministry protects ownership, ensures safety and determines the rateable value and development fees of leased land. The city councils and district assemblies are responsible for distributing government-owned land in urban areas for commercial and residential purposes, collecting city rates and development fees, and they also register the lands and properties, among others. The cost for registering land is K261 800 (US\$344.36) and it takes about 300 days to complete registration.³³

The private land market consists of formal and informal economic agents. A formal agent, Sulsdec Green Villages, acquired and registered 30 hectares of land on the outskirts of Lilongwe and Blantyre and the company is now selling plots measuring 450m². The residential resale market is also made up of formal and informal institutions. Formal institutions comprise registered property management organisations and real estate agents such as Press Properties and Knight Frank. According to the Surveyors Institute of Malawi, there are 37 registered formal estate agents in Malawi. Informal institutions include unregistered estate agents, which are estimated at more than 1 000 across Malawi, individual developers and local leaders.³⁴

In the residential market, rentals for low income houses registered a 13 percent increase from K46 250 (US\$60.83)³⁵ in June 2018 to K46 313 (US\$60.92)³⁶ in June 2019. Meanwhile, rentals for middle and higher income houses are reported to have increased by 40 percent a year.³⁷ Despite the increase in rentals of private houses, rentals of houses owned by the Malawi Housing Corporation have not changed since January 2018.

Currently, the government is creating a conducive environment for the property market through increasing the supply of electricity, enacting laws such as the new Land Act of 2016 and reducing interest rates. However, the introduction of initiatives such as Know Your Customer (KYC) and enforcement of money laundering policy is having negative consequences on property markets. Press Properties said that implementing the money laundering policy and KYC initiative by commercial banks, which disclose buyers' income, is slowing down transactions in the property markets. In addition, interest rate reductions by monetary authorities are affecting revenues of MFIs whose nominal interest rates, for instance, have dropped from 10 percent to six percent.³⁸

The property market is expanding, though at a slow pace, with new projects and stakeholders entering the market such as Alliance Properties and ICON Properties. Many individual developers are also constructing two- and three-bedroomed residential houses.

Policy and regulation

Several policies, legal and regulatory frameworks have been launched in recent years and some are being implemented. First, in 2019 the Malawi government launched the National Urban Policy. This policy was developed in response to a need for a comprehensive policy framework to guide the urbanisation agenda.³⁹

Second, the Customary Land Act of 2016 and Customary Land Regulations are now in force in Malawi with effect from 1 March 2018.⁴⁰ The Customary Land Act has established customary estates through which rural people will secure tenure and register their land and properties.

Third, the new Land Act and Physical Planning Act of 2016 are being piloted in districts like Phalombe and Chikwakwa. The Physical Planning Act of 2016 has made all the land in Malawi, both urban and rural, eligible for planning and development purposes.

Opportunities

Significant investment opportunities exist in the housing sector to meet unmet demand of the middle and low income segments. Key housing developers in Malawi are looking for major financial investors in the housing sector such as banks and non-governmental organisations.⁴¹

To support the property market, the government has provided a conducive environment. First, there is a stable macroeconomic environment characterised by a declining inflation rate, a reduction of the bank lending rate to 13.5 percent and relatively stable exchange rates.⁴² City councils and assemblies are also poised to provide non-financial support and land for industrial development, large-scale housing projects and shopping malls to both foreign and local investors.

Despite these opportunities, there are also some challenges in the property market. First is a special tax imposed on housing materials, which is pushing prices up and either slowing down construction activities or completely hindering the development of houses.⁴³ Second, property investment analytics are impeded by the lack of a co-ordinating unit that can compile statistics and keep records of all the housing market projects in Malawi.

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Mali

Author: Jerome Kaplan



Overview

The Republic of Mali is one of the largest countries in West Africa, covering an area of 1 248 574km². Mali's total population is estimated to be 19.658 million in 2019 and is growing at 3 percent a year. The most recent UN medium variant population projections forecast the rate of growth to decline only marginally over the next 20 years, with a compound annual growth rate of 2.8 percent between 2019 and 2039. This projection predicts that the population of Mali will have doubled by the year 2045.¹ Forty one percent of the population live in urban areas, which are urbanising at a rate of 4.9 percent a year; more than the economic growth rate.² Despite the urbanisation rates, Mali has an essentially agro-pastoral economy with more than two-thirds³ of the population employed in the sector.

The past year in Mali has seen major political developments. Human Rights Watch reported that conflict intensified in 2018: attacks by armed groups against civilians spiked, the army committed atrocities during counterterrorism operations, and intercommunal violence killed hundreds and precipitated a humanitarian crisis in central and northern Mali.⁴ Simultaneously parliamentary elections were scheduled for the end of 2018 but were postponed twice until a new law further extended the mandate of the current legislature until May 2020. Concurrently in April 2019, Mali's Prime Minister and his entire government resigned and the former Finance Minister, Boubou Cisse, was appointed Prime Minister by the President.⁵

Despite the political instability, real GDP growth in 2018 was estimated at 4.9 percent, though this represents a steady marginal decline in GDP growth from the high of 7.1 percent in 2014.⁶ This decline is predominantly due to waning agricultural rates of growth, which are only partially offset by the increasing rate of growth in the secondary and tertiary sectors. Real GDP growth is forecast to slow to 4.7 percent in 2019 and 2020.⁷

As the rate of GDP growth has been materially higher than the rate of population growth, particularly over the last five years, the GDP per capita has risen and continues to do so. This economic growth, however, is off a low base and therefore, despite improvements, it has been estimated that 43.8 percent of the population earned below the poverty line in 2018.⁸

Slow inflation rates of 1.8 percent in 2017 and 2018⁹ fell significantly in 2019, with aggregate national prices actually falling by 2.1 percent between August 2018 and August 2019. Despite the observed aggregate deflation, costs for "housing, water, gas, electricity and other fuels" rose nominally by 4.6 percent over the same period.

KEY FIGURES

Main urban centres	Bamako, Gao, Segou, Kidal, Tombouctou, Kayes, Sikasso, Mopti, Koulikoro
Exchange rate: 1 US\$ = [a] 1 July 2019	580.15 CFA Franc (XOF)
1 PPP\$ = [b]	216.61 CFA Franc (XOF)
Inflation 2018 [c] Inflation 2019 [c]	1.7 1.7
Population [b]	19 077 690
Population growth rate [b] Urbanisation rate [b]	3.0% 4.9%
Percentage of the total population below National Poverty Line (2017) [d]	50.7%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	7.9%
Proportion of the adult population that borrowed formally (2017) [b]	6.3%
GDP (Current US\$) (2018) [b]	US\$17 197 million
GDP growth rate annual [b]	4.9%
GDP per capita (Current US\$) (2018) [b]	USD\$901
Gini co-efficient (2017) [b]	33.00
HDI global ranking (2017) [d] HD country index score (2017) [d]	182 0.427
Lending interest rate (2017) [b]	5.1%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding [f]	452
Value of residential mortgages outstanding (US\$) [f]	US\$12.1 million
Number of mortgage providers [g] Prevailing mortgage rate	51 8.75%
Average mortgage term in years [f] Downpayment	10 n/a
Ratio of mortgages to GDP	0.07%
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed	n/a
Number of houses completed	n/a
Number of formal private developers/contractors [h]	11
Number of formal estate agents [h]	24
Cost of a standard 50kg bag of cement [i]	4 500 XOF (US\$7.76)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [f]	13 300 000 XOF
Size of cheapest, newly built house by a formal developer or contractor in an urban area	60m ²
Average rental price for this unit in an urban area (local currency units)	n/a
Number of microfinance loans outstanding [j]	806 750
Number of microfinance providers [j]	129
Number of housing construction loans outstanding [f]	452
Number of providers of construction finance [k]	30
World Bank Ease of Doing Business Rank [e]	145
Number of procedures to register property [e]	5
Time (in days) from application to completion for residential units in the main urban city [e]	n/a

NB: Figures are for 2019 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF):

[a] Coinmill	[f] World Bank Publications
[b] World Bank World Development Indicators	[g] Professional Association of Microfinance Institutions
[c] IMF World Economic Outlook Database	[h] Selogeraumali.com
[d] UNDP: Human Development Reports	[i] National Institute of Statistics
[e] World Bank Doing Business 2018	[j] MaliJet.com

A large, but unreported, proportion of this was, however, due to increasing solid fuel prices. In the capital city Bamako, effective rents for housing declined slightly in the 12 months up to May 2019.¹⁰ A major contributor to the generally low inflation rate in Mali is that the West African CFA Franc (used by eight West African countries and issued by the Central Bank of West African States – BCEAO) is pegged to the Euro, providing exchange stability and helping control inflation.

Access to finance

Mali had 14 banks and 3 financial institutions as of June 30 2019¹¹ with one of the 14 banks having been registered between June 2018 – 2019. Prime lending rates at these banks range from 5 to 10 percent, with base rates set in 2019 ranging from 6.19 to 7 percent, while maximum debtor rates range from 10 to 15 percent.¹² As noted in the 2018 CAHF Yearbook, Mali had three financial institutions, two pension funds and six insurance companies at the time.¹³ Despite approximately 95 percent¹⁴ of the population in Mali being Muslim, sharia-compliant banking only accounts for a small share of the Malian financial sector.¹⁵

The World Bank reports that only 452 mortgage loans were granted in Mali in 2013.¹⁶ There is no readily available data to update this statistic but the AfDB shows that the percent share of total loans which are medium- and long-term increased from 32 percent in 2013 to 38.7 percent in 2015. Simultaneously, total loans in Mali increased by 65 percent from US\$2.3 billion to US\$3.8 billion over the same period,¹⁷ which points to a trend of increasing long-term debt finance. Furthermore, in 2015 provision of housing micro-finance loans was almost non-existent¹⁸, while in 2018 only one microfinance network, Nyesigiso, had begun offering microfinance housing loans.¹⁹

Despite the lack of microfinance for housing the BCEAO estimates Mali has 86 microfinance institutions²⁰ (MFI's), excluding network affiliated, in 2019, one more than it had in 2018. Although a minor increase, this is positive given the closure of 20 MFI's between March 2017 and March 2018 as noted in the previous Yearbook.²¹ This may be attributed to the microfinance sector reforms being undertaken as part of an IMF programme now being implemented. An analysis conducted in 2019, using a sample of 22 microfinance institutions in Mali, reported just under two million clients and CFA119 billion (US\$210 million) outstanding debt in July 2019.²² The sample of 22 had an aggregate non-performing loan (NPL) ratio of 6.95 percent, placing it below the average of 7.37 percent for the eight Western African Economic and Monetary Union (WAEMU) countries, another sign of improvement for the sector in Mali.²³

A notable development in the finance sector was the first-time rating of Mali by Moody's credit rating agency in February 2019. This comes after a sustained hiatus on international ratings available for the country since both Standard & Poor's²⁴ and Fitch²⁵ withdrew their ratings in 2008 and 2009, respectively. Moody's assigned first-time local and foreign currency issuer ratings of B3 (speculative non-investment grade and subject to high credit risk) to the Government of the Republic of Mali and noted that the outlook is stable.²⁶ Key factors informing the rating included low income levels and limited economic diversification, institutional weakness, moderate fiscal strength reflecting a low debt burden, and a high susceptibility to event risk due to the continued conflict in the North of the country. The credit rating of the country potentially affects its ability to borrow and fund economic infrastructure but is also tied to the ratings of domestic banks, which pass on the cost of borrowing to their customers, ultimately affecting affordability and access to finance.

Doing Business ranked Mali 144th in the world in terms of its Getting Credit index in 2019, with poor performance in credit information, credit registry coverage and credit bureau coverage. These, however, represent an improvement as Mali increased access to credit information by establishing a new credit bureau in 2017. Mali did also achieve strong results on the rights of borrowers and lenders through collateral laws, placing it above the Sub-Saharan average and almost in line with the OECD high income average.²⁷

An important regional development on housing finance was the West African Economic and Monetary Union (UEMOA) Regional Mortgage Refinancing Fund (CRRH-UEMOA) issuance of its eighth bond, raising CFA30.2 billion²⁸ (US\$52 million). The credit raised will be used to refinance housing loans granted by shareholding banks of the CRRH-UEMOA, including those in Mali. This refinancing allows recipient banks to grant additional home loans to their customers, at competitive rates and over longer periods of time.

Affordability

In 2018 the National Institute of Statistics (INSTAT) estimated that 43.8 percent of the population (8.357 million people) do not earn enough to meet basic needs and therefore are defined as living in poverty.²⁹ This has obvious implications for the affordability of housing across Mali, reflected in a 2014 estimate that 56.3 percent of the urban population in Mali lived in slums, which although devastatingly high represents an enormous improvement on 84.8 percent of the urban population in 1995.³⁰

Income and affordability show significant geographical variation too. This is most notable in the urban rural divide, with an estimated 53.6 percent of rural Malians being defined as living in poverty in 2018, while only 24.6 percent of those residing in secondary urban centres are defined the same way. In Bamako, the unrivalled economic centre of Mali, only 4.1 percent of the city's population are estimated

Availability of data on housing finance

Key economic indicators are largely available for Mali through either the Ministry of Economics and Finance or the National Institute of Statistics (INSTAT Mali). Despite INSTAT providing statistical sample analysis for current data under its EMOP project, information on housing access by type was not available.

High level banking sector data is available from the Central Bank of West African States (BCEAO) which collates and disseminates information for the eight West African countries that share the common West African CFA franc currency. However, statistics on sector-specific finance such as quantum and number of mortgage loans is not readily available.

At the time of writing, the OMH website was inaccessible and the Ministry of Housing and Urbanism did not appear to have a website. As the two key public housing institutions in Mali, this presented a significant void in public housing delivery statistics and information on planning. No current data on private sector housing delivery or construction-related applications was found.

Despite the digitisation of land titles currently under way and the planned implementation of the Land Titles and Real Estate Information System (SITFI), no breakdown or analysis of this information was identified during this research.

to be below the national poverty line.³¹ Significantly, Bamako also has the lowest Gini coefficient in the country (0.28) while secondary urban centres have the highest (0.37).³² The geographic income variation above translates into average annual spending per household of CFA3.1 million (US\$5 343) in Bamako, CFA2.5 million (US\$4 309) in other cities, and CFA1.9 million (US\$3 275) in rural areas.³³ However, despite the 63 percent higher average household spending in Bamako, relative to rural households, approximately 61 percent of total household spending in Mali originates from rural households.

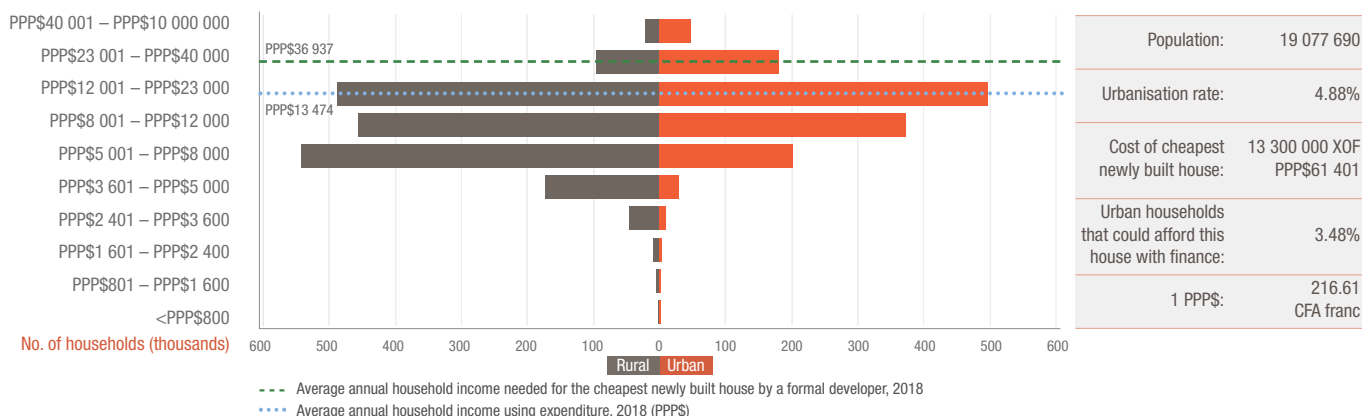
Research undertaken in the 2018 Yearbook found that the cheapest housing unit developed in 2017 cost CFA13 577 850 (US\$23 404), including land, which would equate to monthly payments of CFA194 802 a month on a 10-year loan³⁴, according to the BICIM bank credit calculator.³⁵ This monthly instalment would equate to 75 percent of total monthly spending for the average household in Bamako and 94 percent of average household spending in secondary urban centres. Mali does, however, have a notable public housing programme, the costs of which are discussed in the Housing Supply section, and a programme for affordable housing loan subsidies (see Policy and Legislation section).

Despite the significant variation in income, the proportional spending of household income by quintile has a narrower spread. The lowest income group and quintile two households both spend on average 6.2 percent of total spending on rental or imputed rental equivalents. Quintile three and four spend 6.8 and 7.7 percent of total household spending on rental respectively and the highest earning households spend 7.9 percent.³⁶ The average for all households in Mali, regardless of income, is 7.1 percent of total annual household spending.³⁷ It is further estimated that households in Bamako spend 7.9 percent of total spending on rent or imputed rent.³⁸

Housing, water, gas, electricity, and other fuel costs nationally rose nominally by 4.6 percent³⁹ between August 2018 and 2019. Relative to aggregate deflation of 2.8 percent⁴⁰ over the same period this represents significant real cost increases. This will have serious household affordability implications, particularly for poorer households, though the main driver of cost increases was solid fuel costs and not direct housing costs. In Bamako, where more detailed data is available, the most recent statistics available show that the inflation rate as measured by the CPI decreased by 3.0 percent over the year on year period to May 2019 while nominal rental in Bamako declined by 0.1 percent in the 12 months up to May 2019.⁴¹ Therefore despite the nominal decline, rental in real terms appreciated by almost 3 percent.

MALI

Annual income profile for rural and urban households based on consumption (PPP\$)

Source <https://www.cgidd.com/C-GIDD, 2019>

Housing supply

In 2015 it was estimated that the total housing need in Mali was 82 500 units a year, with 51 100 units accounted for by urban households and 31 400 by rural households.⁴² The data available does not allow current delivery rates nationwide to be determined, but it is highly improbable that such levels of new supply are being met, and thus the backlog would have grown since 2015. Nevertheless access to basic services has progressed significantly, with drinking water access improving from 78.7 percent of households in 2006 to 82.9 percent in 2018. Access to drinking water is higher in urban areas at 82.5 percent than rural areas with 70.3 percent access. Electricity access has improved dramatically from 34.3 percent in 2011 to 65.6 percent in 2018. It is further estimated that in 2018, 90.2 percent of households' sanitation was pit latrines, indicating that most of the population is not serviced by waterborne sanitation.⁴³

Given the resource constraints of the country, Mali places a great emphasis on providing affordable housing and has a sophisticated public housing programme. However, despite its relative advancement, the housing programme goal of providing 50 000 housing units between 2013 and 2018 were overly ambitious, with less than 13 000 units being delivered as of May 2018.⁴⁴ Social housing projects under way include the allocation of 5 900 units in Bamako by the Malian Office of Housing (OMH). These units are not entirely subsidised by the state and beneficiaries must contribute a fixed amount based on economic circumstances and the unit typology. Non-salaried households seeking type F3 social housing (2 bedrooms, living room, a toilet, kitchen, garage) must pay a guarantee of CFA132 660 (US\$229) and a contribution of CFA234 000 (US\$403). For economic type F4 housing (3 bedrooms, 2 bathroom, living room, kitchen, garage), applicants must pay a deposit of CFA282 000 (US\$486) and pay CFA2.05 million (US\$3 534).⁴⁵ The dwellings are allocated to beneficiaries without interest over a period of 25 years. The national 2019/20 budget has allocated 5.9 percent of total spending to Housing and Public Facilities, a significant increase on the 2.8 percent of budget in 2018/19.⁴⁶

Despite public housing provision programmes, self-construction remains the primary means of housing supply. A 2011 Shelter Afrique study on the real estate sector in Mali estimated that almost 75 percent of the housing supply in the country constituted self-constructed units.⁴⁷

Property markets

According to a 2019 report⁴⁸ by the World Bank detailing the status quo of Bamako, the capital city is characterised by inefficient land markets, resulting in disorganised urban development and inefficient urban development patterns, manifesting in development occurring away from the urban centres. The report further notes that insufficient investment in network infrastructure has further exacerbated urban accessibility problems and a lack of developable land for new residential projects is also an issue. It is argued that the underlying cause of this inefficiency is a lack of government budget, weak decentralisation of mandates, and under-capacitated urban planning institutions at the local level.

Confirming this is the fact that there has been no global land registry, resulting in common ownership disputes which take years to resolve in the courts.⁴⁹ In 2015 the World Bank stated that the result of this was approximately 80 percent of all tribunal court cases were due to contested land rights and that costs of registering land were high, thereby impeding collateralisation and affordable housing delivery.⁵⁰ The implications of this are further evidenced by the fact that Doing Business ranks Mali 141 out of 190 countries on its "registering property" indicator. This is four places down from its rank in 2018. Registering property in Mali requires five procedures and 29 days and costs 11.1 percent of the property value, which has remained consistent for the last two years.⁵¹ The index for the quality of land administration remains low at eight on a 0-30 scale.

However, a programme of physical and digital land record archiving, as well as development of a cadastral system is currently under way in Bamako and Kati. As of April 2019, it was reported that through this programme 217 000 land titles had been inventoried and 185 000 land titles had been digitised. Additionally implementation of the Land Titles and Real Estate Information System (SITFI), a system aimed at improving land management processes, was scheduled for May 2019.⁵² Although this is a positive development for the housing market generally and should provide benefit for mortgage borrowers and reduce bank lending blockages⁵³, it is not entirely clear whether these systems will address land tenure rights under the current pluralistic legal framework of customary properties and provisional titles.⁵⁴

Data on average actual rental or ownership costs is scarce. However, by analysing the latest Modular and Permanent Household Survey (EMOP) data⁵⁵ it is possible to calculate the average monthly, rental or imputed rental spending per household, by income quintile. The data shows that the poorest households in Mali spend CFA7 690 (US\$13.25) a month on rent; quintile two income households spend CFA9 221 (US\$15.89); quintile three spends CFA11 575 (US\$19.95); quintile four spends CFA15 714 (US\$27.09); and the most affluent quintile spend on average CFA21 271 (US\$36.66) a month on rent. Using the same methodology, it is calculated that the average rental spending per household living in Bamako in 2018 was CFA20 468 (US\$35.28) a month, close to the national quintile 5 average expenditure, and therefore far higher rentals can be expected in Bamako than in the rest of the country.

It was reported in 2015 that of all social housing 51 percent had been occupied by salaried workers, and 40 percent by non-salaried⁵⁶ and it is estimated that 34⁵⁷ percent of urban dwellers rent their housing units.

According to the World Bank's 2019 Doing Business Report, the ease of obtaining construction permits was unchanged from last year, needing 13 procedures and taking 124 days. The cost of construction permits as a percentage of property value has fallen slightly from 6.2 percent in 2018 to 5.9 percent in 2019. This places Mali in 109th place out of 190 countries, an impressive gain of 25 places from its 2018 ranking.⁵⁸

Policy and regulation

The Malian Office of Housing (OMH), created in 1996 and located under the Ministry of Urban Planning and Housing, is a public agency responsible for managing, organising and implementing strategies to enable Malians to access adequate housing. The OMH is the primary provider of serviced land and the overarching facilitator of the relationship between housing market actors. The agency also participates in financial operations and subsidises the interest rate on loans for eligible mortgage applicants.

The newly appointed Director General of the OMH, Sékou Demba, has developed a Five-Point Action Plan for the department, focusing on organisational and financial reforms, and improved management of social housing stock and additional opportunities through new financing mechanisms. In response to recent public outcry, the Director General intends to urgently recruit an international auditor to improve the department's financial situation. Along with financial reforms, the action plan promotes the development of higher density multi-unit affordable housing typologies as well as planning to repurpose vacant housing.⁵⁹ A new National Master Plan for Infrastructure 2018-2030 was also introduced in 2018 which proposes 74 major infrastructure projects to a value of CFA10 837 billion (US\$18.7 billion) over 12 years.⁶⁰

Until recently, a main principle in Mali has been that land without a title is presumed to belong to the State. Several reforms of the legal and institutional frameworks that govern rural and urban land tenure are, however, under way. These reforms aim to secure land rights (particularly for agricultural land), improve land administration and ensure that revenues from land ownership and State property are mobilised. Three notable reform processes include: (i) the recent Rural Land Act (2017); (ii) the State land and land law reform (clarifies the role of State and local government in land administration) and (iii) the process of building a national land cadastre. According to the World Bank, efforts are now required to implement the new legal frameworks, such as the constitution of local land commissions to help tackle uncontrolled land conversion taking place in peri-urban areas.⁶¹

Opportunities

According to a 2019 study by the World Bank, Mali's capital, Bamako, could become a West African regional hub. The study found that inland capitals within the region (namely Bamako, Ouagadougou and Niamey) are likely to benefit from investments to relieve present transportation bottlenecks across West Africa. Of all West African cities, Bamako shows the highest potential for a hub for both regional and global market access.⁶² Furthermore, the capital is among the fastest growing cities in the world, with an annual growth rate of 4.5 percent.⁶³

The efficiency of Mali's property market is likely to improve with the implementation of recent policy reforms, as clearer land tenure and property rights should translate into increased collateralisation within the market. This, coupled with mortgage refinancing stimulus, will hopefully spur lending, thereby enhancing affordability and access to finance. Additionally, with increased budgetary allocations for housing and a renewed infrastructure plan, Mali could certainly see an increase in the rate of affordable housing delivery in the medium term but momentous risks face the country too.

As part of the first-time rating of Mali by Moody's rating agency in February 2019, the rating agency noted that Mali's rating would likely be upgraded if a durable stabilisation of the security situation enabled strengthening institutions and better economic conditions, with fast-growing income levels and rising competitiveness.⁶⁴ However, several factors could threaten Mali's economic outlook, in particular security concerns related to delays in implementing the Peace and Reconciliation Agreement and exogenous shocks such as severe climate conditions, the volatility of gold and cotton prices, and fluctuations in the euro/dollar exchange rate.⁶⁵

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Mauritania

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Overview

Mauritania is a middle-income country located between the Maghreb and Sub-Saharan Africa regions. Notwithstanding an abundance of mineral resources (iron, gold, phosphate and copper), the country's gross domestic product (GDP) remains weak. The Mauritanian economy is recovering, with an estimated growth rate of three percent in 2018 compared to 3.5 percent the previous year.¹ This performance is driven mainly by the good performance of agricultural activity, construction, fishing and manufacturing. Nevertheless, it was offset by the decline in extractive activity.

In terms of international trade, the rise in imports was more pronounced than that of exports. Thus, the deterioration of the trade balance widened the current account deficit from 14.3 percent of GDP in 2017 to 18.0 percent in 2018.² The general level of prices has remained at a moderate level. In 2018, inflation stood at 3 percent, an increase of 0.7 percentage points from 2017. This followed the increase in grain and bread prices, due to the 14.4 percent increase of international wheat prices. The country's fiscal position resulted in a surplus of 1.5 percent of GDP in 2018 compared to a deficit of 0.2 percent of GDP the previous year.

The urbanisation rate has increased particularly rapidly in the country. In 2018, the population was 4.4 million, of whom 1 200 000 lived in the capital, Nouakchott. In 2018, the urban population accounted for 53.7 percent of the total population compared to 52.8 percent in 2017.³ Seventy percent of the urban population is concentrated in Nouakchott. This situation is exacerbated by the difference in the level of economic development between the different environments, droughts, food insecurity and job hunting. Only a quarter of the urban population is connected to electricity, half to water, and only a few have access to sanitation networks.

Sixty percent of the population is under 25.⁴ This reflects a demographic dependency ratio of 72.7 percent. The Human Development Index (HDI) of Mauritania is 0.520.⁵ The country is ranked 159th globally. Its Gini coefficient is 32.7, reflecting a relative homogeneity of income. However, 31 percent of the population lives in relative poverty and 16.6 percent of the population lives in conditions of extreme poverty.⁶ Extreme poverty in Mauritania is more prevalent in rural areas.

The Mauritanian labour market has deteriorated, with an unemployment rate rising from 10.1 percent in 2012 to 11.8 percent in 2017.⁷ This rate rises to almost 17

KEY FIGURES

Main urban centres	Adel Bagrou, Nouadhibou, Noukchott, Rosso
Exchange rate: 1 US\$ = [a] 1 July 2019	36.84 Ouguiya (MRO)
1 PPP\$ = [b]	103.80 Ouguiya (MRO)
Inflation 2018 [c] Inflation 2019 [c]	3.0 3.9
Population [b]	4 403 319
Population growth rate [b] Urbanisation rate [b]	2.7% 4.4%
Percentage of the total population below National Poverty Line (2017) [d]	43.6%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	10.2%
Proportion of the adult population that borrowed formally (2017) [b]	7.5%
GDP (Current US\$) (2018) [b]	US\$5 366 million
GDP growth rate annual [b]	3.6%
GDP per capita (Current US\$) (2018) [b]	US\$1 219
Gini co-efficient (2016) [b]	40.50
HDI global ranking (2017) [d] HD country index score (2017) [d]	159 0.52
Lending interest rate (2017) [b]	17.0%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding [f]	326 264
Value of residential mortgages outstanding (US\$)	n/a
Number of mortgage providers Prevailing mortgage rate	n/a 8%
Average mortgage term in years Downpayment	35 10%
Ratio of mortgages to GDP	n/a
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed [b]	27 075
Number of houses completed	n/a
Number of formal private developers/contractors	n/a
Number of formal estate agents	n/a
Cost of a standard 50kg bag of cement [g]	280 MRO (US\$7.60)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units)	10 371 229 MRO
Size of cheapest, newly built house by a formal developer or contractor in an urban area	120m ²
Average rental price for this unit in an urban area (local currency units) [h]	247 970 MRO
Number of microfinance loans outstanding	n/a
Number of microfinance providers	24
Number of housing construction loans outstanding [j]	141 320
Number of providers of construction finance	n/a
World Bank Ease of Doing Business Rank [e]	148
Number of procedures to register property [e]	49
Time (in days) from application to completion for residential units in the main urban city [e]	104

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[f] United Nations Secretary-General's Special Advocate for Inclusive Finance for Development (UNSGSA)
[b] World Bank World Development Indicators	[g] Rfi Afrique
[c] IMF World Economic Outlook Database	[h] Numbeo
[d] UNDP: Human Development Reports	[i] Central Bank of Mauritania
[e] World Bank Doing Business 2018	[j] World Bank Global Findex

percent in urban areas. Unemployment is more prevalent among youth and women. In 2017, 44.2 percent of people between the ages of 14 and 35 were neither employed, educated nor in education. In addition, although women make up more than half of the working-age population (57.5 percent), only 28.3 percent are employed, compared to 59.6 percent of men. About 86 percent of workers are employed in the informal sector.

Access to finance

Access to finance is the main factor hindering the development of Mauritanian private sector enterprises.⁸ The country does not have a stock market since the announcement in 2014 of the Mauritanian Central Bank of the launch of a stock market did not materialise. Most economic actors depend on loans from commercial banks to get credit. In recent years, the number of microfinance institutions (MFIs) has increased. The latter grant short-term loans at high interest rates.

Access to housing finance in Mauritania through formal channels remains problematic. A large portion of the population does not have access to the financial system because they generally operate in the informal sector and remain unbanked or under-banked.⁹

Mauritania has moved from 159th to 144th place in the World Bank Doing Business 2019 report in terms of the “ease of getting credit” category. The coverage of the credit register for the Mauritanian adult population has increased from 7.1 in 2018 to 7.8 in 2019. Mauritania’s credit market remains fragmented, superficial and informal. As urban centres are characterised by informality, lack of infrastructure, lack of services, self-employment and low human capital, they are neither conducive to private sector investment nor conducive to the development of services with high productivity and tertiary sectors.

The Mauritanian Central Bank has continued to regulate the banking sector through reforms to streamline compliance with international standards. With the support and technical assistance of international agencies, including the International Monetary Fund (IMF), the Mauritanian banking sector has stabilised and access to credit has become less difficult and less expensive. In April 2019, the banking landscape is made up of 25 banks, domestic and foreign, while only 15 percent of the population has bank accounts.¹⁰ Credit costs have remained stable since 2009, hovering between 10 and 17 percent in April 2019, reflecting the effect of competition between banks.¹¹ In 2019, there are 21 microfinance institutions operating in the country; two specialised financial institutions; two pension funds; and 12 insurance companies. These institutions are under the jurisdiction of the Central Bank of Mauritania.

With liquidity that continues to decline, the financial sector remains vulnerable. Most of the financial sector assets are held by commercial banks. Due to budgetary trends and external factors at the end of 2017, the debt-to-service ratio is estimated at 14.7 percent.¹² Although the banking system appears to be well-capitalised overall, some banks still do not reach the minimum capital requirement and remain under-capitalised. Asset quality remains weak. The increase in nonperforming loans, from 20.0 percent in 2013 to 27.6 percent in 2015, led banks to grant less credit.

Mauritania’s mortgage market is not yet able to meet demand expectations. There is an absence of banks specialised in mortgage lending and lack of new binding instruments for housing finance. The Central Bank of Mauritania continues to strengthen its regulatory framework and supervisory capacity to support the development and stability of the financial system. However, the opening of branches outside the main urban centres of Nouakchott and Nouadhibou has not led to an increase in the use of banking services.

The country does not have a private agency and only 7.8 percent of the adult population is registered in a public credit registry. Household credit was 38 percent in June 2016 and dominated credit in the private sector. The effectiveness of mortgage lending has been hampered by banks’ lack of diligence in registering mortgages and by high registration fees.

Affordability

About 80 percent of Mauritanian households are homeowners.¹³ This situation can be explained by the housing policies implemented by the State for several years which have aimed to provide each Mauritanian citizen with a house, by facilitating the acquisition of residential land. As a result, the State now barely houses its employees (less than one percent). As a consequence, the housing rental market is relatively small with 13.7 percent of Mauritanian households being tenants, and an estimated further 3.5 percent of households being housed free of charge by a relative, or friend. Formal dwellings make up 67.5 percent of dwellings, and precarious dwellings (tents, huts, shacks, and “m’bar”) account for the remaining 32.5 percent. So although households may own their homes, their homes require upgrading.

Accommodation is the most expensive item of expenditure in household budgets. On an average salary of about UM120 000 (US\$3 257), about UM80 000 (US\$2 171) is spent on rent for a one-bedroom apartment in the city centre and about UM65 000 (US\$1 764) outside the city.

Availability of data on housing finance

In Mauritania, the National Office of Statistics (NOS) provides statistical data. Created by Decree 90-026 / P / CMSN of 04 February 1990, NOS is responsible for implementing an integrated national system for the collection of economic, demographic and social statistics. Its mission is to make available to the State, communities, and private investors the statistical data necessary for drawing up development plans and rationalising economic decisions in general. Apart from international organisations such as the World Bank and the IMF, statistics on the country come mainly from the NOS, the Central Bank of Mauritania and the various government ministries. This data is obtained through extensive censuses, sample surveys, or by drawing on documents from the public or private sector.

Data that should be published at regular time intervals (monthly, quarterly, annually, etc.) are sometimes delayed. To better guarantee the quality of the data, the country’s adherence to the Special Standard for the Dissemination of Statistical Data, like its neighbour, Senegal, constitutes a major challenge for the authorities.

Similarly, houses are expensive at UM26 525/m² (US\$720).¹⁴ For example, a 50m² house is worth about UMI 293 084 (US\$35 100) in Nouakchott. As a result, these dwellings are unaffordable for many residents, as 70 percent of the urban population earns no more than UM847 320 (US\$23 000) a year.¹⁵

Although the gross national income (GNI) is low at UM44 208 (US\$1 200), it is higher than the GDP. This suggests more foreign investment domestically than outside investment. It is therefore likely that few Mauritians will have access to these properties. According to the World Bank/IMF Poverty Reduction Strategy Paper III (2011-2015), action plans included improving living conditions by making low-cost housing available and affordable while providing corresponding facilities and infrastructure.

Housing supply

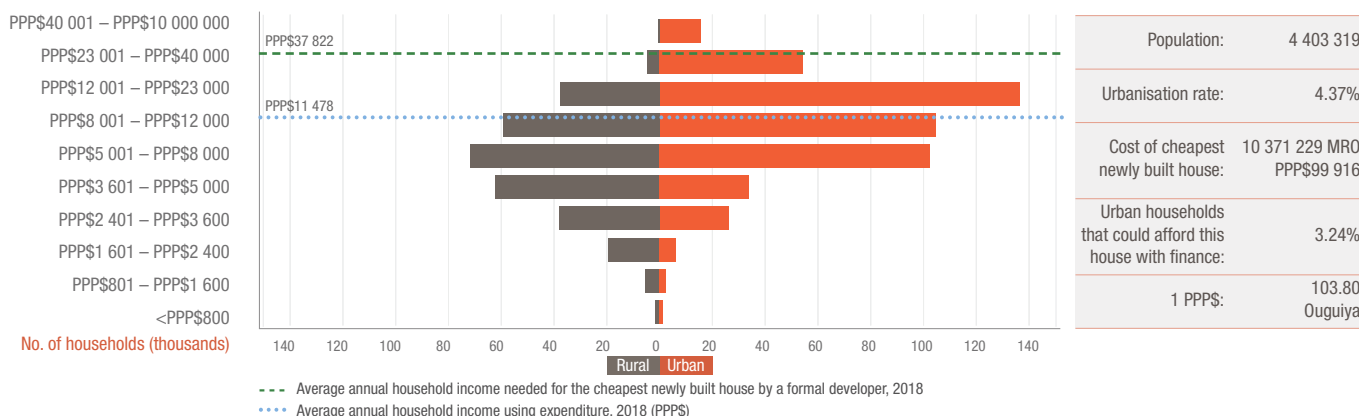
In recent decades, rural-urban migration has led to increased demand for housing and basic social services in urban areas. Annual housing demand is estimated at 10 000 units. According to an inventory carried out in 2009 by the Ministry of Housing, Urban Planning and Territorial Development, the gap between demand and supply is 233 percent (3 000 housing units versus annual demand of 10 000). To mitigate this situation, in early 2019 the state implemented a series of measures including the merger of Socogim and ANAD into a company called ISKAN, contributing to the realisation of several housing programs.

The Urban Development Project (UDP) is aimed at fighting poverty in the precarious neighbourhoods of Nouakchott and Nouadhibou. The UDP combines access to housing, access to credit, vocational training and local development. The project has demonstrated that the risk for development is moderate, banks’ performance is satisfactory, as is the performance of the borrower. The project has also revealed the viability of microcredit operations for the creation of income activities in Mauritania. Slum redevelopment, however, has limitations in the absence of adequate regulatory frameworks for urban planning in urban areas. A microcredit system for low-cost housing was set up under the UDP and has produced 5 000 homes in Nouakchott and Nouadhibou. The first project was a pilot project in El Mina between 2003 and 2007. The government, through the UDP has opted for a more affordable and democratic approach to rehabilitate other illegal camps in Nouakchott and Nouadhibou.

Construction still represents a small part of GDP.¹⁶ Housing resources are strained, and a significant percentage of the urban population lives in precarious housing such as tents, huts or shacks. Due to lack of means, low income households, as well as the rural population, often do not have access to the formal supply of housing. Self-construction thus remains the main method of housing construction in Mauritania in the lower end of the market.

MAURITANIA

Annual income profile for rural and urban households based on consumption (PPP\$)

Source <https://www.cgidd.com/C-GIDD, 2019>

Currently, the upscale residential development market is entirely local and dominated by the construction of ad-hoc buildings for owner-occupied or rental purposes, especially for the expatriate market in Tévragh Zeina. Among the diplomatic staff, many people are housed inside embassy precincts.¹⁷

In 2017, external investments in the real estate market appeared to materialise. A hundred-unit project, funded by Qatar, was under development in Jadir Al-Mahkan municipality in southern Tarza State.¹⁸ The project has been suspended, with Qatar being accused of supporting terrorism.

Property markets

Private property is one of the most criticised political issues in Mauritania. Most of the population live in rural areas, as well as in partially registered or unregistered land in urban areas. In Mauritania, 80 percent of heads of households own their homes. In rural areas, homeowners account for 96 percent versus 65 percent in urban areas.¹⁹ Tenants are more common in Dakhlett Nouadhibou (38 percent) and in the capital, Nouakchott (32 percent).²⁰

Apart from homeowners and renters, real estate developers play an important role in the housing sector. Real estate agencies such as Al Maarif, Mauritanian Real Estate and Services, and Régie Immobilière Mam, support the purchase, sale, rental and rent-to-own of both housing and land.

The property market in Nouakchott is well supplied and offers good housing opportunities at negotiable costs. The city has apartment buildings and luxury villas. The residential area of Tévragh Zeina, for example, is occupied by wealthy people and the housing is of a high standard, with large lots and wide streets. However, informal housing is widespread on the outskirts of the Mauritanian capital. On the one hand, there are kebbés, which are illegal, unplanned peripheral zones marked by the precariousness of the building (tents or wooden and tin shacks), high densities of occupation, lack of infrastructure, etc. On the other hand, there is upgrading of some kebbés, legalised by the authorities, in the other type of informal settlement, the gazra.²¹ The gazra differ from the kebbés because of the support of the state authorities through large operations (subdivision, road-boring, etc.) aimed at gradually regularising these areas.

The dynamism of the Mauritanian real estate market is sometimes the victim of the lack of confidence on the part of investors despite the reforming will of the public authorities, the country's strategic geographical position and its important natural resources.²² In 2016, 27 075 official documents were registered including registered titles. There were 38 574 leases recorded. Provisional title deeds stood at 500 000 and the issuance of these titles was delayed due to the previous institutional overlap of jurisdictions.

The performance of the real estate market is reflected in the Doing Business report 2019. Over the period 2017/19, the country rose from 160th to 148th out

of a total of 190 countries, an increase of 12. Registration of property costs 4.5 percent of the value of the property and takes 49 days.

Policy and regulation

The policy and regulatory framework for housing finance in Mauritania has been improved in recent years. On the constitutional level, the right of ownership is clearly delimited and expressly protected. This code also puts an end to the traditional ownership of tribal authorities by stating that "any property right that does not relate directly to a natural or legal person, and that does not result from legally protected development, is non-existent".

To become an owner in Mauritania, one must obtain permission to occupy the land with the hakem (an official person). The public often views this license as a property in itself, but it has no legal value. It is issued against the price of land and the cost of demarcation. From this date, the beneficiary has two years to build, according to the planning rules, before claiming the property. This process is complex and slow. In 2018, Mauritania facilitated the application of the terms of the contracts with the introduction of court automation that allows electronic payments as well as the electronic publication of files and judgments.

The Mauritanian constitution of 1991 recognises, as of its preamble, the intangible guarantee of the right of property. The frameworks for policies and regulations governing the housing sector are as follows:

- Article 15 provides that the right to property is guaranteed. However, the law may limit the scope of the exercise of private property if the requirements of the economy and social development require it.
- The Land Act (Ordinance 83-127 of June 5, 1983) specifies in its first article that "the land belongs to the nation and any Mauritanian, without discrimination of any kind, may, in accordance with the law, become the owner, in part" and adds, in its second article, that "the State recognises and guarantees private land ownership which must, in accordance with the Sharia, contribute to the economic and social development of the country".
- Law No 99-031 of July 20th, 1990, as modified by the law n° 2005-08 of January 30th, 2005 and its texts of application establishes the real estate development in the country.
- The World Bank/IMF Poverty Reduction Strategy Paper III (2011-2015) Action Plan: The approach focused on 1) adopting and implementing a national housing strategy; 2) a significant increase in the number of dwellings; 3) the promotion of real estate development, with a view to rapidly providing a diversified supply of housing at an affordable cost to households; 4) the continuation and extension of the Twice low-cost housing programme in the main urban areas and 5) the establishment of a housing finance system that takes into account the needs of households as well as real estate developers.²³

Opportunities

In the last five years, the Mauritanian authorities have completed a series of 17 reforms on 8 of the 10 indicators in the Doing Business Report. The country has gained 28 places in four years, from 176th in 2015 to 148th in 2019 and ranks among the top 10 global reformers.²⁴ The authorities have restated their intention to improve the national economy by focusing on areas with significant potential for improvement, such as the payment of taxes, cross-border trade, or the granting of building permits.²⁵ In addition, through the Strategy for Accelerated Growth and Shared Prosperity (SCAPP), the state has set itself the goal of ranking Mauritania in 83rd place by 2030.

Mauritania is becoming an attractive destination for foreign investors. In February 2019, the government set up a Higher Council for the Improvement of Business Climate.²⁶ This could enhance the attractiveness of foreign direct investment in the country. The absence of regulations prohibiting or limiting foreign investment means that investors can target any sector of the economy, including real estate. Financial inclusion is limited in Mauritania. The contribution of credit to the private sector to GDP per capita growth in Mauritania was one of the lowest in West and Central Africa between 2000 and 2016.²⁷ The rapid increase in the number of banks and MFIs in recent years might have a positive impact on the availability of credit for households and encourage housing finance. Given the high levels of land ownership, and precarious state of many homes, there is significant opportunity for incremental upgrade through micro loans.

Opportunities for the development of housing finance in the public and private sectors are not lacking. These include, for commercial banks, restoring refinancing and guarantee mechanisms and creating new products such as housing savings schemes, long-term mortgage loans and renegotiable mortgage products. The development of the real estate sector must go through a strengthening of housing loans and a relaxation of loan conditions. These mechanisms will be aligned with the World Bank recommendations that urge the country's authorities to establish 1) a loan collection company and/or a mortgaged property management company; 2) a mortgage refinancing fund; and 3) a mortgage loan guarantee fund.

Mauritania should consider joining the Organization for Harmonization in Africa of Business Law (OHADA). This membership would facilitate trade with other members of the organisation as well as with international investors operating in those countries.

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Mauritius

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Overview

The Republic of Mauritius is a small island nation of only 2 040km² in the Indian Ocean, with a population of 1 265 637 people as at December 2018¹ and 381 500 households in 2017.² It is 2 000km off the southeast coast of the African continent. The nation's exclusive economic zone covers 2.3 million km² of the Indian Ocean, including approximately 400 000km² jointly managed with the Seychelles. The capital city of Mauritius is Port Louis.

Mauritius has a sound political and economic environment and ranks first in Africa in terms of governance.³ The growth rate remained unchanged at 3.8 percent from 2016 to 2018, fuelled mainly by financial and insurance activities and construction. GDP increased from Rs457 201 million (US\$12 803 million) in 2017 to Rs482 210 million (US\$13 504 million) in 2018⁴ and GDP per capita reached Rs381 020 (US\$10 670).⁵ Inflation was 3.2 percent in 2018⁶ and unemployment decreased from 7.1 percent to 6.9 percent.⁷

Though Mauritius has achieved a remarkable transformation from a sugar plantation economy to a sophisticated services-oriented economy,⁸ it is facing structural challenges, including a shortage of suitably skilled workers, an ageing population, and declining competitiveness and productivity; this is impeding its desire to become a high income economy. The Mauritian economy is still dependent on sugar, textiles, and tourism for foreign income.

Mauritius ranked first in Africa in the Index of Economic Freedom and 25th freest economy in the world, with improvements noted in labour freedom, business freedom and tax burden.⁹

The World Bank ranked Mauritius first in Sub-Saharan Africa and 20th globally, in the ease of doing business.¹⁰ In 2019, Mauritius improved on all the indicators except for Getting Credit and Resolving Insolvency, which remained unchanged. Registering property is easier due to increased transparency of the land administration system.

Access to finance

Mauritius has a well-developed financial services sector, contributing approximately 11 percent to GDP.¹¹ The sector is dominated by banks, which hold around 83 percent of the total assets of the sector.¹² Basic financial sector infrastructure, such as payment, securities trading and settlement systems, are modern and

KEY FIGURES

Main urban centres	Port Louis
Exchange rate: 1 US\$ = [a] 1 July 2019	35.71 Mauritian Rupee (MUR)
1 PPP\$ = [b]	16.09 Mauritian Rupee (MUR)
Inflation 2018 [c] Inflation 2019 [c]	3.2 2.1
Population [b]	1 265 303
Population growth rate [b] Urbanisation rate [b]	0.1% -0.06%
Percentage of the total population below National Poverty Line (2017) [d]	10.0%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	7.2%
Proportion of the adult population that borrowed formally (2017) [b]	10.0%
GDP (Current US\$) (2018) [b]	US\$14 220 million
GDP growth rate annual [b]	3.8%
GDP per capita (Current US\$) (2018) [b]	US\$11 239
Gini co-efficient (2017) [b]	40.00
HDI global ranking (2017) [d] HD country index score (2017) [d]	65 0.79
Lending interest rate (2017) [b]	8.50%
Yield on 2-year government bonds [f]	3.2%
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$) [g]	US\$1 935 million
Number of mortgage providers [g] Prevailing mortgage rate [g]	21 19%
Average mortgage term in years [h] Downpayment [i]	25 10%
Ratio of mortgages to GDP	13.60%
What form is the deeds registry? [e]	Computer - Fully digital
Total number of residential properties with a title deed	n/a
Number of houses completed [j]	1 265
Number of formal private developers / contractors [k]	1 135
Number of formal estate agents [l]	24
Cost of a standard 50kg bag of cement	230 MUR (US\$6.44)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [n]	1 250 000 MUR
Size of cheapest, newly built house by a formal developer or contractor in an urban area [n]	50 m ²
Average rental price for this unit in an urban area (local currency units)	4 000 MUR
Number of microfinance loans outstanding	n/a
Number of microfinance providers [g]	9
Number of housing construction loans outstanding	
Number of providers of construction finance [g]	21
World Bank Ease of Doing Business Rank [e]	20
Number of procedures to register property [e]	5
Time (in days) from application to completion for residential units in the main urban city	n/a

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[h] Mauritius Housing Co. Ltd
[b] World Bank World Development Indicators	[i] Mauritius Commercial Bank
[c] IMF World Economic Outlook Database	[j] National Housing Development Co. Ltd
[d] UNDP: Human Development Reports	[k] Construction Industry Development Board
[e] World Bank Doing Business 2018	[l] Estate Agents Association
[f] Investing.com	[m] Ranzlakaz.mu
[g] Bank of Mauritius	[n] Lemaucien.com

efficient, and access to financial services is high, with more than one bank account per capita.¹³ The Bank of Mauritius is the Central Bank and regulator for banking institutions, while the Financial Services Commission supervises the non-bank financial institutions, including the stock exchange and insurance companies.

The capital markets are active. The institutional and technical infrastructure of the Stock Exchange of Mauritius is developed, but the market is characterised by low volume and poor liquidity. The fixed income market is well developed. The Bank of Mauritius regularly issues a diversity of government securities and the country has a sovereign debt rating of Baa1 from Moody's.

In June 2018, the financial system comprised 21 banks,¹⁴ of which nine were domestically owned, three were branches of international banks, and nine were subsidiaries of foreign banks.¹⁵ Two banks provided private banking services exclusively and one bank conducted Islamic banking only. There were six foreign

exchange dealers, six money changers and eight non-bank deposit-taking institutions.¹⁶ The banking infrastructure is modern with most banks offering card-based payment services and internet banking facilities. The banking system is also highly concentrated, with two of the major banks, the Mauritius Commercial Bank and the State Bank of Mauritius, servicing 40 percent of the domestic market.¹⁷

Mauritius has progressed well in enhancing financial access. In 2018, there were 43 ATMs and 17 commercial bank branches per 100 000 adults and 1 878 depositors and 260 borrowers per thousand adults. Deposits represented 123 percent of GDP and loans 60 percent.¹⁸ Non-performing loans as a ratio of outstanding credit fell from 7.1 percent to 6.4 percent. Bank credit to households as a ratio of GDP was 20.6 percent and the overall household indebtedness was 33.5 percent.

The use of mortgage finance in Mauritius is high by African standards. Some 15 banks offer mortgage finance. The Mauritius Housing Company Ltd (MHC), which is a deposit-taking institution and provides architectural, technical, legal and insurance services, was set up in 1989 as a public company to cater for the housing finance requirements of the population, paying careful attention to low income households. In 1982, a special savings scheme was introduced. This has been a major source of contributions and has encouraged Mauritians to save with the MHC to later be eligible for a housing loan.

According to the Bank of Mauritius, housing and construction investment remained buoyant powered by an increase in bank credit for housing purposes. A sizeable proportion of total household credit comprises housing loans; the banks then collateralise this debt. The growing demand for household credit has been backed by real income growth and improving consumer confidence, as well as favourable mortgage rates. The debt service cost of households fell for housing and consumption credit following the cut in the key Repo Rate in September 2017 and consequent fall in bank interest rates.

The growth of the Mauritian mortgage market faces constraints. Affordability limitations as well as informal incomes undermine access to mortgages, and lenders feel that the cost and time of foreclosing on a property increases risk. The Borrowers' Protection Act of 2007 aims to ensure responsible borrowing and lending and provides for an Office of Commissioner for the Protection of Borrowers to strive to strike a fair balance between the rights and obligations of borrowers and lenders. While there are no private credit bureaux, 100 percent of the population is included in the public credit registry.

Average earnings rose from Rs28 676 (US\$803) in 2017 to Rs29 896 (US\$837) in 2018. The Repo Rate is 3.5 percent and the prime lending rate of banks varies between 5.65 percent to 8.50 percent. Lending for housing ranges between 1.80 percent to 18.25 percent.¹⁹

Affordability

In 2017, the average monthly household disposable income was Rs36 803 (US\$1 068);²⁰ 8.4 percent of households earned less than Rs10 000 (US\$280) and 31.1 percent had an income above Rs40 000 (US\$1 120). The Gini coefficient has shown a marginal improvement to 0.400, demonstrating a shift of households towards higher income groups.²¹ Housing represents 57.1 percent of the debt for the indebted households. An indebted household disbursed on average Rs7 524 (US\$211) monthly on debt repayment, which represented 20 percent of the monthly average income in 2017. The average monthly debt repayment was highest, at Rs8 241 (US\$231), for housing. The share of housing in total debt was 62.6 percent and remained the largest debt component and the most common debt item across all income groups.

Mauritius has a comprehensive social security system that includes a range of government subsidies and assistance for housing. The government uses state-owned companies to improve affordability for housing, namely MHC and the National Housing Development Co. Ltd (NHD), a parastatal body set up in 1991 to serve low income Mauritians.

NHD offers both fully developed units and site-and-service options at subsidised rates. It sells concrete housing units of 50m² to families earning less than Rs20 000 (US\$560). Assistance is targeted as follows:

Availability of data on housing finance

Statistics Mauritius is the official authority responsible for the collection and distribution of data for Mauritius. Although it publishes macro level data, little of the information is relevant to the housing sector. Data can also be obtained from international organisations, including the World Bank and the International Monetary Fund. Data on credit and finance is available from the Bank of Mauritius.

Most data is published annually except for certain indicators which may be available quarterly or monthly from Statistics Mauritius or the Bank of Mauritius, such as the Quarterly National Accounts and Construction Price Index. As official sources, data from these authorities are reliable but are not directly related to the housing sector.

More specific information is available from the Ministry of Housing and Lands website as well as the websites of the Mauritius Housing Company Ltd and the National Housing Development Co Ltd. Data from these sources is not frequently published and may be contextual on the subject being treated in specific reports, for example, housing provided after a cyclone.

Monthly income	Grant amount	Proportion of price
Rs6 200 (US\$174) to Rs10 000 (US\$280)	Rs980 000 (US\$27 443)	63%
Rs10 001 (US\$280) to Rs15 000 (US\$420)	Rs900 000 (US\$25 203)	58%
Rs15 001 (US\$420) to Rs20 000 (US\$560)	Rs495 000 (US\$13 862)	32%
Rs20 001 (US\$560) to Rs25 000 (US\$700)	Rs412 500 (US\$11 551)	27%
Rs25 001 (US\$700) to Rs30 000 (US\$840)	Rs247 500 (US\$6 931)	16%

Housing units are built on leased land and the annual rental varies based on the income of the family from Rs1 (US\$0.03) to Rs6 000 (US\$168). A minimum of 10 percent of the price of the housing unit, or other percentage based on the age and income of the individual, should be deposited upfront. NHD also provides facilities for payment which can extend up to 35 years duration and the interest rate is 6.5 percent.

The Government provides applicants with a plot of 170m² of state land through a lease for an annual rent, for the first 10 years, as follows:

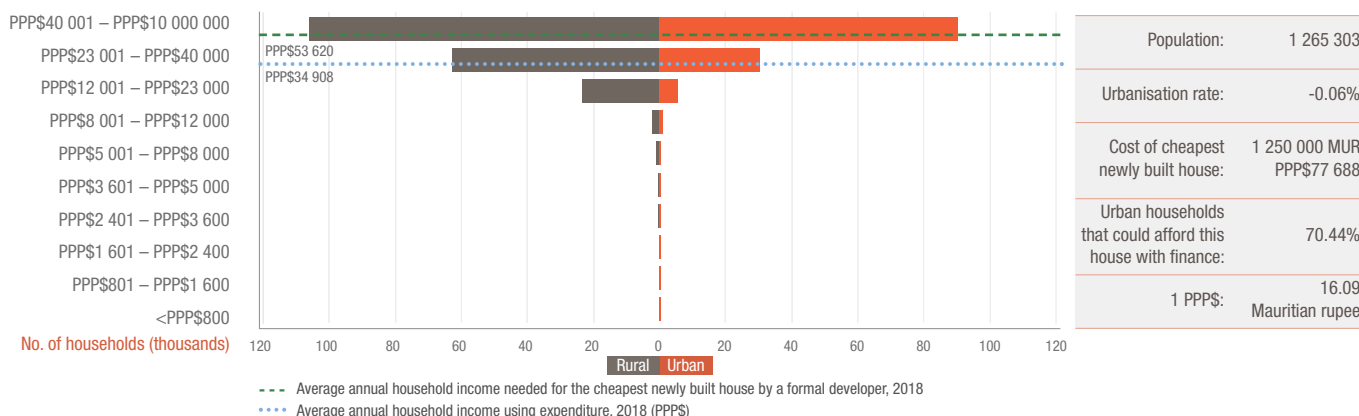
Monthly Family Income	Annual Rent to be claimed for first 10 years
Up to Rs7 500 (US\$210)	Rs1 (US\$0.03)
Rs7 501 (US\$210) to Rs10 000 (US\$280)	Rs1 000 (US\$28)
Rs10 001 (US\$280) to Rs15 000 (US\$420)	Rs2 000 (US\$56)
Rs15 001 (US\$420) to Rs25 000 (US\$700)	Rs3 000 (US\$84)
Rs25 001 (US\$700) to Rs50 000 (US\$1 400)	Rs6 000 (US\$168)
Above Rs50 000 (US\$1 400.17)	As assessed by Valuation Department

Beneficiaries of serviced lots must construct their own houses within the timeframe stipulated in their lease agreement. The lowest paid, who still cannot afford to meet their housing needs and may resort to squatting, are taken charge under the government's National Empowerment Foundation.

Government also encourages self-help construction of housing units by low income families who already own a plot of land and are having difficulties constructing a concrete housing unit. These families are helped financially through a grant scheme, either for the casting of roof slabs to complete their construction, or for the purchase of building materials to start their construction of a housing unit of up to 150m². Households earning less than Rs10 000 (US\$280) monthly are eligible for a grant of Rs100 000 (US\$2 800) and grants decrease as incomes rise, falling away at incomes above Rs15 001 (US\$420.05).

MAURITIUS

Annual income profile for rural and urban households based on consumption (PPP\$)

Source <https://www.cgidd.com/C-GIDD, 2019>

The cheapest newly built house of 50m² costs approximately Rs1.55 million (US\$43 405) excluding land, and comprises two bedrooms, a living and dining room, kitchen, toilet/washroom and small veranda. Minimum plot size is 170m² in urban areas.

The cost of building a single-storey house, as measured by the Construction Price Index, increased marginally by 3.2 percent in 2018 mainly because of an increase in the price of raw materials. However, since 2009, the index has risen by 18.7 points. The cost of a bag of 50kg of cement is Rs230 (US\$6.44) including VAT.

Housing supply

The 2011 Housing and Population Census reports that there were 356 900 housing units in Mauritius with 99.4 percent of households having access to electricity and 94.2 percent with access to water inside their homes. Most housing stock is of good quality: 91 percent of the dwellings are durable with only 4.8 percent of the population living in iron/tin-walled houses. The housing stock increased more in rural than in urban regions and the availability of living space improved from 0.73 person per room in 2012 to 0.68 person in 2017. Only 12.3 percent of the housing units were mortgaged.

Successive government budgets have focused on housing policies, including provision of social and low income housing and tax exemptions for middle-income families. Interest on mortgages is tax-exempted for first houses for middle income earners. These policies complement the extensive investment that the public and private sectors have made in housing development. For the financial year 2017-2018, a total of 1 026 social housing units were constructed at a cost of Rs1.2 billion (US\$336 million). During the same period, 287 housing units were already delivered to eligible families. Moreover, 1 090 families benefited from a grant for casting the roof slabs of their houses.

As at August 2019, NHD had completed construction of 1 265 social housing units of 39m² and 758 housing units of 50m². A total of 2 788 housing units of 50m² are set to be completed between August 2019 and December 2020. Moreover, NHD has started plans to construct 6 950 housing units.

For the middle-income earners (earning above US\$560), NHD has constructed 88 apartments of 82m² on a land area of 11 487m². The apartments are priced at US\$ 110 614 and have facilities such as parking, swimming pools, a club house, and gardens.

Developers have an incentive to develop residential units on non-agricultural land (which would otherwise be frozen for development) that has access to main infrastructure lines and amenities. Developers should supply all basic infrastructure and 25 percent of the development must be for low income households, for which the sale price is determined by the government. A Marshall Plan against poverty was also announced in the 2015 Budget. Under this project, as part of their social

responsibility, companies will have to take under their wings pockets of poverty situated in regions where those companies are located. Thus, the private sector will also help alleviate poverty.

Property markets

The growth of the real estate sector was 3.3 percent in 2018 and it contributed to almost 6 percent of GDP. One percent was supplied free by the employer. Ownership of dwellings or housing supplied free by parents and relatives was more prominent in rural regions (96.3 percent) than in urban regions (89.9 percent). In contrast, 9.9 percent of households in urban regions lived in rented dwellings compared to 3.1 percent for their counterparts in rural regions. The average monthly rent for housing was Rs4 400 (US\$123.22) in 2011 and now stands at Rs5 000 (US\$140.02).

Mauritians prefer ownership to rental. The MCB pointed out in its Housing Market Report that the cost of buying is less than the cost of renting a house in Mauritius.²² The growth of owner-occupied dwellings was 3.1 percent and represented 4.7 percent of GDP. In terms of investment, Rs24 517 (US\$686) million was spent in building and construction work for residential buildings, which represented a decrease of 4.3 percent over 2017. Statistics Mauritius forecasts investment in residential buildings to grow by 8 percent in 2019.²³

The government expects the real estate sector to be a primary growth driver. The market segment is closely tied to the economic fortunes of Europe and the US because of the deliberate efforts by government to encourage greater foreign ownership. The Permanent Residence Scheme, the Integrated Resort Scheme, and the Scheme to Attract Professionals for Emerging Sectors all encourage foreign investment and settlement.

The property market is fairly well developed and caters for different market segments such as secured housing estates for high income earners with facilities including security, club houses and swimming pools or small apartments for middle income earners. The government provides housing to low income earners through state-owned enterprises. The country has many contractors who build small individual houses. Most contractors and agents are registered. The main estate agents are grouped under the Estate Agents Association.

Mauritius ranks first in Africa in terms of registration of property which only takes 17 days and five procedures.²⁴ The island has made it easier to transfer property by increasing transparency of the land administration system. The registration process costs on average 0.6 percent of the value of the property.

The Registrar General Department oversees immovable property registration. The title or deed records are fully digitised. The Cadastre Unit of the Ministry of Housing and Lands oversees the plans showing legal boundaries. The Registrar General and the Cadastre Unit use the same identification number for properties and their databases are linked. While all privately held land plots in the largest

business city are formally registered at the Registrar General, it is not the case for the rural areas. The database is open to public for consultation for a nominal fee. In 2017, 1 225 properties were transferred.²⁵

Policy and regulation

The World Bank highlights the remarkable improvements Mauritius has made in its policy and regulatory framework for property registration, including housing. Mauritius has a fair land dispute resolution system. A specific compensation mechanism covers losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry.

Before 2006, social housing was solely the responsibility of government. But as demand kept growing and the government could only build around 900 units a year, with a waiting list of 25 000 housing units in 2015, the private sector was called on to participate through various Public Private Partnership projects. An interesting aspect of the Finance Act of 2009 requires companies, as part of their corporate social responsibility, to pay 2 percent of their book profit after tax into a Corporate Social Responsibility Fund. This Fund can be used on approved projects, among which social or subsidised housing is a high priority.

Opportunities

Mauritius has emerged as an international financial centre since the early 1990s and is the easiest place to do business in Africa. Currently, the government of Mauritius is working on a blueprint for the financial services sector. These developments are expected to have an impact on income and employment and consequently on the housing market.

According to the African Executive (2014),²⁶ for Mauritius to become a high-income country, it needs to start attracting foreign skilled labour. If labour flows are similar to those experienced by Dubai, Hong Kong and Singapore at a similar stage, over the next decade Mauritius should be ready and willing to accommodate some 5 000 to 20 000 foreigners a year, with a total of 100 000 to 200 000 for the period. In the short run, such an influx could be accommodated in the various real estate projects that now exist. However, in future this offers a greater opportunity in middle to higher end housing finance, as foreign investment and wealth increase in Mauritius.

The National Development Plan forecasts that the population will increase by 200 000 over the next 20 years, or approximately 115 000 new households.²⁷ Thus, the plan expects a future demand of approximately 140 000 new housing units (about 7 000 each year for the next 20 years). Moreover, the government has committed to the conversion of 4 600ha of sugar cane land for housing and other uses.²⁸

Websites

Bank of Mauritius <https://www.bom.mu/>
Construction Industry Development Board <https://www.cidb.mu/>
Estate Agents Association <https://www.eaa-mauritius.com>
Financial Services Commission <https://www.fscmauritius.org/>
Government of Mauritius <http://gis.gov.mu>
Mauritius Banking Association <http://www.mba.mu/>
Mauritius Housing Company Ltd <http://www.mhc.mu/>
Ministry Housing and Lands <http://www.housing.govmu.org/>
Ministry of Finance and Economic Development <http://mof.govmu.org/>
National Empowerment Fund <http://www.nef.mu/>
National Housing Development Co. Ltd <https://www.nhdcmauritius.com>
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¹ Statistics Mauritius (2019). Population and Vital Statistics - Year 2018. http://statsmauritius.govmu.org/English/Publications/Documents/2019/EI1436/Pop_Vital_Yr18.pd. (Accessed 28 August 2019).

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⁸ International Monetary Fund (2019). Mauritius – Staff Report for the 2019 Article IV Consultation.

⁹ Heritage Foundation (2019). 2019 Index of Economic Freedom. https://www.heritage.org/index/pdf/2019/book/index_2019.pdf (Accessed 26 August 2019).

¹⁰ The World Bank (2019). Doing Business 2019: Training for Reform. <https://www.doingbusiness.org/en/rankings?region=sub-saharan-africa>. (Accessed 26 August 2019).

¹¹ Statistics Mauritius (2019). National Accounts Estimates (2016 – 2019). June 2019 issue.

¹² Bank of Mauritius (2018). Annual Report for the year ended 30 June 2018. <https://www.bom.mu/publications-statistics/publications/annual-report/annual-report-year-ended-30-june-2018>. (Accessed 26 August 2019).

¹³ International Monetary Fund (2018). Financial Access Survey. <http://data.imf.org/sk=E5DCAB7E-A5CA-4892-A6EA-598B5463A3C&id=1460043522778> (Accessed 26 August 2019).

¹⁴ Two banks surrendered their banking licence in 2018 and the total includes one bank which ceased business and was in the process of surrendering its licence with effect from 29 June 2018. As at 30 June 2019 there were only 20 banks.

¹⁵ Bank of Mauritius (2018). Annual Report for the year ended 30 June 2018. Pg. 81.

¹⁶ Bank of Mauritius (2018). Annual Report for the year ended 30 June 2018. Pgs. 92-98.

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Morocco

Author: Jean David Anet



Overview

Morocco is a middle-income country located in North Africa. Its economy is one of the most diverse and resilient on the continent, but growth has slowed since the 2008 global financial crisis, the Arab Spring and the rise of terrorism in the region. The country nevertheless benefits from a more peaceful environment than its neighbours. Morocco is recognised as one of the best emerging markets for foreign investment. It is ranked 34th in the world in business creation and 60th in ease of doing business according to the World Bank's Ease of Doing Business Index.¹

In January 2018, Morocco adopted a more flexible exchange rate regime. Bank Al-Maghrib, the central bank of Morocco, continues to peg the dirham to the euro and the dollar, at a 60 percent and 40 percent weighting, respectively, but with a much greater margin of flexibility.

According to Bank Al-Maghrib, the national economy saw its growth rate decelerate to three percent in 2018, down from 4.2 percent a year earlier.² This slowdown is partly due to the stagnation of the agricultural sector; one of the pillars of the country's economy, which employs about 40 percent of the labour force and accounts for 14 percent of gross domestic product (GDP).³

Cement sales, a key indicator for the construction sector, fell 3.7 percent in 2018, following a 2.5 percent decline in 2017, according to the Financial Studies and Forecasts Department (Direction des études et des prévisions financières). December 2018, however, saw an increase in cement sales.⁴ The property price index in the country has remained broadly stable, rising from 116.7 in 2017 to 116.8 in 2018.⁵ This stability reflects the sluggishness of the sector.

Morocco's score in the Human Development Index in September 2018 stood at 0.667, with the country ranking 123 out of 189 countries.⁶ Morocco is thus in the lower half of the group of countries with a medium human development.

Morocco has 35 679 265 inhabitants, 62 percent of whom live in urban areas.⁷ Between the first quarter of 2018 and the first quarter of 2019, the unemployment rate went from 10.5 percent to 10 percent at the national level, from 15.6 percent to 14.5 percent in urban areas and from 3.5 percent to 3.8 percent in rural areas. The largest drop in the unemployment rate was among the youth (aged 15 to 24), where the rate went from 25.7 percent to 24.1 percent.⁸

KEY FIGURES

Main urban centres	Casablanca, Marrakesh, Fes, Meknes, Sale, Tangier, Rabat
Exchange rate: 1 US\$ = [a] 1 July 2019	9.61 Moroccan Dirham (MAD)
1 PPP\$ = [b]	3.54 Moroccan Dirham (MAD)
Inflation 2018 [c] Inflation 2019 [c]	1.91 1.4
Population [b]	36 029 138
Population growth rate [b] Urbanisation rate [b]	1.2% 2.1%
Percentage of the total population below National Poverty Line (2017) [d]	31.0%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	9.3%
Proportion of the adult population that borrowed formally (2017) [b]	2.6%
GDP (Current US\$) (2018) [b]	US\$118 495 million
GDP growth rate annual [b]	3.0%
GDP per capita (Current US\$) (2018) [b]	US\$3 238
Gini co-efficient (2017) [b]	123 0.667
HDI global ranking (2017) [d] HD country index score (2017) [d]	
Lending interest rate (2017) [g]	6.84%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding [f]	170 425
Value of residential mortgages outstanding (US\$) [g]	US\$22 789 million
Number of mortgage providers [g] Prevailing mortgage rate [g]	24 8%
Average mortgage term in years [g] Downpayment [h]	20 30%
Ratio of mortgages to GDP [g]	5.5%
What form is the deeds registry? [e]	Computer - Scanner
Total number of residential properties with a title deed [f]	210 125
Number of houses completed [f]	214 095
Number of formal private developers/contractors [i]	700
Number of formal estate agents [j]	500
Cost of a standard 50kg bag of cement	74 MAD (US\$7.70)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units)	250 000 MAD
Size of cheapest, newly built house by a formal developer or contractor in an urban area	45m ²
Average rental price for this unit in an urban area (local currency units)	5 500 MAD
Number of microfinance loans outstanding [g]	890 000 MAD
Number of microfinance providers [g]	13
Number of housing construction loans outstanding	n/a
Number of providers of construction finance [g]	24
World Bank Ease of Doing Business Rank [e]	60
Number of procedures to register property [e]	6
Time (in days) from application to completion for residential units in the main urban city	n/a

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[g] Bank Al Maghrib
[b] World Bank World Development Indicators	[h] CAFPI Morocco
[c] IMF World Economic Outlook Database	[i] National Federation of Real Estate Promoters
[d] UNDP: Human Development Reports	[j] Lavieeco.com
[e] World Bank Doing Business 2018	
[f] Ministère de l'Amenagement du Territoire National, de l'Urbanisme, de l'Habitat et de la Politique de la Ville	

The increase in the unemployment rate in rural areas contributes to ongoing tensions within this section of the population, which has already shown its discontent in the past. In fact, social tensions increased in 2017, mainly in the region north of Er Rif, where the population is demanding improved access to health services, job creation and greater public investment. Consumers launched a boycott in April 2018, targeting food, oil and gas companies. The aim of this campaign was to protest against rising inflation, urban unemployment and youth unemployment.

Access to finance

The banking sector in Morocco has diversified, with rapid expansion into Sub-Saharan African countries where Moroccan banking groups have opened many new branches. Moroccan banks are present in 10 countries in West Africa (including eight within the countries of the West African Economic and Monetary

Union). They are also in six countries in Central Africa and East Africa. Within Morocco, the number of credit institutions and organisations subject to the supervision of Bank Al-Maghrib has remained at 86, including 13 microcredit institutions and 24 banks. There are four fewer financing companies after three payment management companies were authorised to conduct business as payment institutions.

The market has remained relatively stable. During 2018, outstanding loans totalled MAD123 880 000 (US\$12 891 117) against MAD113 676 000 (US\$11 829 276) in 2017. The issue of bonds declined slightly from MAD24 902 000 to MAD24 385 000 (US\$2 591 335 to US\$2 537 535) while there was an increase of approximately 0.8 percent in the private sector.⁹

At the end of December 2018, outstanding household debt extended by banks increased by 6.1 percent to reach 342 billion dirhams (US\$35 588 975 886), compared to an increase of only 4.4 percent over the same period in 2017. This trend was driven by an increase in both home loans and consumer credit. This type of debt accounted for 36 percent of loans from credit institutions. It is also equivalent to 31 percent of the GDP of US\$118 485 328, that is one percentage point higher than what it was at the end of 2017. Outstanding home loans amounted to 219 billion dirhams (US\$22 789 431 927) in 2018, standing at 5.5 percent from 4.2 percent a year earlier.¹⁰

Morocco has an advanced housing finance market compared to many African countries. It includes several sources of loans such as private or public commercial banks, microfinance institutions and credit companies. All of the banks offer credit facilities to households wishing to obtain a home.

The vast majority of residential properties have been acquired with fixed rates and the remaining few enjoy absorbable rates from the banking sector. The average debtor rate for home loans for 2018 was 4.9 percent.¹¹ Loans are repaid between 15 and 25 years and most banks offer financing of up to 100 percent of the value of the desired property for Moroccan residents with guarantees. For foreigners and non-residents, a minimum downpayment of 30 percent is required.¹²

Property financing figures are mixed. The number of property transactions increased by 4.5 percent in 2018, while home loans amounted to nearly 27.3 billion dirhams (US\$2 840 874 390), after a three percent decline in 2018 and a two percent decline in 2017. This decline mainly concerned state-sponsored loans (minus 10 percent). State-sponsored loans are obtained by households for the purchase of social housing under government programmes. Interest-free loans grew by two percent. This is explained, among other things, by a growing disparity between the different social classes of the country. At the same time, the number of credit recipients fell again by four per cent to nearly 68 500 customers. This results in an average loan amount of 398 000 dirhams (US\$41 416), which is unchanged from 2017.¹³

Partnerships between banks and the government provide greater access to home loans for low- and middle-income families through the Irregular and Modest Income Guarantee Fund (Fonds de Garantie pour les Revenus Irréguliers et Modestes, FOGARIM). This fund guarantees 70 percent of a mortgage loan to a household with an irregular income for the purchase of a home worth less than MAD250 000 (US\$26 596). Monthly payments are capped at MAD1 750 (US\$186) for beneficiaries outside the national Cities Without Slums (Ville Sans Bidonville, VSB) programme and MAD1 000 (US\$104) for the beneficiaries of the programme.¹⁴ Each month, 1 200 households benefit from this fund. The Home Loans Guarantee Fund (Fonds de Garanties des prêts pour le Logement) for government employees targets middle-income earners such as civil servants, independent middle class workers and non-resident Moroccans who buy or build houses worth up to one million dirhams (US\$106 382).

Affordability

Affordability is the most crucial factor in obtaining housing in Morocco in view of the tremendous inequality that exists in the country. The minimum wage in Morocco is MAD3 000 (US\$312) a month in the public sector; MAD2 570.86 (US\$267.50) a month in the private sector; and MAD69.73 (US\$7.25) a day for agricultural workers. The minimum wage in Morocco was last changed on 1 July 2015.¹⁵

Availability of data on housing finance

There are no major difficulties in obtaining data on the Moroccan housing sector. The only obstacle is processing the large volume.

Bank Al-Maghrib has data for all sectors. Whether it concerns monetary policy or statistics, it provides data updated annually, freely accessible online (www.bkam.ma).

The Moroccan Land Planning, Urban Planning, Housing and Urban Policy Ministry is responsible for implementing the government's housing and urban policy. The frequency of data collection is unknown but as a whole they are accessible to all (www.mhvp.gov.ma).

The Office of the High Commissioner for Land Planning is the agency responsible for producing, analysing and publishing official statistics in Morocco. It collects data at regular intervals that vary according to the type of data. They are available to all online (www.hcp.ma).

Between 2014 and 2018, per capita gross national income increased from MAD24 308 to MAD26 202 (US\$2 529 to US\$2 726).¹⁶ Despite this rise in income, Moroccan households still face difficulties in accessing affordable housing. In reality, current prices per square metre make it impossible to build affordable housing.

In some areas of Casablanca, the price per square metre for a new apartment reaches MAD22 000 (US\$2 290). The average price sits around MAD11 000 (US\$1 144). Households unable to purchase decide to rent. Rental costs are usually between MAD2 000 and MAD5 000 a month. The average wage, amounting to MAD5 129 for employees of the formal sector, is in line with rental costs.¹⁷ However, nearly 25 percent of the kingdom's population, eight million people, lives at or below the poverty line.¹⁸ Despite these difficulties, Moroccans broadly opt to purchase their homes.

In 2018, people with incomes between MAD4 000 and MAD6 000 accounted for 23 percent of the loans, an increase of one point, to the detriment of people with incomes below MAD4 000, whose share fell to 31 percent.¹⁹

The government has set up two types of social housing. The first type is defined by a law that allows the capping of the price of housing units at MAD140 000 (US\$14 893) for a living space between 50 and 60 square metres.²⁰ This programme targets craftsmen, agents working in municipalities and households with an income of up to two times the guaranteed minimum wage.²¹

The second type of social housing was created under the Finance Act of 2010, with prices capped at MAD250 000 before taxes (approximately US\$26 595). The living space is between 50 and 80 square metres and there is no maximum income to apply for the programme. It is aimed at households that do not own a home and can produce a nationally verifiable non-taxation certificate, or at households that have used the dwelling as their main residence for a period of four years.²² This programme does not appeal to private property developers because of the lack of tax incentives on this product (tax incentives are granted to homebuyers).

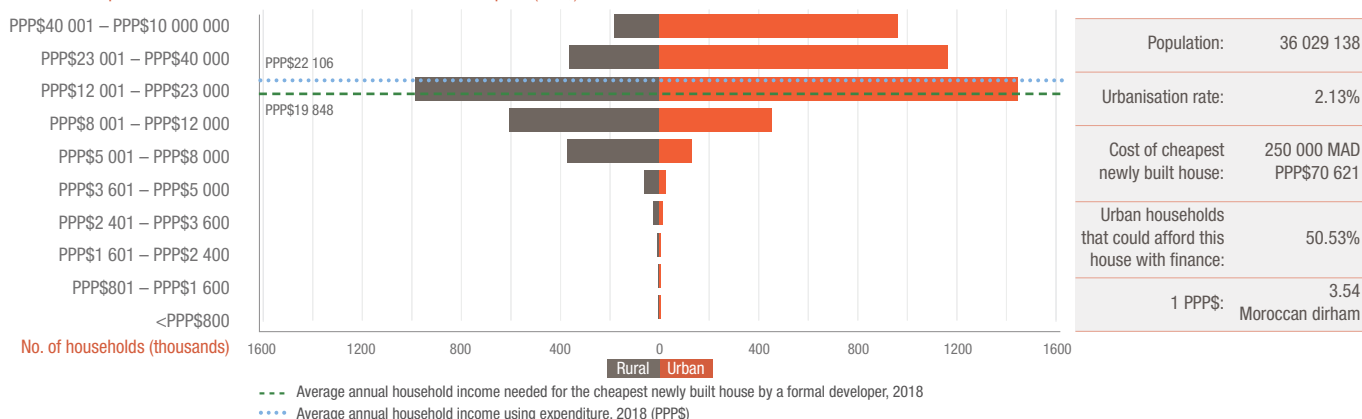
Faced with the lack of specific programmes for it, the middle class has struggled to access housing in recent years. In response, the government created a housing programme targeted at the middle class in 2013. This programme is intended for those with incomes under MAD20 000 a month. Through this programme the buyer receives the registration and stamp fees, as well as the registration fees on land titles.²³

Housing supply

Many different types of housing are evident throughout Morocco. According to data from the Office of the High Commissioner for Planning, 40 724 building permits of all types were granted in 2017, representing a total of 109 630 housing units. While Moroccan-style dwellings account for most permits, ahead of buildings

MOROCCO

Annual income profile for rural and urban households based on consumption (PPP\$)

Source <https://www.cgidd.com/C-GIDD, 2019>

and villas,²⁴ their popularity is decreasing. The most recent information indicated a construction rate of 69.8 percent in urban areas compared to 30.2 percent in rural areas.²⁵

Housing construction, while significant, is not enough to meet housing needs which stands at 1 572 893 units, including 1 359 788 units in urban areas.²⁶ This strong demand is the result of the steady decline in household size. The number of persons per household is now around 2.3 compared to 3.1 in the 1960s.²⁷

A total of 71.9 percent of urban households own their homes, and 27.3 percent rent.²⁸ Most Moroccan households use their own funds to access housing. Obtaining credit for up to 100 percent of the price of the property makes purchasing easier than renting, provided the right property can be found. The proportion of renters decreased by 11.1 percent between 2004 and 2014.²⁹ To provide access to decent housing for each household, the government set up the Cities Without Slums (VSB) programme in 2004 and the programme for housing with a Low Total Property Value (Faible Valeur Immobilière Totale) for houses priced at MAD140 000 in 2008. There is also the middle class housing programme for units at MAD250 000.

To reduce the deficit and diversify the housing supply, 165 526 new units were built in 2018, including 139 113 social and affordable units, compared to 155 577 units in 2017, including 132 868 social and affordable units. For social housing at MAD250 000, 404 939 units have been completed since the launch of this programme in 2010, including 109 924 units completed between 2017 and 2018.³⁰

Since 2004, the government has launched the Nouvelles Villes Programme to better control population growth. These projects are located in the localities of Tamesna, Tamansourt, Chrafate and Lahkyayta. The government has launched large-scale projects such as the Eco-city in Casablanca, which will house 300 000 people in 58 000 housing units. This programme is now in the marketing phase for the first units. Overall, the supply of new affordable housing tends to be apartment buildings, as part of large-scale projects located on government-provided land on the periphery of urban areas. All these policies, led by the government, have not only increased the amount of housing available but have also improved the quality of the housing stock.

Property markets

The property sector accounts for 6.3 percent of national GDP and generates about one million jobs annually.³¹ In the first half of 2018, the property sector accounted for the creation of nearly 51 000 jobs.³²

The Moroccan property market is changing rapidly. This development is stimulated by rural flight towards urban areas on the one hand, and by the opening up of Morocco, which hosts a large student population (mainly Sub-Saharan), as well as many investors, on the other.

Most Moroccans can afford a house from MAD140 000, which is an affordable level considering average wages. In the Casablanca area, for example, the price per square metre varies between MAD8 000 and MAD22 000 (US\$832 and US\$2 290).³³ For those who cannot afford housing because of the low number of available units, renting becomes the default alternative.

According to the World Bank's Doing Business 2019 report, Morocco ranks 34th in business creation, and 60th out of a total of 190 countries for ease of doing business.³⁴

Morocco does not require people to register land rights, but the government is encouraging them to do so. There are two systems for registration. The first is a traditional system run by local leaders. The second, and most important system is the formal market, where registering a property requires about six procedures, takes 22 days and costs 6.4 percent of the value of the property. Properties are registered with the National Agency for the Land Registry, the Cadastre and Maps (Agence Nationale de la Conservation Foncière, du Cadastre et de la cartographie) in several steps:

- Filing of the request;
- Publication and posting of the request extract;
- Boundary marking and drawing up of the land use plan;
- Publication and posting of the boundary closure notice;
- Final location of the property; and
- Decision of the land registrar.

Policy and regulation

Government policies strongly influence housing in Morocco. However, for the National Federation of Property Developers, in addition to financing difficulties, high taxation negatively affects the housing sector. Transfer and property taxes have increased from one percent to 1.5 percent since the beginning of the crisis in 2012 and the government has decided to increase registration fees from three percent to four percent.³⁵

After several years of discussions, in 2017 the House of Representatives ratified a new law on leasing and renting in Morocco.³⁶ This new legislation (law 31-18), modifies and supplements the Moroccan Code of Obligations and Contracts. It was published in the Official Journal No. 6807 (Arabic version), dated 26 August 2019. It supersedes several old texts that governed leases.³⁷ The new lease legislation is intended to encourage property owners to lease them, giving them legal guarantees to protect them from tenant abuse. It also provides for new rules for leases and repairs to leased properties, and for the timely resolution of disputes with strict deadlines. For example, the new law mandates that a lease agreement be drawn up between the owner and tenant.

In September 2018, the Moroccan executive power drew up a road map aimed at reviving the housing sector; as the sector remains sluggish. The reduction in cement sales and mortgages indicates that the sector's downward trend may be stronger than ever.

Opportunities

The property sector in Morocco offers many opportunities for investors. The country's population is young and growing, the business environment is growing, and its geographical location is right for Morocco to serve as a manufacturing hub for exporters to Europe and the rapidly growing economies of Sub-Saharan Africa.

The demand for low-cost housing remains high. To meet this demand, the government needs to implement measures that will stimulate the construction of affordable housing and increase its accessibility for the middle class. The government has already announced several measures to increase the housing supply and these must be implemented in the coming years.

It has recently set up a new social housing programme for rural areas, which aims to make such areas more attractive by carrying out housing projects to meet the housing needs of the population while respecting the specifics of these environments. This programme is part of the new incentives set out by the Finance Act of 2019 and in particular of the amendment of the programme for social housing at MAD250 000, which reduces the number of units to be built from 500 to 100 units minimum in rural areas.³⁸ This is aimed at stemming the exodus of rural populations to urban areas, and also to increase the development of rural areas.

The Moroccan state has also taken a new approach to ensure the stability of the property sector based on greater fiscal visibility for the 2010-2020 period. In particular, it has listed some paths and matters to consider as concerns for the sector by 2020. This requires a better segmentation of demand and the development of a residential property strategy by 2020.

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Mozambique

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Overview

Mozambique is classified as a Sub-Saharan low income economy and is one of the poorest economies in the SADC region, despite having extensive natural resources.¹ The country's population was 28.8 million people in 2017.² Housing is a concern for most of the population, especially for the youth in the low- to middle-income segments. Most housing projects cater for households in the high-income brackets. Legislation on property is poor or insignificant, and so is widely disregarded by the market which continues to deliver housing. A few property groups have started to think about legislation of the sector and are consequently lobbying the Government.

Since 2015, Mozambique has been facing a particularly unstable macroeconomic environment. Ongoing governance issues have only deepened the crisis. That said, the annual inflation has decreased over the last three months from 4.0 percent in May 2019 to 3.6 percent in July. Annual economic growth in 2018 was 3.3 percent and the Gross Domestic Product (GDP) is currently MT898.7 billion (US\$14.5 billion), equal to GDP per capita of MT31 207 (US\$502). GDP growth is forecast to decelerate in 2019 with a gradual recovery in 2020, mainly driven by post-natural disaster reconstruction activities and the natural gas projects in the Rovuma Basin in Northern Mozambique.³ Foreign Direct Investment inflows remain depressed.⁴

Over the past decade, there has been a remarkable growth in the identification and initial exploitation of mineral and hydrocarbon resources. Growth of the sector has not been easy given the resources' remote locations and the related obstacles in access and infrastructure provision, along with commodity price volatility. A positive impact from the extractives sector is yet to be fully apparent. The government has, however, developed a comprehensive legislative framework to maximise the benefits for long-term economic growth and social development, and to regulate the sector's development.⁵

Access to finance

The Mozambique has 17 banks. Since 2015, the banking sector has been subject to a series of interventions by the Central Bank (the Bank of Mozambique – Banco de Moçambique) targeting foreign exchange reserves, inflation and currency devaluation. The stock exchange in Mozambique is the Bolsa de Valores de Moçambique, or the BMV. The BMV is a public institution which operates under

KEY FIGURES

Main urban centres	Maputo, Beira, Nampula
Exchange rate: 1 US\$ = [a] 1 July 2019	62.15 Mozambican Metical (MZN)
1 PPP\$ = [b]	22.27 Mozambican Metical (MZN)
Inflation 2018 [c] Inflation 2019 [c]	3.9 4.2
Population [b]	29 495 962
Population growth rate [b] Urbanisation rate [b]	2.9% 4.4%
Percentage of the total population below National Poverty Line (2017) [b]	46.1%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	25.0%
Proportion of the adult population that borrowed formally (2017) [b]	5.0%
GDP (Current US\$) (2018) [b]	US\$14 457 million
GDP growth rate annual [b]	3.3%
GDP per capita (Current US\$) (2018) [b]	US\$490
Gini co-efficient (2017) [d]	45.7
HDI global ranking (2017) [d] HD country index score (2017) [d]	180 0.437
Lending interest rate (2017) [b]	27.9%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	600
Value of residential mortgages outstanding (US\$)	n/a
Number of mortgage providers [f]	17
Prevailing mortgage rate [g]	27.5%
Average mortgage term in years [g] Downpayment [g]	25 10.0%
Ratio of mortgages to GDP	n/a
What form is the deeds registry? [e]	Computer - Scanner
Total number of residential properties with a title deed	44 000
Number of houses completed	n/a
Number of formal private developers/contractors (2014) [h]	2 097
Number of formal estate agents (2014) [h]	2 097
Cost of a standard 50kg bag of cement	360 MZN (US\$5.79)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [i]	3 418 491 MZN
Size of cheapest, newly built house by a formal developer or contractor in an urban area [i]	65m ²
Average rental price for this unit in an urban area (local currency units) [j]	45 556 MZN
Number of microfinance loans outstanding	n/a
Number of microfinance providers [f]	7
Number of housing construction loans outstanding	n/a
Number of providers of construction finance [f]	18
World Bank Ease of Doing Business Rank [e]	135
Number of procedures to register property [e]	8
Time (in days) from application to completion for residential units in the main urban city [k]	150

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[g] Barclays Bank Mozambique
[b] World Bank World Development Indicators	[h] National Institute of Statistics
[c] IMF World Economic Outlook Database	[i] Casa Minha
[d] UNDP: Human Development Reports	[j] Numbeo
[e] World Bank Doing Business 2018	[k] Stefanutti Stocks

the Ministry of Economy and Finance. The country's corporate and government bonds are traded here, but the secondary and derivatives markets remains underdeveloped.⁶

Over 76.7 percent of the adult population has gained access to physical or electronic financial services, including banks, other financial institutions, and mobile money institutions. Of the urban population, 3.3 percent, have loans, compared to 0.6 percent in rural areas.⁷ The largest banks control 72 percent of the banking system assets, down from 80 percent in 2010.⁸ The sector has attracted foreign investors: NedBank, EcoBank, Credit Suisse and Banco BIG entered the Mozambican market in 2015.⁹

Notwithstanding the weakness in SME credit, financial inclusion indicators have improved over the years, with government authorities like the Ministry of Finance, Central Bank and FSD Mozambique executing a detailed inclusion strategy. The government posits that financial inclusion is still low in non-urban areas and has introduced rules for banks to expand activities through banking agents. These are expected to help bring services to underbanked rural areas. In addition, the government has introduced a national financial inclusion strategy for the period 2016 to 2022.¹⁰ This covers the access and use of financial services, strengthening of financial infrastructure, and better consumer protection and financial literacy and features specific interim and final targets with a monitoring and evaluation mechanism in place.¹¹

Mortgages in Mozambique have a maturity of 12 to 25 years. Lending criteria reflect the banking industry's cautiousness, and loan-to-value maximums are generally capped at 70 percent. Interest rates are still high at 16 to 22.5 percent. The property being mortgaged must be registered in the Property Registration section at Department of Ministry of Justice, Constitutional and Religious Affairs. Most mortgages are for properties in Maputo, neighbouring Matola, and surrounding suburbs, with hardly any in other towns. Some banks consider non-salary income when assessing a client's capacity to repay a loan. Because of a history of bad debts for unsecured housing loans in the 1990s, all the banks have strict requirements for loan security.¹²

Some banks offer construction and renovation loans for a period of three to five years at higher interest rates. Certain banks, to facilitate and expedite home loans, offer leasing or lease-for-purchase schemes whereby property is made available on lease to a tenant who has the option to buy the property at the end of the lease. Interest rates are as high as to 23 percent.¹³ The prime lending interest rate in Mozambique was reported at 27.9 percent in 2017.¹⁴

Affordability

The government is the largest local institutional investor in affordable housing in Mozambique. The government's main support for the housing market is the Fund for Housing Promotion (FFH), which is supervised by the Ministry of Public Works, Housing and Water Resources (MOPHRH). The FFH was created in 1995 and has a broad mandate to offer housing and construction finance, and to develop housing through public-private partnerships. FFH does not offer independent mortgage products. Its current business model is to build housing and sell it to targeted population groups through a 20-year payment program and fixed interest rates (old data from 2008 suggests these rates range between 5 percent and 10 percent).¹⁵

Given the above factors, much housing construction is financed through short- and medium-term consumer loans (up to five years) of up to MT300 000 (US\$4 839) at interest rates of 20 to 25 percent. This is still cheaper than the rates provided by micro-finance institutions. The value of housing construction loans is growing at approximately 10 to 15 percent a year. The banks do not control the application by the user of the funds and so no information is available on the volume of credit used for housing construction.¹⁶

Housing supply

Twenty-nine notable construction companies operate in the Mozambican market. Mozambique's construction sector is reviving despite the economic and financial crisis, while remaining below 2014 levels.¹⁸ The end of 2018 was marked by the slow start of some residential projects in the main areas of Maputo. However, most of the planned projects for the Maputo Ring Road area are still waiting for a better economic climate, except in the Dona Alice area, where buoyancy is evident. Transactions during 2018 were subdued, with housing values falling 16 percent in the Polana Cimento (middle and high income) zone and 4 percent in Sommerschild area (high income).

The middle and lower classes continue to rely on self-construction because not enough projects are adapted to their incomes.¹⁹ In African cities and towns, it is estimated that 75 to 90 percent of all new housing is built outside the official land development and construction processes and this is also likely the case in Mozambique. Most of this construction is done informally and incrementally.²⁰

Availability of data on housing finance

Additional data and information on households' access to finance can be accessed from FinScope Surveys. The last FinScope survey was undertaken in 2014, although FSD MOZ is currently working towards refreshing the survey with FinScope 2019. Generally, information in Mozambique is limited. Local official sources do not have up-to-date statistics, and most of the data is logged manually, although there are ongoing projects creating software to digitise the information. The available country information on the internet is out of date: many studies were done in the 1990s. Some information available that includes data on household income was produced in 2014-2015.

Information related to construction and planned projects must be collected at the relevant municipality through a letter requesting information from the Director or Engineer or through personal contacts and letters or e-mails directed at key officials in relevant departments such as the Urbanisation and Construction Department, or the Planning and Cooperation Department of the Ministry of Public Works, Housing and Water Resources. Information related to property registration can be obtained through direct written requests to officials from the House Registry Office. Information related to bank market share can be obtained through a letter requesting information from the Credit Institutions Division at the Central Bank of Mozambique.

The housing backlog in Mozambique in 2015 was 2 million with an urbanisation growth rate of 3.3 percent and an urbanisation of 32.2 percent.²¹ No systematic data is available on housing production. However, research finds that in both urban and rural areas of Mozambique, most households build their housing with their own labour or with the assistance of local craftsmen or construction firms if they can afford them. Most houses in urban areas, especially outside the Maputo metropolitan area, are still built of local materials. The use of conventional construction materials is on the rise as a result of increased cost of local materials in the urban areas, high maintenance requirements, and the increased availability of conventional construction materials.²² The aspiration of the urban citizen is typically a cement house, although costs of construction are high and rising with increasing cement prices. A comparison of formal sector housing construction costs with costs in major cities in neighbouring countries revealed that construction costs tend to be 34 to 73 percent higher in Maputo than in Johannesburg and Dar es Salaam.²³

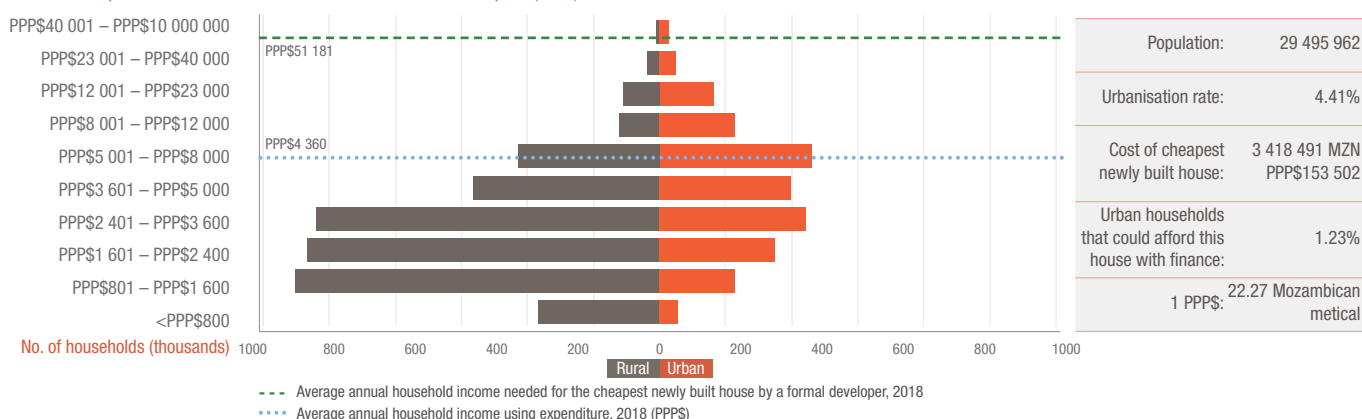
One of the key housing development projects in Mozambique is Project Zintava II. The project's foundation stone ceremony was presided over by the President and the project is expected to be completed in three years. The development comprises 1 840 3-room apartments to be built in Marracuene district, Maputo province, with an investment of approximately MT5.7 billion (US\$92 million). This project will benefit young people and civil servants in a first phase, with additional phases being extended to the general public.²⁴

A subsidiary company of the Chinese state-owned CITIC group will build 35 000 homes in Mozambique under a recently signed agreement with FFH. CITIC is expected to build 15 000 homes in the south, 10 000 in the centre and another 10 000 in the north of the country. The project aims to build housing at a cost that is accessible to young people and civil servants and low-cost construction techniques are planned to be used. Purchase prices should range between MT1.86 million (US\$ 30 000) and MT2.49 million (US\$ 40 000) per home.²⁵

In August 2019, affordable housing social enterprise Reall signed a partnership agreement with Casa Real to support capacity building and construction and to change the landscape of housing finance in Mozambique. A Memorandum of Understanding (MoU) was signed between Casa Real and Barclays Mozambique (already rebranded as ABSA Mozambique). The aim is to fund end-user financing for Casa Real's increasing affordable housing production, with a range of sale prices between MT621 544 (US\$ 10 000) to MT3.1 million (US\$50 000). Casa Real plans to develop 300 houses yearly by 2023. One of the projects under this programme is in the Inhamizua neighbourhood of the city of Beira, where construction began in 2018, a partnership between Beira Municipality and Casa

MOZAMBIQUE

Annual income profile for rural and urban households based on consumption (PPP\$)



Source <https://www.cgidd.com/C-GIDD, 2019>

Real. Casa Real has also been engaged in post-cyclone repairs and upgrade work on Casa Real's houses in Beira after the effects of Cyclone Idai.²⁶

The FFH is also delivering the Mutuanha Project in Nampula with the first batch of 42 houses completed in July 2019.²⁷ These houses are designed for future expansion. The houses were offered to young people and public servants on 15-year credit with monthly instalments of MT12 012 (US\$ 193).²⁸

The Casa Minha project was initiated in 2016 in Maputo. The Casa Minha model involves the owner of the land-use rights giving the right to build to Casa Minha, which in turn builds two houses on each plot. One house is for the owner; and the other is to be sold at market price. Casa Minha helps the owner obtain title, with proceeds of the house for sale being used to finance construction. Houses under the Casa Minha project can be constructed in six to eight months, which is fast for Mozambique. Units come in different plan types, with plot sizes ranging from 70m² to 106m², and units occupying a floor area ranging from 51m² to 80m². Units normally have two bedrooms each. The first house under the Casa Minha project sold for MT2.8 million (US\$45 000), which would be accessible to an upper-middle income household. Presales will fund the next round of approximately 10 houses as one-third of the total cost is required as down payment.²⁹

The bottlenecks in the construction sector are of a regulatory nature and can be improved by increasing the State's organizational, technical and human capacity to enforce regulations, combat corruption, supervise licensing of works, bidding, importation of goods and services and land use management, and introduce up-to-date and efficient land registration systems.

Property markets

The limited financing available for housing in Mozambique is constricting the supply and quality of housing in the country. Most urban households (78.6 percent) own their homes. Only 12.7 percent live in rented accommodation, and 8.7 percent live in a borrowed home.

The government owns all land in Mozambique. In surveys, owning a house is therefore not restricted to ownership in the legal sense. Rather, it is understood broadly to include houses that are not rented, lent, or tied. In Maputo City, the percentage of household that rent is much higher than in other urban areas, because people from other regions of the country migrate to the capital seeking better living conditions; in Maputo 23 percent rent while 68 percent own the home.³⁰

Rental for a 1-bedroom apartment in the Maputo city centre is US\$733 per month. Outside the city, a similar apartment would cost US\$282. A 3-bedroom apartment in the city centre would rent for US\$1 324 and US\$732 outside the city centre.³¹ Registering a new building at the Property Registry take 43 days. Investors prefer large real estate projects in Maputo, and especially in the high-income areas such as Sommerschild, Coop and Polana.

Policy and regulation

For the government, the urbanisation theme is a challenge. Only approximately 31.9 percent of the population is urbanised, hence development strategies are still concentrated in rural areas, where poverty is more prevalent. The need to address urbanisation is, however, slowly being recognised. Informal construction and urban transport are growing topics for debate, land tenure being achieved through long-term temporary land rights, known as DUATS. Access to these rights for individuals and property developers has been complex, resulting in limited security of tenure. Few families have appropriate land registration and development rights, and municipal authorities face difficulties in issuing this document. Clear and secure land tenure also allows local authorities to charge fees and taxes that can be used to improve the city and provide public services such as garbage collection. In addition, the DUAT system is of limited use for mortgage-type housing developments. This prevents property developers complementing public efforts to build infrastructure for sustainable housing developments.

The Mozambican Government's Five-Year Government Plan 2015-2019 has several priorities, strategic objectives, and targets directly related to urbanisation and spatial planning. Priority II is to develop Human and Social Capital, with the strategic objectives of increasing access to water supply, sanitation, transportation, communications and housing. Mozambique does not have a specific urbanisation strategy, although there is a housing policy and strategy as of 2011, focusing on housing promotion in rural areas and especially in urban areas facing rapid population growth, and promoting land use planning and urbanisation design.

A 2007 study commissioned by USAID identifies several areas for potential legislative reforms. These include: the removal of constraints on transfer of rural land rights, the development of appropriate authorisation fees and taxes for land grants, allowing investors to recover and profit from real property improvements at the end of approved use periods, and shifting the government's current role from direct-management of land management and administration towards facilitating and enabling.³² A key issue is to limit government discretionary powers when reviewing existing and new project proposals and when DUATs are transferred between third parties.

Members of civil society are also calling for legislation to be introduced on community land governance functions, community consultations with investors, and other land management tasks. These changes would help communities and the private sector, which is increasingly interested in working with communities in a responsible and secure local environment. Donors have continued to provide technical assistance and support to the government as it engages in the process of collecting input on legislative reforms in the land sector, including proposed language and revisions.

Opportunities

Mozambique's housing market has considerable opportunity. Several affordable housing projects for low and middle income groups are under way, leveraging on the expansion of major cities. New projects should, however, concentrate outside the city centres and provide all facilities.

The investment type should adopt rent-to-buy systems for the first 15 years and focus on units priced at MT1.8 million (US\$30 000) to MT3.1 million (US\$50 000). Plots near of the city centre are expensive, and this makes affordable housing projects unfeasible in these locations.

Two new centres of significant urban development, namely Katembe Greater Nacala, are notable. Katembe is now a sparsely populated territory linking the city of Maputo via the Maputo River and is only accessible via a limited ferry connection from the capital. The launch of the new bridge between Maputo and Katembe should trigger the rapid development of southern Mozambique. Greater Nacala's urban development will transform the existing city of Nacala, including an airport city and links related to the expansion of its maritime port, East Africa's largest deep-water natural port.³³

¹ IMF (2019). Regional Economic Outlook-2019.

² <https://www.imf.org/~media/Files/Publications/REO/AFR/2019/April/English/sreo0419.ashx?la=en> (Accessed 6 August 2019). Pg. 6.

³ INE(2018). General Census of Population and Housing (2017). <http://www.ine.gov.mz> (Accessed 6 August 2019).

⁴ Central Bank (2019). Economic Environment Inflation Outlook - 2019. http://www.bancomoc.mz/fm_pgtabl.aspx?id=105 (Accessed 30 August 2019).

⁵ World Bank (2017). Mozambique Economic Update - 2017.

⁶ <https://www.worldbank.org/en/country/mozambique/publication/mozambique-economic-update-a-two-speed-economy> (Accessed 1 September 2019). Pg. 3.

⁷ Baxtor, M. and Allwright, L. Financial Inclusion – Building on the Extractives Sector in Mozambique (2015). <http://fsdmoc.com/wp-content/uploads/2016/12/Report-Improving-Financial-Inclusion-and-the-Extractives-Sector-Final.pdf> (Accessed 7 August 2019). Pg. 97.

⁸ Hsu, P. and Bahar, R. (2019). Banking Regulation- 2019. https://www.vda.pt/xms/files/05_Publicacoes/2019/Livros_e_Artigos/GLI-Banking_Regulation-Mozambique.pdf (Accessed 7 August 2019). Pg. 93.

⁹ Scala, F. (2019). Insights on Mozambique Financial Inclusion. <https://furtherafrica.com/content-files/uploads/2019/08/010pentalk-esselin-macome.pdf> (Accessed 7 August 2019). Pg. 2.

¹⁰ The World Bank (2018). Mozambique: Financial Inclusion and Stability Project (P166107) – 2018. Pg. 4.

¹¹ Santos, A. Roffarello, L. and Filipe, M. (2016). African Economic Outlook (2016).

¹² https://www.undp.org/content/dam/mozambique/docs/Poverty/Mozambique_Africa_Economic_Outlookpercent20_percent20Mozambiquepercent202016.pdf (Accessed 9 August 2019). Pg. 9.

¹³ IMF (2018). Republic of Mozambique Selected Issues-2018. <https://www.imf.org/~media/Files/Publications/CR/2018/cr1866.ashx> (Accessed 7 August 2018). Pg. 39.

¹⁴ IMF (2018). Republic of Mozambique Selected Issues (2018).

¹⁵ <https://www.tralac.org/images/docs/12818/mozambique-selected-issues-paper-imf-country-report-no-18-66-march-2018.pdf> (Accessed 8 August 2019). Pg. 40.

¹⁶ Allen, C. and Johnsen, V. (2008). Access to Housing Finance in Africa-2008. http://www.housingfinance.org/uploads/Publicationsmanager/A2HF_Moz.pdf (Accessed 17 August 2019). Pg. 5.

¹⁷ Brewster, C. (2018). Medium Corporation – 2018. <https://medium.com/@realestatemozambique/applying-for-home-loans-in-mozambique-leverage-your-approach-efe41436ec64> (Accessed 30 August 2019).

¹⁸ Trading Economics (2019). Mozambique – Lending interest rate-2019. <https://tradingeconomics.com/mozambique/lending-interest-rate-percent-wb-data.html> (Accessed 30 August 2019).

¹⁹ Allen, C. and Johnsen, V. (2008). Access to Housing Finance in Africa-2008. Pg. 7.

²⁰ Allen, C. and Johnsen, V. (2008). Access to Housing Finance in Africa-2008. Pg. 14.

²¹ Ibid.

²² Club of Mozambique (2017). Construction Sector is Gaining Ground in Mozambique – Economist. <https://clubofmozambique.com/news/construction-sector-is-gaining-ground-in-mozambique-economist/> (Accessed 20 August 2019).

²³ Prime Yield (2019). Prime News 2018-2019. http://www.prime-yield.co.mz/wp-content/uploads/2019/04/prime_yield_pnews_2018_2019_en.pdf (Accessed 13 August 2019).

²⁴ Bah, E., Fayes, I. and Geh, Z. (2018). Slum Upgrading and Housing Alternatives for the Poor-2018. Pg.246.

²⁵ Bah, E., Fayes, I. and Geh, Z. (2018). Housing market dynamics in Africa-2018. Pg. 6.

²⁶ Cruz, A., Fernandes, F., Mafambissa, F. and Pereira, F. (2018). The Construction Sector in Mozambique – An Overview. WIDER Working Paper 2018/117. United Nations University. https://www.wideruniversity.edu/sites/default/files/Publications/Working-paper/PDF/wp2018-117_0.pdf (Accessed 5 October 2019). Pg. 10.

²⁷ Ibid. Pg. 13.

²⁸ Pais, O. (2019). Zintava II home project budgeted at over USD 90 million. <http://opais.sapo.mz/projecto-de-casas-zintava-ii-orcado-em-mais-de-usd-90-milhoes> (Accessed 5 October 2019).

²⁹ MacauHub (2019). Mozambique hires CITIC group to build 35,000 homes-2018.

³⁰ Notícias (2018). <https://www.jornalnoticias.co.mz/index.php/capital/beira/78869-lancada-primeira-pedra-para-construcao-de-casas-sociais> (Accessed 24 September 2019).

³¹ Type 2 in a universe of 100 houses, in the Mutauanha neighborhood in Nampula.

³² FFH (2019). Habita Mozambique Mutauanha-2019. <https://www.ffh.gov.mz/noticias-eventos/habita-mocambique-mutauanha-ffh-fp-entrega-42-casas-em-nampula> (Accessed 15 August 2019).

³³ Casa Minha (2019). A transformative solution to the challenge of Urban Expansion in Maputo-2019. <https://www.casaminha.co/> (Accessed 16 August 2019).

³⁴ Allen, C. and Johnsen, V. (2008). Access to Housing Finance in Africa -2008. Pg. 16.

³⁵ Numbeo (2019). Cost of living in Maputo. <https://www.numbeo.com/cost-of-living/in/Maputo> (Accessed 18 August 2019).

³⁶ Land News (2008). Landlinks-2008. <https://www.land-links.org/country-profile/mozambique/> (Accessed 19 August 2019).

³⁷ Ibid.

Namibia

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Overview

Just over 29 years since independence, Namibia is a peaceful and multicultural country, with a population of 2.3 million.¹ The country has the 3rd highest GDP per capita in the region. However, real GDP contracted by 0.1 percent in 2018, as the strong performance of the primary sector in 2018 was broadly offset by contractions in the secondary and tertiary sectors, which together make up 73 percent of Namibia's GDP. The construction sector continued to perform poorly in 2018, contracting by 18.3 percent in real terms following the 25 percent contraction experienced in 2017.² Despite facing one of the most severe recessions in its democratic history³ and being downgraded by Fitch Ratings to BB from BB+, the country continues to be politically stable.⁴

The urban population grew from 28 percent in 1991 to 42.8 percent in 2011. Government policies post-independence aiming to create public infrastructure, such as schools, clinics and police stations, have driven the deployment of civil servants all around the country. Many villages and settlements were upgraded to village and town councils, formalising the supply of urban services, such as water and electricity. At regional level, Khomas region had the largest share of the total population with 17.9 percent followed by Oshana (11.0 percent) and Oshana (10.8 percent).⁵

Economic growth has supported urbanisation and enabled basic services to be delivered to the population; approximately 40.0 percent of the urban population has access to piped water inside their homes, and 65.6 percent have access to electricity for lighting.⁶ Poverty rates fell from 37.7 percent in 2004 to 17.4 percent in 2016.⁷

Namibia's economy is closely linked to its largest trading partner and neighbour, South Africa. Since the Namibian Dollar and the South African rand are pegged one-to-one, any changes in the South African economy, or fluctuations in the rand, can adversely affect Namibia's economy and debt balance.⁸ Namibia's debt-to-GDP ratio is estimated at 45.1 percent for 2018/2019, and forecast to rise above 51 percent in 2020/2021.⁹ The annual inflation rate increased from 3.8 percent in May 2018 to a 4.1 percent in May 2019.¹⁰

In November 2018, the ruling party, Southwest Africa Political Organisation (SWAPO), elected the incumbent, Dr. Hage Geingob, as president of the political party. Presidential elections will be held in November 2019. Polls show a significant

KEY FIGURES

Main urban centres	Windhoek
Exchange rate: 1 US\$ = [a] 1 July 2019	14.13 Namibian Dollar (NAD)
1 PPP\$ = [b]	7.05 Namibian Dollar (NAD)
Inflation 2018 [c] Inflation 2019 [c]	4.3 5.2
Population [b]	2 448 255
Population growth rate [b] Urbanisation rate [b]	1.9% 4.0%
Percentage of the total population below National Poverty Line (2017) [d]	46.1%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	23.3%
Proportion of the adult population that borrowed formally (2017) [b]	8.7%
GDP (Current US\$) (2018) [b]	US\$14 522 million
GDP growth rate annual [b]	-7.00%
GDP per capita (Current US\$) (2018) [b]	US\$5 931
Gini co-efficient (2016) [b]	57.2
HDI global ranking (2017) [d] HD country index score (2017) [d]	129 0.647
Lending interest rate (2017) [b]	10.1%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding [f]	73 396
Value of residential mortgages outstanding (US\$) [g]	USD\$3 568 million
Number of mortgage providers [g] Prevailing mortgage rate [h]	5 12.8%
Average mortgage term in years [h] Downpayment [i]	20 0%
Ratio of mortgages to GDP	24.57%
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed [j]	274 897
Number of houses completed [f]	216 452
Number of formal private developers/contractors	n/a
Number of formal estate agents [k]	52
Cost of a standard 50kg bag of cement [l]	87 NAD (US\$6.16)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [i]	270 000 NAD
Size of cheapest, newly built house by a formal developer or contractor in an urban area [i]	45m ²
Average rental price for this unit in an urban area (local currency units) [i]	7 387 NAD
Number of microfinance loans outstanding [i]	722 194
Number of microfinance providers [m]	365
Number of housing construction loans outstanding	n/a
Number of providers of construction finance [g]	5
World Bank Ease of Doing Business Rank [e]	107
Number of procedures to register property [e]	8
Time (in days) from application to completion for residential units in the main urban city [n]	120

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[h] Standard Bank Namibia
[b] World Bank World Development Indicators	[i] First National Bank Namibia
[c] IMF World Economic Outlook Database	[j] Title Deed Office of Namibia
[d] UNDP: Human Development Reports	[k] Namibia Estate Agents Board Agency
[e] World Bank Doing Business 2018	[l] Pupkewitz
[f] Namibia Statistics Agency	[m] Namibia Financial Institutions Supervisory Authority
[g] Bank of Namibia	[n] City of Windhoek Planning Office

lead for Dr. Geingob, and it is expected that current policies of urbanisation and economic industrialisation will continue.¹¹ The Second Land Conference was hosted on 1-5 October 2018, where stakeholders from all sectors discussed land reform.¹² The August 2019 Namibia Economic Growth Summit 2019 provided another opportunity for investor engagement and focused on infrastructure development, economic revival for inclusive growth, housing delivery and industrialisation. That conference secured N\$20 billion worth of project commitments and placed particular emphasis on relaxing immigration restrictions and enabling a policy framework to incentivise foreign investment in the country.¹³

Namibia's Vision 2030 is the overarching plan driving long-term goals in the country, while Namibia's 5th National Development Plan (NDP5) defines medium-term goals for the timeframe 2017/18 – 2021/22. NDP5 aims to reduce the prevalence of improvised housing from 19 percent¹⁵ in 2016 to 12 percent by 2022 by building 7 200 new houses and servicing 6 500 plots a year.¹⁶ The National

Housing Enterprise (NHE) is a state-owned company mandated to provide housing to meet the national need. After failing to achieve its national target of housing delivery, the NHE created a new strategic plan in 2017 to reduce the housing backlog of 110 000 units. As part of its contribution to the Harambee Prosperity Plan, Namibia's plan to fight poverty, the NHE's strategic plan aims to construct 1 250 units per year at a cost of N\$300 000 per unit between 2017 and 2021.¹⁷ The Ministry of Finance estimates 4 960 houses will be built in 2018/19, targeting 5 000 units per year over the financial years 2019-2022 at a cost of approximately N\$156 000 a unit.¹⁸

Access to finance

Seventy eight percent of the Namibian population is currently banked.¹⁹ According to the Bank of Namibia (BON), eight commercial banks are operating in the country.²⁰ Three of the four main commercial banks have South African parent companies. Housing finance providers include the four commercial banks, as well as a non-bank mortgage lender, First Capital Namibia. The BON reported N\$50.5 billion (US\$3.6 billion) in mortgage loans in 2018.²¹ The prevailing mortgage rate is at 11.25 percent, and the average loan tenure stands at 20 years.

Namibia's mortgage market is focused on the middle- and higher-income segments of the market, and on towns. Over the past 10 years, the focus has shifted towards the affordable housing segment, with bank lenders creating products that allow zero downpayment, or a 100 percent LTV. Initially focused on civil servants who receive a subsidy towards their mortgage payments, banking products have expanded to cater for the bulk of the market. First National Bank's EasyBond, for example, extends loans of up to 107 percent of the purchase price, to include the approximately 7 percent in transfer and transaction costs.²²

Despite the availability of zero-money-down mortgages, many Namibians cannot access loan financing due to affordability, lengthy process bureaucracy, high indebtedness and lack of education about the mortgage process. In addition, those who have employer-provided subsidies have to procure a series of documents and signatures from their employers. This paperwork, and the banks' paper-based mortgage process, is cumbersome for many applicants. Developers claim it takes between six to nine months on average to sell a home.²³ However, technology seems to be changing the landscape. A Namibian start-up OperFin Technologies, created an eMortgage platform, allowing homebuyers and developers to digitise the application and approval process from listing to closing. OperFin, backed by local venture capital firm Baobab Capital, is also piloting extending loans through their platform.^{24,25} On the legal front, software platforms such as Legal Wise allow conveyancers and bond lawyers to draft documents speedily for processing.

Access to finance is often more limited in towns with inadequate banking presence. When villages upgrade to village or town councils, urbanisation rates spike and people looking to settle in the area struggle with access to finance. In one such case, Atenu Developments, a developer building houses in small towns around Namibia, had to work closely with banks' credit departments to extend mortgage financing to subsidised civil servants in Oshifo, Omusati region. Initially, banks did not see an opportunity to extend credit for homes in the town. However, on the presentation of titles, proof of services on the land, and a study of the available market of homebuyers living there, banks have been persuaded to extend over 50 new home loans since 2017.²⁶

The microfinance sector in Namibia is vibrant, with 365 registered microfinance institutions as at 31 December 2018. The number of loans issued stood at 722 124 in 2018.²⁷ Many Namibians depend on cash loans, as well as micro-loans and retail loans to satisfy their monthly consumption and budget.

Affordability

According to the 2018 Labour Force Survey, 63 percent of urban households receive salaries and/or wages as their main source of income, whereas only 28 percent of rural households have salaries and/or wages as their main source of income. Average monthly wages are N\$7 935 across the employed population.²⁸ The most recently available data from the Income and Expenditure Survey 2015/16 shows that Namibian households spend 31.8 percent of their income on housing.²⁹ Mortgage growth slowed to 6.5 percent in 2018 from 8.0 percent in 2017, with growth in residential mortgages declining slightly from 7.8 percent in 2017 to 7.7 percent in 2018.³⁰

Availability of data on housing finance

The Bank of Namibia (BON) and the Namibia Financial Institutions Supervisory Authority (NAMFISA) are the main sources of macroeconomic data related to housing finance. The BON's key housing finance resources are its annual financial stability report and quarterly aggregated banking industry returns. These BON resources contain data related to aggregate household indebtedness and the performance of the mortgage market. NAMFISA's quarterly statistical bulletins contain data related to the performance of the microfinance market.

The Namibia Statistics Agency (NSA) is the main source of public data on housing demand and supply. This institution publishes monthly statistics on the number and value of building completions for four major towns. NSA demand-side data includes its Labour Force Survey (annually), Namibia Household Income and Expenditure Survey (every five years), Namibia Inter-Censal Demographic Survey (every five years) and Namibia Population and Housing Census (every decade). These demand-side sources contain data useful for profiling and segmenting the demand-side of the housing market.

Opportunities exist for improving data availability related to the title/tenure, construction, financing, and sale of houses. The digitisation of the deeds registry is currently under way and should facilitate public provision of data related to title/tenure as well as sales volumes and values.

The recent 2018 Labour Force Survey puts Namibia's narrow unemployment rate for 2018 at 19.8 percent, slightly down from the 23.1 percent that prevailed in 2017.^{31,32} Most of the 905 034 strong narrow labour force resides in urban areas (60 percent) where the narrow unemployment rate is 23.4 percent, 9 percentage points higher than that prevailing in rural areas (14.4 percent).³³

According to the 2016 Inter-Censal Report, most (50.8 percent) households live in dwellings that are "owner-occupied without a mortgage". Households that occupy their dwellings rent-free comprise 17.9 percent of the household population; 13.7 percent rent from an individual; 12.4 percent own their dwelling but with a mortgage; and 5.2 percent rent from other sources.³⁴ The government's Public Private Partnership (PPP) agenda and demand-based subsidy programmes have encouraged the private sector to lead the housing agenda.³⁵ At the lowest level of the affordability spectrum, non-profit organisations are serving the market best. One of the most impressive and impact-driven organisations is the Namibia Housing Action Group (NHAG), which works as the technical partner of the Shackdwellers Federation of Namibia (SDFN). NHAG works with local savings groups across the country to enroll communities into savings and rotational housing loan programmes and disperses grants from the federal government and private partners to sustain SDFN's housing agenda.³⁶

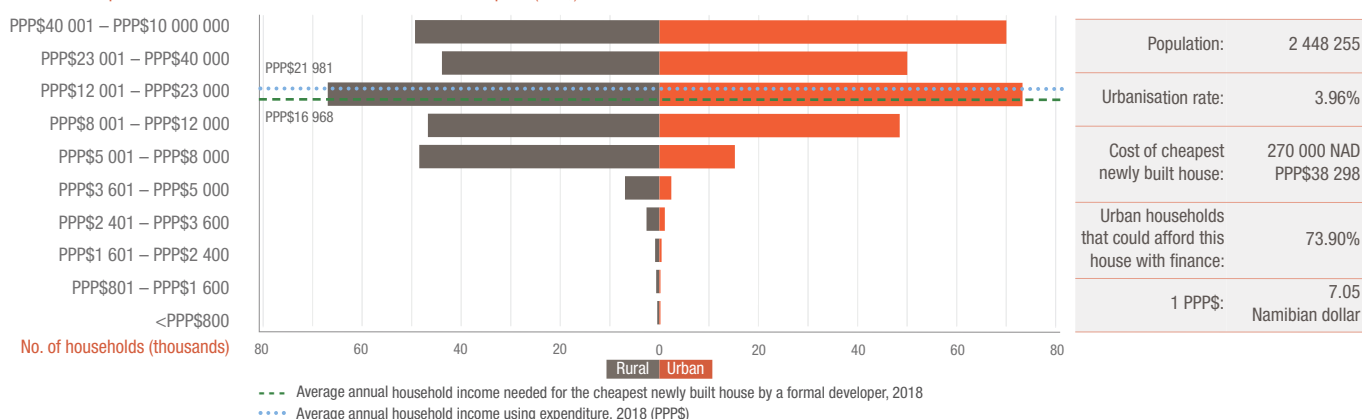
The middle-income segment is serviced by private developers. Standard Bank Namibia, for example, is financing homes of at least 45m², with minimum defined quality specifications. This leads to most homes being priced above N\$6 000/m² (US\$425). The cheapest delivered house price is N\$270 000 (US\$19 111), not counting the cost of the land.³⁷ The size and finishes of the minimum defined quality specifications required by financial institutions limit financing for the Shackdwellers' affordable products.

Affordability is further constrained by the high cost of serviced land. For banks to approve home loans, the plot must be registered with a title within a town and be fully serviced (water, electricity, and sewerage). Since most affordable houses being built are financed with mortgages, developers are focused on markets where banks provide the maximum possible loan-to-value (LTV). According to First Capital's March 2019 House Building Cost Index, building a 3-bedroom house in a southern town is most affordable, while high land costs make Windhoek the most expensive place to build the same house.³⁸

Using March 2019 prices, construction of a standard 3-bedroom house would cost N\$525 946 (US\$37 227) in Windhoek, while in Keetmanshoop it would cost

NAMIBIA

Annual income profile for rural and urban households based on consumption (PPP\$)



Source <https://www.cgidd.com/C-GIDD, 2019>

N\$334 235 (US\$23 657) because of different cost of land. Comparing similar plots in middle-income areas, land in Windhoek's Khomasdal suburb could sell for 12 times more than the price of land in a similar suburb of Keetmanshoop.³⁹

High property prices make renting popular in urban areas. According to the FNB Rental Index report, the overall national mean rent price for a 2-bedroom unit was N\$7 387 (US\$523) in May 2019. Rents across the country vary significantly by town, ranging from N\$2 250 (US\$159) in Outapi, to N\$8 171 (US\$578) in Walvis Bay. Although rental yields remain unchanged at 7.4 percent, shrinking deposits charged and a national slowdown in deposit-to-rent ratios point to weakening economic conditions in the rental market.⁴⁰

Housing supply

Initially focused on supply-side subsidies, and more recently on demand-side subsidies, the government continues to place housing delivery at the core of its development agenda, with the current waiting list for housing standing at 95 000 people.⁴¹ Despite a general slowdown in construction across the country, primarily driven by lower government spending, regional housing supply remained strong in the northern regions.⁴²

Namibia's population is closely split between urban and rural areas. According to the Namibia Statistics Agency (NSA), out of the 589 787 households in the country, 325 335 (55 percent) are in urban areas and 263 452 (45 percent) are in rural areas. In 2016, the Inter-Censal report showed that the proportion of improvised housing units (shacks) had increased from 16.0 percent in 2011 to 26.6 percent in 2016. During the same period, the proportion of detached and semi-detached houses decreased to 30.8 percent from 37.8 percent.⁴³

While urbanisation, better transport networks, expansion of retail shops and greater access to finance have increased the quality of construction, a bag of cement costs N\$87 (US\$6.16) in Windhoek, but in the border towns of Ruacana and Oranjemund it is more expensive at N\$110 (US\$7.79) and N\$120 (US\$8.49). Forty percent of all households live in dwellings where the main materials used for the outer wall and area of the dwelling are cement blocks, bricks or stones. In urban areas, almost half (48.5 percent) of all households live in dwellings with these characteristics, but in rural areas only 29.5 percent of households do.⁴⁴

A Windhoek-based architect has driven an initiative to lower the cost of land by creating shared spaces on single plots.⁴⁵ While the supply of new serviced land has decreased in the country's main urban centres⁴⁶, the city's mayor, Muesee Kazapua, announced in September that the council approved the sale of 319 plots. Private developers have several large-scale housing projects in the pipeline, aiming to improve the supply of serviced plots.⁴⁷ For example, Nuvella plans to deliver up to 50 000 units in the Monte Christo area of Windhoek, and over 400 parcels in Ondangwa at their King Kauluma Gardens project.⁴⁸ The Swakopmund municipality plans to build 1 590 houses, of which 637 will be credit-linked and 956 will be funded by the municipality.⁴⁹ Furthermore, the municipality expects

to complete more than 230 units by the end of 2020.⁵⁰ The governor of the Erongo Region announced a housing project which will construct 61 000 houses over the next 5 years.⁵¹ A new development a few kilometers outside of Windhoek, known as the Ongos Valley development will further increase housing supply through the construction of self-sustaining residential and commercial centres. Phase I of the Ongos Valley development will introduce over 4 500 housing units and supporting infrastructure at a value of N\$4.3 billion.⁵² The Development Bank of Namibia has also been a strong contributor to the development of housing in Namibia, approving N\$796 million for affordable housing projects and N\$580 million for land servicing.⁵³

These improving supply dynamics are reflected in the NSA's Composite Index for Buildings Completed (based on data sourced from the Windhoek, Swakopmund, Walvis Bay and Ongwediva town councils). The index showed a year-on-year improvement of 3.4 percent in buildings completed between 2018 and 2019.⁵⁴

Property markets

The centralised deeds registry falls within the Ministry of Lands and serves the entire country's registration of property. In recent months, the Deed's Office has started digitising its records. According to Namibia's Deeds Office, the exact number of residential properties with a title deed is unknown and impossible to count precisely. However, the registrar can estimate that a total of 274 897 properties have been transferred and their associated records digitised since the process begun.⁵⁵ On average it takes seven to 10 days to change a property's registration information once all documentation and duties are presented for the relevant process. The cost of registration includes deeds office administration and conveyancer fees. Buying land for N\$500 000 (US\$35 390), would yield a property registration cost of N\$6 660 (US\$471), N\$300 (US\$21.23) for the deeds office administration and N\$6 360 (US\$450) for the conveyancers.⁵⁶

Despite the formalisation of many urban lands into townships and municipalities, there are still land disputes in the country. Various San and Herero groups have ancestral land claims to different regions in the country. The Nyae and Ntja Jaqna conservancies constitute a large part of the ancestral lands of the San in Namibia.⁵⁷

Within the urban sector, both formal and informal residential resale markets exist. Within informal settlements, shacks and other structures are put up on land that is not serviced or titled and sold for cash by their owners. The formal residential market requires two legal processes, which are regulated by the Receiver of Revenue and require stamp duties. The property must be transferred from the seller to the owner via the deeds office, and a mortgage bond must be registered on the title in order to finance the acquisition of the property.

Namibia's housing demand continues to outstrip supply, increasing rental prices in key urban areas. The Namibia Real Estate Board oversees and monitors certification and performance of real estate agents. Real estate agents manage

most of the deal flow within the high-income segments; however developers frequently play this role in the affordable housing market. This stems from there being no formal requirement to use a certified real estate agent to buy or sell a home.⁵⁸

Policy and regulation

Post-independence, the Namibian government identified housing as a priority area, and over the years has passed legislation to formalise its involvement in housing delivery. The National Housing Policy was established in 1991 and reformed in 2009. The policy guarantees the right and access to land, housing and services to all Namibians in the territory, establishing the government's role in creating a vibrant housing market. In 1992, the Local Authorities Act decentralised housing, giving local municipalities more responsibility. In 1993, the National Housing Enterprise Act created the government agency (under the same name) tasked with housing delivery across the country. In 2000, the National Housing Development Act established the National Housing Advisory Committee and the Build Together Programme.⁵⁹

The Ministry of Urban and Rural Development is responsible for housing policy. The Build Together Programme provides funding for communities to develop their own homes. Despite not having met its target of 1 200 homes a year, the programme has enabled many communities to develop residential property through grants. Although government funding for housing has slowed over recent years, the Habitat Research and Development Centre continues to be relatively well resourced.⁶⁰ The success of the SDFN in serving the lowest income segment, has given it access to increased government funding, N\$10 million (US\$710 000), in the last year.⁶¹

Government policy aims to increase land supply and incentivise the private sector. Recently, the Ministry of Finance drafted and published a policy on Public Private Partnerships (PPP) to encourage private sector investment in housing.⁶² Land distribution is managed by local authorities through tender processes advertised and approved by local councils. However, ministerial approval is required for the sale of property by town councils, and some bottlenecks exist in the lengthy inter-departmental approval processes. At the core of the land agenda, there are several groups negotiating with government over historical claims to communal land. The

government prioritises discussions and engagements with traditional authorities to handle all claims. The effects of the policy frameworks that have shaped the agenda, including the National Land Policy of 1998, the Communal Land Reform Act 2002 and the Draft National Land Tenure Policy of 2005, are analysed in Jones and Begbie-Clench (2019).⁶³

Opportunities

Namibia's housing shortage is estimated to be 110 000 units, with the NHE having a waiting list of 95 000 people. The shortage shows a clear opportunity for housing development, particularly in the affordable market. Decreased government spending on urban and rural development, while holding government housing delivery targets consistent, further supports the need for government to rely on public-private partnerships. Developers and financial institutions willing to partner with government could be well placed to use financial instruments from the private sector such as mortgages and rent-to-buy schemes to help finance the development of housing stock.

The introduction of a digitised deeds registry and mortgage application process will make it easier and cheaper to transact. Increased efficiency and security could drive property transaction volumes, creating an opportunity for conveyancers, real estate agents, developers, and banks who typically oversee and help fund these transactions.

Namibia's high cost and shortage of serviced plots presents a barrier to housing delivery. Companies may be able to unlock value by providing serviced plots to property developers or by lowering the cost of land by creating shared spaces on single plots.

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Niger

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Overview

Niger Republic is a mainly rural country. Agriculture therefore remains a priority for Niger as part of its strategy to strengthen and accelerate economic growth. The country is one of the largest producers and exporters of uranium and oil in the world. In spite of its resources, Niger continues to be one of the least developed countries in the world. Plans to develop the nation and gear it towards economic growth are under way. The Economic and Social Development Plan (Le Plan de Développement Economique Et Social, PDES 2017-2021) provides for numerous projects to accelerate economic growth and modernise the country. PDES is the five-year plan of the Sustainable Development and Inclusive Growth strategy (La Stratégie de Développement Durable et de Croissance Inclusive).¹ PDES also details a number of infrastructure projects, among which is the Cotonou-Niamey-Ouagadougou railway, a pipeline for exporting crude oil and the Salkadama power project.

Niger enjoys relative political stability since the peaceful presidential and parliamentary elections in 2016, in spite of external threats along its borders, including conflicts in Mali and Libya, and religious conflicts such as Boko Haram in Nigeria. Economic outlook is favourable, with real gross domestic product (GDP) growth projected at 5.3 percent in 2019 and 5.7 percent in 2020.² In 2018, real GDP was estimated at 5.2 percent up from 4.9 percent in 2017 due to the agricultural sector's strong performance. At the same time, consumption grew by 4.5 percent and investment by 11 percent compared to 2.4 percent in 2017. Niger's GDP composition has a consistent combination, with agriculture taking up 43.4 percent of GDP in 2018, followed by services at 35 percent, industry at 14.9 percent, and a fiscal deficit estimated at 5.9 percent of GDP.³

Niger's economy continues to show progress, as illustrated by the different urban infrastructure programmes realised under President Issoufou Mouhammadou to modernise the country and transform many of its regional capitals into modern cities. The programme includes the transformation of Niamey, the capital, into a modern city; and Zinder Sabula, Maradi Kolia, Dosso Sogha. In 2019, a new airport was unveiled, major roads were completed, and presidential hotels, commercial buildings and official residences were constructed to host dignitaries during the African Union Summit in July 2019 in Niamey.

In 2019 Niger was elected to the United Nations Security Council. Niger also organised the 35th African Union Summit and witnessed the outcome of

KEY FIGURES

Main urban centres	Niamey
Exchange rate: 1 US\$ = [a] 1 July 2019	580.15 CFA Franc (XOF)
1 PPP\$ = [b]	218.20 CFA Franc (XOF)
Inflation 2018 [c] Inflation 2019 [c]	3.0 2.4
Population [b]	22 442 948
Population growth rate [b] Urbanisation rate [b]	3.7% 4.3%
Percentage of the total population below National Poverty Line (2017) [d]	28.7%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	0.3%
Proportion of the adult population that borrowed formally (2017) [b]	2.8%
GDP (Current US\$) (2018) [b]	US\$9 240 million
GDP growth rate annual [b]	5.2%
GDP per capita (Current US\$) (2018) [b]	US\$412
Gini co-efficient	n/a
HDI global ranking (2017)[d] HD country index score (2017) [d]	189 0.354
Lending interest rate (2017) [b]	5.14%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$)	US\$24 million
Number of mortgage providers [g] Prevailing mortgage rate [f]	5 7.4%
Average mortgage term in years Downpayment	n/ n/a
Ratio of mortgages to GDP	0.26%
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed [h]	52 000
Number of houses completed [h]	100
Number of formal private developers/contractors	n/a
Number of formal estate agents [i]	27
Cost of a standard 50kg bag of cement	4 350 XOF (US\$7.50)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [h]	7 500 000 XOF
Size of cheapest, newly built house by a formal developer or contractor in an urban area [h]	45m ²
Average rental price for this unit in an urban area (local currency units)	n/a
Number of microfinance loans outstanding	n/a
Number of microfinance providers [f]	40
Number of housing construction loans outstanding	n/a
Number of providers of construction finance	n/a
World Bank Ease of Doing Business Rank [e]	143
Number of procedures to register property [e]	4
Time (in days) from application to completion for residential units in the main urban city [e]	91

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[f] Central Bank of West African States (BCEAO)
[b] World Bank World Development Indicators	[g] Niger Housing Bank
[c] IMF World Economic Outlook Database	[h] Ministry of Urban Planning and Housing
[d] UNDP: Human Development Reports	[i] Niger Chamber of Commerce
[e] World Bank Doing Business 2018	

diplomatic relations with the launch of the operational phase of the African Continental Free Trade Area Agreement (AfCFTA). Niger has also undertaken reforms to improve its business environment and created one-stop-shop outlets for starting and registering a business. These efforts have improved Niger's Ease of Doing Business ranking to 143 out of 190 in 2019 compared with 144 place in 2017.

Access to basic services remains a challenge. Poverty is a concern with 28.7 percent of the population living below the national poverty line in 2017. With a growing, predominantly young population of 22.44 million inhabitants in 2018 and a fertility rate of 6.1 children born per woman,⁴ one of the highest in the world, Niger needs to urgently plan to meet the needs of its growing population. High unemployment rates, especially among the youth, and a galloping urbanisation rate (4.27 percent) is adding to the economic and social challenges. Some of the measures to eradicate poverty include the promotion of youth entrepreneurship

through the National Strategic Framework for the promotion of Entrepreneurship in Niger, and the promotion of economic and social housing through the presidential programme for housing.

Access to finance

Market penetration of formal financial services is progressing with a major new entrant to the market, La Banque De l'Habitat Du Niger (BHN), which opened for business on 15 December 2018. BHN is a mortgage bank. The bank's mission is to promote and develop mortgage finance in Niger. In less than one year of operation, BHN opened its first agency in Maradi, one of the main economic regions of the country.

Niger's formal financial sector is regulated by the West African Economic and Monetary Union's (WAEMU) central bank, La Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO). As of December 2018, Niamey had 12 commercial banks, with branches concentrated in some of the other big cities. In 2011, the agriculture bank, Bagri, was established with branches in most of the regional capitals of the country. The capital Niamey also boasts two financial and advisory institutions, three mobile remittance providers⁵ and 40 microfinance institutions (MFIs).⁶ Four major banks, Société Nigérienne de Banque (Sonibank), Bank of Africa, Ecobank and Banque Atlantique dominate the market with deposits estimated at CFA558 billion (US\$962 millions) out of CFA876 billion (US\$1.510 billion) in October 2016, representing 67 percent market share.⁷ The market penetration for financial services, however, remains extremely low in Niger with 15.5 percent of adults who are 15 years old and above having a bank account compared to the average of 42.6 percent in Sub-Saharan Africa.⁸ In 2019, 27 active financial service providers (FSPs) registered with the online repository Mixmarket. These 27 FSPs disbursed a total of US\$55 million to 259 000 borrowers and held (US\$34 million) in deposits from 255 000 consumers in the country.⁹

Prior to 2000, the government of Niger offered housing loans and subsidised homes to government employees through a public and private-owned credit and loan institution known as Crédit du Niger (CDN) and through a government-owned housing development company called Société Nationale d'Urbanisme et de Construction Immobilière (SONUCI). SONUCI is still operational but CDN was liquidated and replaced in 2011 by BHN, which was incorporated with capital worth CFA10 billion (US\$17.2 million) together with Caisse Nationale de Sécurité Sociale, the national pension fund, which is the majority shareholder at 25 percent. Other shareholders include the Niger government with 20 percent, Société du Patrimoine des Mines du Niger with 20 percent, Société Nigérienne des Produits Pétroliers with 20 percent, Banque Ouest Africaine de Développement with 8.25 percent, La Nigérienne d'Assurances et de Reassurances with 0.5 percent, and private Nigeriens holding 0.5 percent. BHN offers housing loans to developers and individuals who qualify for a mortgage loan according to BHN criteria. The bank offers preferential interest rates to developers and, until August 2019, the average interest rate was eight percent.¹⁰ As of 2018, commercial banks in Niger offered housing loans, including loans with employer-provided collateral and have initiated partnerships with developers in the housing industry. In most cases, down payment requirements are a minimum of 10 percent and a maximum of 30 percent of the loan amount. The interest rate is usually between eight percent and 10 percent with mortgage terms of seven to 20 years.¹¹

The government has approved the creation of a National Housing Fund (Fonds National de l'Habitat, FNH) to increase access to housing finance, however the fund is yet start operating. FNH, which will act as a guarantor, is expected to have an impact on interest rates and mortgage maturity terms. Hopefully, the fund will result in an interest rate reduction and an increase in maturity terms.

Apart from BHN and other commercial banks, private but informal housing developers use private capital to build houses for rent to both low income and high income households. Additional forms of housing finance include personal savings, remittances and family assistance. The financial market is still highly dominated by the informal sector; however, further data is unavailable. As with most WAEMU countries, long-term lending remains elusive. Nevertheless, there are opportunities for developing national and regional mortgage banks and credit bureaux.

Availability of data on housing finance

The data on housing in Niger is collected by different institutions: the national central bank (BCEAO Niger), the ministry in charge of housing, the ministry of finance, the national city council, Banque d'habitat du Niger; BHN, commercial banks, the Association of Bankers, (Association professionnelle des banques et établissements financiers), the Chamber of Commerce (Chambre de commerce d'industrie et d'artisanat du Niger) and the National Institute of Statistics (Institut National de la Statistique du Niger, INS) which also conducts the general census, Recensement Général de la population et de l'habitat.

Data collection is cumbersome. INS and BCEAO publish a variety of periodical reports on the economy and the banking industry. However, few reports on housing finance are produced.

Affordability

Approximately 73.9 percent of the country's population earns below CFA1 798 (US\$3.1) a day, which makes even the smallest mortgage unaffordable. Most Nigeriens cannot afford homeownership; access to mortgage finance is limited and when available, interest rates and loan terms make the cost of borrowing high. In spite of the government's efforts to promote access to affordable housing, implementing of these programmes has been slow. Mortgage bank BHN was instituted in 1998, developed in 2011, but only became operational in December 2018. The FNH was also instituted in 1998 and approved by the government on 5 December 2017.¹² In addition, construction of the Presidential programme of 25 000 housing units, announced in 2016, is yet to materialise.

The delays in implementing housing projects contribute to lack of adequate and affordable houses. The last project implemented since 2009 was Sary Koubou and costs CFA7.5 million (US\$12 928)¹³ a unit. Most of the population living in the capital rent their homes from informal housing promoters that build them and SONUCI. Rents vary according to quality and location and range from CFA150 000 (US\$258) to CFA800 000 (US\$1 379) for middle and upper income housing in Niamey. Other forms of renting include the popularly known "rooms" or "room and parlour" arrangements found all over urban centres in Niger, ranging in price from CFA30 000 (US\$52) to CFA90 000 (US\$155) a month.¹⁴ At present, no company or institution provides rentals on a large scale, including SONUCI, which used to do so in the past.

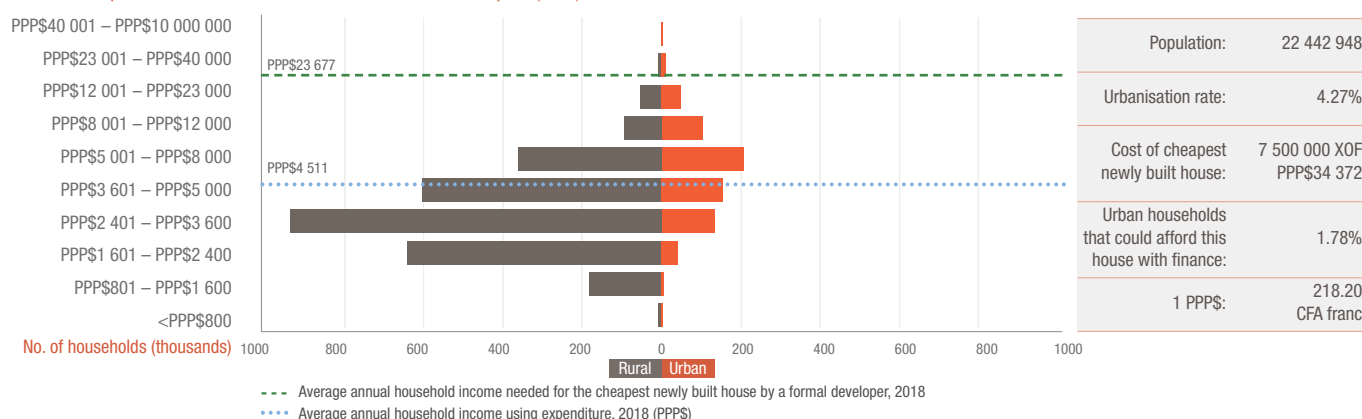
Housing supply

The last national census was in 2012 and the data are outdated. The 2012 census indicated that there are approximately 2.5 million households in Niger, with 436 295 living in urban areas and approximately two million in rural areas.¹⁵ According to the local press, the latest estimate in the demand for housing is 40 000 units while supply is at 11 420 units. The demand for housing in Niamey is 5 000 units.¹⁶ Housing backlogs in Niger are a reality with demand far exceeding supply. In recent years, the combination of economic growth, population growth and rapid urbanisation has escalated demand, resulting in higher rental rates especially in Niamey and other urban centres.

There are no recent statistics on the number of registered companies in the construction industry, with only those registered with the chamber of commerce identified (27),¹⁷ and this is because the sector is dominated by informal enterprises. The majority of those enterprises function in the roads and urban infrastructure sector. The few formally registered companies in the real estate sector focus on land acquisition from traditional proprietors and servicing the land into plots. This is probably due to their financial capacity. Currently there are no investment banks and the first mortgage bank started operating in December 2018. Before the (Sheida) law, only the government could service land into plots and own land permanently. Since then (2006), private enterprises do acquire land, service land into plots and sell the serviced plots to potential homeowners who build their homes incrementally. The majority of potential homeowners finance these purchases with savings and loans. BHN will finance a client with a regular income who qualifies for a loan to purchase or construct a house.

NIGER

Annual income profile for rural and urban households based on consumption (PPP\$)



Source <https://www.cgidd.com/C-GIDD, 2019>

The most popular MFI scheme consists of initial savings over three-to-five years for land acquisition, after which a loan is granted according to the client's income and the land title. These loans in most cases are insufficient, leaving homeowners to build their homes over time.

Housing stock can be classified into three principal categories based on the material used for construction: construction with mud and straw, and ceilings of wood (maison en terre cuite / banco); construction with mud and plaster with cement, and corrugated iron sheet for the ceiling (maison en semi dur); and construction with cement, concrete and stone, and corrugated iron for the ceiling (maison en dur) modern homes. Modern homes represent 34 percent of housing in urban areas.¹⁸ This situation is changing rapidly; traditional houses are being replaced by modern ones in all the urban centres. The average cost of construction for modern houses depends on the geographical location, the size of the land, the plan and the quality of the materials used. In the capital, housing stock is predominantly constructed with durable materials, cement and concrete.

Since 1960, the government has been the main producer and financier of housing and continues to play a major role. Government homes are sold to government employees only. More recently, the government introduced policies to facilitate both public-private partnerships and land access for developers. From 2000 to 2012 the government constructed 145 housing units in Niamey, funded by the People Republic of China at a cost of CFA1.7 billion (US\$2 930 260), and another 174 units in the Sary-Koubou project in Niamey, financed by the government for CFA2 billion (US\$344 365¹⁹), providing one- to four-bedroom houses. Each unit was constructed on 200m² – 400m² of land and delivered in 2016. The government also provided serviced land to civil servants in compensation for unpaid salaries. About 12 600 civil servants effectively benefited from the scheme and became landowners.

According to the Minister of Lands, Urban Planning and Housing, Waziri Maman, housing remains a priority even though the programme to construct 25 000 units is yet to be implemented due to external factors such as security shocks and the decline in oil commodity prices. As part of government efforts to resolve housing backlog, Niger has signed contracts with private companies for a total of 7 550 units to be built. A Chinese construction company is expected to build a further 25 000 units with guarantee obtained from BHN and "Fonds de Solidarité Africaine".²⁰ Other efforts include digitalisation of data and land information to secure the right of tenure, and the setting up of FNH.²¹

Property markets

Niger's property market is dynamic. Construction is going on all around the country with hotels, commercial outlets, residential buildings and petrol stations being built. Property prices have risen steadily over the past decade given the increase in demand for houses and commercial properties. However, supply of residential and commercial units is insufficient with reforms being implemented to promote the market, especially to meet the needs of low income households.

The land market is also dynamic in terms of price, ownership patterns and tenure security change. Land prices are escalating, and ownership patterns are increasingly becoming complicated since reforms to allow the allotment of land by private developers. The government has introduced other reforms to promote the property market and protect investors, such as digitising information for land title deeds.²² The geographic institute that produces maps will also be modernised and reinforced to produce accurate plans and landmarks.

Although the housing market is predominantly informal, opportunities exist in every sector of the market. House prices range according to geography, architectural plans and amenities. Rents vary between CFA400 000 (US\$689) and CFA2 000 000 (US\$3 447) for upper-end villas, mainly for expatriates and businesses. Rents for mid upper classes are CFA150 000 (US\$259) and above. The rents in popular areas range between CFA30 000 (US\$52) and CFA100 000 (US\$172). Housing stock in these markets is privately owned and only a few resales are done and to some extent following an informal pattern. A new villa with three bedrooms, one kitchen and one bathroom on 400m² of land in "francophonie" or Bobiel²³ is approximately CFA30 million (US\$51 710).²⁴

The Niger Republic improved its performance in the 2019 World Bank Doing Business ranking by considerably reducing the number of days to register a property to 13 days. The country ranks 143 out of 190 economies in terms of the Ease of Doing Business, 158 in dealing with construction, and 111 in registering property. Four procedures are required to register a property. The cost of registration is 7.6 percent.²⁵

Policy and regulation

Niger's National Policy and Regulation on Land (La loi N° 98-56 du 29 décembre 1998, Politique Nationale en Matière d'Habitat)²⁶ was adopted on 29 December 1998. The law defines the procedures for housing finance and the approach to promoting housing development. These include creating a national housing fund scheme, creating a national research centre to promote construction materials and technology, and transforming (Crédit du Niger; CDN) into a housing finance bank. The housing finance bank has been established and is now operative. The creation of FNH was approved in 2017.²⁷ Two important laws were approved in 2017 and 2018: Loi 2017-20 du 12 Avril 2017, enacted on 12 April 2017,²⁸ which deals with construction permits and the amendment of Loi 2001-032 du 31 Décembre 2001 of 31 December 2001, which aims to update and take into consideration issues such as climatic change and regional land planning (UEMOA).

The Public Private Partnership Act promulgated in 2012 on the development of urban infrastructure for housing is working well, as demonstrated by the increased number of housing project agreements signed between the government and investors between 2017 and 2019. The public private partnerships are significant for both private developers and government alike because of the requirements for long-term financing.

Opportunities

The Niger Republic offers opportunities for housing development and mortgage finance solutions due to housing supply required to bridge the housing backlog. This is critical in the urban areas. The combination of high rates of urbanisation, the country's changing demographics, and favourable economic outlook together position the country for investment opportunities.

Niger is rich in mineral resources, limestone and gypsum, which is used in making cement. A new cement factory, Malbazar Cement Company, created with a production capacity for 650 000 tons was inaugurated in March 2019. This addition to the housing finance ecosystem is significant because it will decrease housing construction costs. This growth in the cement industry will not only increase production and reduce costs but also generate employment, revenues for the government and accelerate the development of urban infrastructure and housing.

Niger's property market is in its embryonic stage and offers investment opportunities in all sectors of the market: retail construction; residential development; and commercial, industrial and hospitality construction in the country's urban centres. Affordable houses and "célibatérium"²⁹ with rents between CFA30 000 (US\$52) and CFA100 000 (US\$172) are in high demand and incentives are being created to stimulate this segment of the property market. The country's housing and finance ecosystem is ripe for investors that can address the need for affordable housing.

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²⁹ Popular single room or a room and parlour found in the popular modest income neighbourhoods.

Nigeria

Author: Dr Roland Igbinoba



Overview

Despite improving macroeconomics, housing remains a perennial problem in Nigeria. Nigeria's external reserves as at June 2019 were more than US\$45 billion, rising from US\$23 billion in October 2016.¹ As at May 2019, the inflation rate was 11.40 percent, down 7.32 percentage points from January 2017.² Further, GDP growth has climbed for seven successive quarters following the recession, and the exchange rate has continued its stability at N360/US\$1 for the last two years. However, mortgages still stand at 1.13 percent of GDP and the total number of outstanding mortgages in the country is 113 069.³

With the unemployment rate at 23.1 percent, the economy has not fully optimised since recovering from the recession. This is largely due to the slow growth rate of GDP relative to the population growth of 2.7 percent per annum. The average GDP growth over the last three years is approximately 1.4 percent.⁴ The Central Bank of Nigeria has also attributed the high unemployment rate to the substantial drop in crude oil prices.⁵ Crude oil contributes over 66 percent of Nigeria's revenue.

As the dust settles from the pre-election and election activities, the emergence of President Muhammadu Buhari to another four-year term seems to reassure investors of political stability in the country. The recent appointment of cabinet ministers further solidifies this gain. Expectations are that the President and his cabinet ministers will quickly move to further diversify the economy and improve the investment climate. The team should also aggressively execute the Economic Recovery Growth Plan (ERGP)⁶ which was meant to bring the country back to its pre-recession period (2015/16). Delivering on the ERGP is critical to boost the confidence of investors. While the ERGP projected an average GDP growth of 4.62 percent⁷ over the planned period (2017 – 2020), the Nigeria Bureau of Statistics (NBS) Q1 2019 report reveals that the economy grew by 2.01 percent.

At a projected population of 263 million by 2030⁸, the housing situation in Nigeria calls for an emergency response. The Abuja International Housing Show has consistently renewed its call for a deliberate government intervention in the sector.⁹ Part of government's response to this call is the creation of the Family Homes Fund (FHF). FHF is a public-private partnership (PPP) between the Federal Ministry of Finance and the Nigeria Sovereign Investment Authority (NSIA), where the federal government is funding FHF with N500 billion (US\$1.39 billion) over a five-year period. FHF is helping to ease access to affordable housing in Nigeria.

KEY FIGURES

Main urban centres	Lagos, Kano, Ibadan, Kaduna, Port-Harcourt, Benin City, Maiduguri, Zaria, Aba, Jos
Exchange rate: 1 US\$ = [a] 1 July 2019	360.69 Nigerian Naira (NGN)
1 PPP\$ = [b]	110.22 Nigerian Naira (NGN)
Inflation 2018 [c] Inflation 2019 [c]	12.1 11.7
Population [b]	195 874 740
Population growth rate [b] Urbanisation rate [b]	2.6% 4.2%
Percentage of the total population below National Poverty Line (2017) [d]	44.5%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	7.0%
Proportion of the adult population that borrowed formally (2017) [b]	4.0%
GDP (Current US\$) (2018) [b]	US\$397 270 million
GDP growth rate annual [b]	1.9%
GDP per capita (Current US\$) (2018) [b]	US\$2 028
Gini co-efficient (2017) [b]	43.00
HDI global ranking (2017) [d] HD country index score (2017) [d]	157 0.532
Lending interest rate (2017) [b]	16.9%
Yield on 2-year government bonds [f]	14.3%
Number of mortgages outstanding [f]	113 069
Value of residential mortgages outstanding (US\$) [f]	US\$1 099 million
Number of mortgage providers [f] Prevailing mortgage rate	35 25%
Average mortgage term in years [f] Downpayment [g]	20 20%
Ratio of mortgages to GDP	0.30%
What form is the deeds registry? [e]	Computer - Scanner
Total number of residential properties with a title deed	n/a
Number of houses completed	n/a
Number of formal private developers/contractors [h]	7 343
Number of formal estate agents [i]	25 647
Cost of a standard 50kg bag of cement [j]	2 550 NGN (US\$7.07)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [k]	2 900 000 NGN
Size of cheapest, newly built house by a formal developer or contractor in an urban area [k]	32m ²
Average rental price for this unit in an urban area (local currency units)	188 000 NGN
Number of microfinance loans outstanding	n/a
Number of microfinance providers [f]	1 013
Number of housing construction loans outstanding	n/a
Number of providers of construction finance [f]	27
World Bank Ease of Doing Business Rank [e]	146
Number of procedures to register property [e]	12
Time (in days) from application to completion for residential units in the main urban city	540

NB: Figures are for 2019 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF):

Federal Mortgage Bank of Nigeria (FMBN)

Haggai Mortgage Bank

Nigeria Mortgage Refinance Company (NMRC)

[a] Coinmill	[g] Nigerian Mortgage Refinance Company
[b] World Bank World Development Indicators	[h] Nigeria Bureau of Statistics
[c] IMF World Economic Outlook Database	[i] Association of Estate Agents
[d] UNDP: Human Development Reports	[j] Dangote Cement
[e] World Bank Doing Business 2018	[k] Millard Fuller
[f] Central Bank of Nigeria	[l] Nedcoms Limited

Having been set up in 2018, the fund's focus is to provide 500 000 homes and 1.5 million direct and indirect jobs for the populace within a five-year period. As part of its deliverables, FHF recently completed the development of 650 housing units of low income housing in Asaba, Delta State. The project was in partnership with the Delta state government and Locke Homes Ltd.

With FHF making useful progress in affordable housing provision, stakeholders in the sector decry government neglect of the informal sector. Nigeria's economy is the largest in Africa, with a GDP of US\$530 billion. The informal economy represents 65 percent of GDP.¹⁰ Stakeholders argue stem that with an estimated N81.05 trillion (US\$226 billion) income in the informal economy,¹¹ a successful transaction structure that can attract this revenue will help bolster the housing

market. In addition, since informal sector operators make up 83.2 percent of Nigeria's 81.15 million workforce,¹² allowing them to be part of a contributory pension scheme will create a significant leap in the provision of affordable housing.

Access to finance

Financial inclusion is a key part of the strategic plan laid out in the ERGP to return Nigeria to its growth path. To demonstrate this, Nirsal Microfinance Bank (NIRSAL) was set up in March 2019. NIRSAL is a N5 billion (US\$136 276) licensed national microfinance bank with a strategic plan of having branches in all 774 local government areas in Nigeria. The bank is a collaboration between the bankers committee, the Central Bank of Nigeria (CBN), and Nigeria Postal Services (NIPOST). The bank is structured to economically empower individuals and small enterprises. The outcome is an increased level of job creation and poverty reduction. With increased earnings at the bottom of the pyramid, people will be able to secure mortgages and /or housing microfinance loans. Another inclusionary strategy is the newly launched micro-pension initiatives aimed at catering to 44.3 million self-employed and non-salaried workers who are presently excluded from the benefits of the pension industry.¹³

Nigeria has 34 mortgage banks, 27 commercial banks, and 7 microfinance banks that provide financing for housing demand and supply. In August 2019, a landmark merger between Trustbond Mortgage Bank and First Mortgages Ltd was concluded. This transaction was a milestone in the mortgage subsector because it was the first of its kind. It is hoped that with the consolidation of these primary mortgage banks, access to finance in the subsector will improve.

The Central Bank of Nigeria continues to support the mortgage market in Nigeria. The proposed creation of the Nigerian Mortgage Guarantee Company (NMGC)¹⁴ and Mortgage Interest Draw Back Fund¹⁵ (MIDF) are seen as a welcome development in the market. Further, to tap into the opportunities of the informal market, a uniform underwriting standard has been approved for mortgage lending to the informal sector and non-interest mortgages. CBN has also issued a new draft guideline and recapitalisation document for primary mortgage banks (PMBs).¹⁶

It is hoped that these new efforts by the CBN will improve the activities in the mortgage sector. The number of outstanding mortgages in the country is only 113 069 with a corresponding value of N396.56 billion (US\$1.1 billion).¹⁷ The lowest mortgage interest rate in the country is six percent and only obtainable under the National Housing Fund (NHF).¹⁸ The upper bound on mortgage interest rates is as high as 25 percent, and this is partly responsible for the level of non-performing loans (NPL) in the market. NPL is currently 59.69 percent.¹⁹ Even though loan tenors are currently 20 years, the equity requirement of 20 percent for mortgage loans also contributes to the NPLs. The progressive use of credit bureaux by lenders in the market is helping to identify perpetual defaulters and is increasing risk management in the subsector. Most financial institutions are connected to at least two credit bureaux based on the requirements of the CBN.

Stakeholders in the industry have continued conversations on the possibility of adopting Islamic housing microfinance as an alternative that can be developed in Nigeria and could help in reducing NPLs.²⁰ As with the Islamic bond, sukuk, the idea is to create a transaction structure that enhances wealth distribution hinged on equality and fairness, leaving no one behind.

Further, the CBN continues to push money operators and super agents, "companies licensed by the CBN to recruit agents for agency banking i.e. provision of financial services within communities on behalf of banks," through the Shared Agent Network Expansion Facilities (SANEF).²¹ SANEF is aimed at an aggressive roll out of a network of 500 000 agents to offer basic financial services to underserved locations in the country. The target is to ensure financial inclusion of 95 percent by 2024.

Affordability

Housing affordability in the Nigerian context for most of the populace is almost impossible without a deliberate, concerted and sustainable involvement of government. The stark reality is that even if private investors are willing to partner the government, the investment climate specifically for housing and housing finance needs to improve significantly. A challenge facing the public sector is increasing

Availability of data on housing finance

Democratisation of data in the housing sector in Nigeria requires significant improvement. A major part of the challenge is that custodians of relevant data – government institutions and agencies – do not publicly share data that would help the private sector deliver affordable housing. In her recent report (September 2019), the UN Special Rapporteur on Housing emphasized that the lack of recent data relevant to Nigeria's housing sector is a challenge to developing and implementing effective housing policy.

Private sector players should approach these government agencies with the goal of helping them mine the data for the benefit of the government institutions and the entire sector.

Professional associations are also not mining the huge data that they already have at their disposal. For example, in constructing the Roland Igbino House Price Index (RI Index), a mix of newly sold house and listed prices are used. None of the indices have been constructed using resale prices.

Recently, FMBN, NMRC, CBN and the Real Estate Developers of Nigeria (REDAN) have teamed up to adopt the NMRC market information portal as the repository for housing market information in the country. This is a good starting point. Now the most important task ahead is to provide, collate and analyse data that will be fed into the portal.

the provision of basic infrastructure services to the urban poor. In her report following a September 2019 visit, the UN Special Rapporteur on housing highlighted issues of forced evictions and burgeoning informal settlements, underlining the extent and nature of the housing crisis. Robust public funding is required for housing programmes to fulfill and target the needs of low income households.

The combination of the Federal Mortgage Bank of Nigeria (FMBN) and the Family Homes Fund (FHF) appears to be major route for affordable housing for most low and middle income earners. While FMBN has been in the market for over 30 years, the entrance of FHF has inspired additional activities in the affordable housing space.

FHF is currently executing a two-pronged approach to home ownership in the country through a fund mechanism. These are 'Help to Own Fund' and 'Rental Housing Fund'. The Help to Own Fund provides loans to qualified borrowers on concessionary terms to improve affordability. Under this structure, qualified borrowers must make a downpayment of 10 percent of the purchase price while the balance of 90 percent is funded via a 50 percent mortgage from mortgage lenders and 40 percent from FHF. The loan from FHF requires no repayment in the first five years. The borrower begins the repayment in year six with interest and capital repayment. The interest on the loan is 15 percent a year. The tenor of the loan is 20 years and both the conventional mortgage loan and FHF loan must be fully repaid before ownership is transferred to the borrower. Effective interest on the loan is approximately 6.5 percent over the life of the loan.

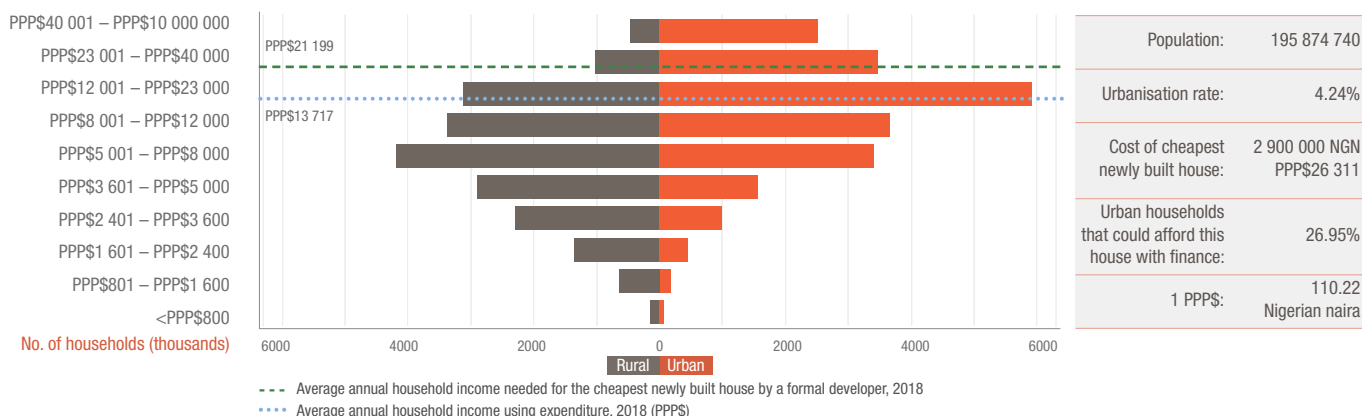
In the medium term, FHF wants to achieve house prices ranging from N3 million (US\$8 317) for a 1-bedroom unit; N4.5 million (US\$12 476) for a 2-bedroom unit; and N6.5 million (US\$18 021) for a 3-bedroom unit.²²

Housing supply

The gap between supply and the huge housing demand in Nigeria is exacerbated by market variables such as accessibility of land, infrastructure and building materials.²³ This gap is estimated to grow annually by approximately 20 percent.²⁴ The World Bank states that: "Estimates of output in the formal housing sector range from no more than 100 000 per year to an optimistic 200 000 per year, which covers only a fraction of the at least 700 000 units required per year to keep up with growing population and urban migration."²⁵ This is part of the reason for the proliferation of informal housing and slums in urban areas. Half of Nigeria's

NIGERIA

Annual income profile for rural and urban households based on consumption (PPP\$)



Source <https://www.cgidd.com/C-GIDD, 2019>

population resides in slums, which provide the ideal conditions for transmission and progression of infectious and communicable diseases such as tuberculosis.²⁶

Despite the lull in housing supply, the rental market in Nigeria is moderately attractive to investors, returning yields of approximately 4 – 5 percent a year.²⁷ There is a lot of industry interest in rental housing as witnessed during the recently held Abuja International Show (July 2019). This may be one sure avenue to meeting the current housing demand if properly harnessed.

The campaign promise made by President Mohammadu Buhari in 2015 to provide 2 million new middle class houses has suffered setbacks. However, the administration has continued to devise ways to remedy this situation. As part of the government efforts to redeeming the housing situation in the country, the FHF was created in 2017. The focus of FHF is to provide housing for low income earners as part of the government's social intervention program.²⁸

Since it began in 2018, FHF has delivered approximately 3 700 new homes, created 20 000 jobs and helped 5 000 families.²⁹ FHF has also signed framework agreements with Echostone Nigeria Limited and Mixta Africa Limited to develop 200 000 units (split 100 000 apiece) of affordable housing. Some of FHF's completed and ongoing projects include 1 020 units comprising studio flats, 1 and 2-bedroom flats and 3-bedroom bungalows in Ogun state; 604 units of 1- and 2-bedroom terrace bungalows, 3-bedroom terrace duplexes in Kaduna state; 582 units comprising 1- and 2-bedroom semi-detached bungalows in Nasarawa state; 757 units of 2- and 3-bedroom flats and 3-bedroom detached bungalows in Kano state; and 650 units comprising 1- and 2-bedroom semi-detached bungalows in Delta state. With funding from the FHF, the Millard Fuller Foundation completed construction of 400 housing units in Luvu Madaki, Masaka. MFF is set to begin building 36 semi-detached bungalows in Luvu Madaki, Masaka.

Other government initiatives include 700 units of affordable housing by the Federal Housing Authority (FHA) in Zuba; a partnership between Mixta Africa Limited and Edo state government to build approximately 2 000 housing units; Echostone Limited and Lagos state government to develop 2 000 units a year; and the development of Asokoro Hills Smart City by Nigeria Army Properties and Fresh Cowries Creek.

Property markets

Nigeria ranks 146 out of 190 countries in the 2019 World Bank Doing Business report dropping one level from its 2018 ranking.³⁰ The country's score is 52.89 percent which is above the average score of 51.61 percent for Sub-Saharan Africa. Nigeria ranks 12 in getting credit while ranking 149 in dealing with construction permits and 184 in registering property. For example, registering a property in Lagos takes a total of 12 procedures through an average of 105 days at a cost of 11.1 percent of the property value. The opaque market hinders decision making both at investment and at policy levels.³¹ This often results in house out of the reach of low and middle income earners. To date, home ownership is

approximately 30 percent in Abuja and 10 percent in Lagos State. The housing deficit is 477 966³² and 2 949 912³³ respectively. The preferred house type in both locations is a block of flats.

An analysis of house prices in four major states of Lagos, Abuja, Rivers and Kaduna in Nigeria by The Roland Igbinoba House Price Index (RI Index)³⁴ suggests that the movement of house prices in the second quarter of 2019 was more erratic than in the first quarter of the same year. In the four major cities, prices fluctuated, and price changes were more in the negative, contrary to what was observed in the first quarter. The negative change in prices between Q1 and Q2 of 2019 can be attributed to post-election activities.

In Lagos, compared to the corresponding second quarter 2018, there was a 6.1 percent decrease in the composite price indices for 5-bedroom houses. For 4-bedroom apartments, the composite house price index for Q2 2019 reduced by 10.6 percent when compared to Q2 2018. Index of prices for 3-bedroom houses decreased by 12.4 percent when compared with Q2 2018. For 2-bedroom apartments, the price index in the second quarter of 2019 decreased by 16.0 percent when compared with second quarter of 2018.

Movement of house prices was most erratic in Abuja between Q1 and Q2 2019. Although prices rose slightly across all house types in a few areas like Apo and Dakwa, most areas had fluctuations as house prices increased for some house types and decreased for others within the same location. In all, the composite price index showed that house prices increased by 0.64 percent for 5-bedroom houses, while it decreased by 2.6 percent and 2.0 percent for 3- and 4-bedroom houses respectively. In the second quarter of 2019, the composite price index of 5-bedroom houses increased by 7.7 percent when compared with corresponding Q2 2018. For 4-bedroom houses, the composite price index decreased by 2.5 percent when compared to Q2 2018 and the index for 3-bedroom houses decreased by 1.8 percent in comparison with Q2 2018. The flurry of pre and post-election activities is the only feasible reason for these unpredictable price changes.

Policy and regulation

The quality of land administration in the country significantly needs improvement. The Land Use Act No. 6 of 1978 (LUA)³⁵ continues to hinder the land markets in Nigeria. The major objective of making land easily available has not been achieved by the Act. Tenure of security and title system is largely formal, requiring the consent of a governor of a state on all transactions since the LUA has vested all lands in the governor. Although most title deeds are in a computerised format in a central repository that enables checking of encumbrances, there are no electronic databases for maps, recording of boundaries, checking plans and providing cadastral information.

The CBN recently unveiled a 5-year policy thrust starting in June 2019. The CBN Governor has made some significant commitments to real estate in this policy. Excerpts of the policy reads: "In our effort to support the growth of Nigeria's real

estate industry, the CBN will work in developing a framework that will enable banks to securitize mortgage loans, which can then be sold in the capital markets. Adequate safeguards will be put in place to reduce the risk of delinquency in the mortgage backed assets that will be sold in the capital markets. These measures will reduce the credit and liquidity risk to banks of holding these assets on their balance sheets and improve the amount of funds available to support mortgage loans. It will also reduce the high cost of obtaining mortgages for banking customers.³⁶ Industry analysts believe that this policy statement will encourage state governments to aggressively prioritise digitisation of their land registries.

With the possible emergence of a mortgage securitisation market, coupled with increased household income due to the new minimum wage, activity in the housing and housing finance subsector might increase. The National Assembly in 2019 passed a new minimum wage bill of N30 000 (US\$83.2) a month for the country.³⁷ However, on one hand, market analysts believe the new wage will ease affordability and access to mortgages for low income earners. On the other hand, the reality is that most state governments are incapable of meeting this new minimum wage. The excitement of the news has waned and the effect of the passage of the bill is not being experienced by the intended beneficiaries.

Opportunities

Nigeria represents a behemoth of opportunities. The Nigerian diaspora community is one such opportunity when it comes to housing. According to the Nigerians in Diaspora Commission (NiDCOM), the estimated number of Nigerian in the diaspora is approximately 15 million.³⁸ It has been projected that the remittances from Nigerians abroad will be N96.5 billion (US\$34.8) billion by 2023.³⁹ Proper transaction structuring and execution of all categories of income housing will attract this target group.

Property technology, known as PropTech, is revolutionising the way people buy, sell and rent properties. Global investment in PropTech is forecast to reach N55.45 billion (US\$20 billion) in 2019. The emergence of listing portals, crowdfunding and virtual reality tours is burgeoning in Nigeria. However, there is

no deep pocket yet for seed capital or series A funding for the PropTech community. There is therefore a good window of investment for venture capital and start-up funders to take a critical look at the emerging industry.

The Federal Mortgage Bank of Nigeria (FMBN) has deployed huge resources in designating approximately 3 000 units of low income housing for rental housing. Rental housing presents a promising opportunity for private sector players.

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Rwanda

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Overview

Rwanda's economy is projected to grow at 7.8 percent in 2019 and eight percent in 2020, supported by export growth resulting from the Made in Rwanda policy,¹ continued public investments such as the development of the Bugesera airport, and the country's strong record of implementing reforms to achieve its long-term development goals.² According to the National Institute of Statistics, the economy grew by 8.6 percent in 2018 with a gross domestic product (GDP) estimated at FRw8 189 billion (US\$8 989 million) up from FRw7 600 billion (US\$8 345 million).³ This strong growth is attributed to good performance of key sectors such as services and agriculture, as well as a rebound in the construction, wholesale and retail sectors.

The second Economic Development and Poverty Reduction Strategy emphasises urbanisation and the promotion of six secondary cities as poles of economic growth.⁴ In light of this, Rwanda has initiated a seven-year National Strategy for Transformation 2017-2024 (NST I) in an effort to accelerate transformation and economic growth, with the private sector at the helm. The NST I is based on three transformational pillars – economic, social and governance – and includes a target to accelerate sustainable urbanisation from 18.4 percent to 35 percent by 2024.

While the World Bank Doing Business 2019 report ranked Rwanda as the second easiest place to do business in Africa and 29th globally, the country lagged behind on dealing with construction permits, at 106th globally. In response, the City of Kigali is championing reforms in areas where Rwanda is ranked poorly, notably dealing with construction permits. For building projects that are not large-scale or complex, there will be no requirement for submission of a geotechnical study, environmental impact assessment report or a topographic survey. These changes are expected to reduce the number of procedures involved in getting a construction permit from 15 to nine, the number of days to obtain construction permits from 113 to 57 days, and the cost from 12 percent to only 2.2 percent of the building value.

Rwanda continues to make bold policy reforms, presenting an opportunity for increased investment and job-creating growth, and has made progress in reducing poverty and inequality. The poverty rate fell from 56.7 percent in 2005/06 to 39.1 percent in 2013/14, while income inequality, as measured by the Gini coefficient, decreased from 0.52 to 0.45.⁵

KEY FIGURES

Main urban centres	City of Kigali, Muhanga, Musanze, Huye, Rubavu, Rusizi, Nyagatare
Exchange rate: 1 US\$ = [a] 1 July 2019	911.00 Rwandan Franc (RWF)
1 PPP\$ = [b]	295.39 Rwandan Franc (RWF)
Inflation 2018 [c] Inflation 2019 [c]	1.4 3.5
Population [b]	12 301 939
Population growth rate [b] Urbanisation rate [b]	2.6% 3.1%
Percentage of the total population below National Poverty Line (2017) [d]	46.0%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	1.3%
Proportion of the adult population that borrowed formally (2017) [b]	7.7%
GDP (Current US\$) (2018) [b]	US\$9 509 million
GDP growth rate annual [b]	8.7%
GDP per capita (Current US\$) (2018) [b]	US\$773
Gini co-efficient (2016) [b]	43.7
HDI global ranking (2017)[d] HD country index score (2017) [d]	158 0.524
Lending interest rate (2017) [b]	16.9%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$)	US\$324 million
Number of mortgage providers [f] Prevailing mortgage rate	16 18%
Average mortgage term in years Downpayment	15 20%
Ratio of mortgages to GDP	3.4%
What form is the deeds registry? [e]	Computer - Fully digital
Total number of residential properties with a title deed	n/a
Number of houses completed [g]	16 241
Number of formal private developers/contractors	n/a
Number of formal estate agents	n/a
Cost of a standard 50kg bag of cement	10 000 RWF (US\$10.98)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [g]	18 000 449 RWF
Size of cheapest, newly built house by a formal developer or contractor in an urban area [g]	67.5m ²
Average rental price for this unit in an urban area (local currency units) [g]	249 614 RWF
Number of microfinance loans outstanding [f]	253 936
Number of microfinance providers [f]	457
Number of housing construction loans outstanding	n/a
Number of providers of construction finance [f]	35
World Bank Ease of Doing Business Rank [e]	29
Number of procedures to register property [e]	3
Time (in days) from application to completion for residential units in the main urban city	n/a

NB: Figures are for 2019 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF):
Development Bank of Rwanda

[a] Coinmill	[e] World Bank Doing Business 2018
[b] World Bank World Development Indicators	[f] National Bank of Rwanda
[c] IMF World Economic Outlook Database	[g] Rwanda Affordable Housing Authority
[d] UNDP: Human Development Reports	

Access to finance

Rwanda has made significant progress in financial inclusion. In 2016, approximately 89 percent of the adult population (or 5.2 million adults) had access to financial services compared to 48 percent in 2008.⁶ This included people using both formal and informal financial mechanisms.⁷ This growth has been associated with equally rapid increases in the proportion of Rwandans who access formal financial products and services – tripling from 21 percent in 2008 to 68 percent in 2016. The NSTI Economic Transformation Pillar has an ambitious goal of bringing financial services closer to people by increasing the percentage of adult Rwandans financially included from 89 percent to 100 percent by 2024.

The banking sector in Rwanda consists of 11 commercial banks, four microfinance banks, one development bank and one cooperative bank. The number of microfinance institutions (MFIs) has reduced from 473 to 457 due to mergers, acquisitions and liquidations. The MFI sector is categorised into 19 MFIs with limited liability company status; 438 Savings and Credit Cooperatives (SACCOs) composed of 416 Umurenge-SACCOs and 22 non-Umurenge SACCOs.⁸

During the year under review, banking assets increased by 15.1 percent, from FRw2.824 billion in June 2018 to FRw3.252 billion. Lending remained the main business of the banks at 58.8 percent in 2019 followed by government securities. Bank loan portfolios remain concentrated on the trade and mortgage sectors, with a combined share of 50.3 percent as of June 2019 down from 54.3 percent in June 2018. The banking sector remains exposed to risks in the trade and mortgage sector due to house price fluctuations, rental prices and occupancy rates. Non-Performing Loans have been reducing steadily since September 2017, when they were at a peak of 8.2 percent, and this is due to total write-offs of FRw29 billion in the first half of 2019.⁹

The MFI sector continues to lead in providing financial services for the unbanked population especially rural households and Small and Medium Enterprises (SMEs). By June 2019, MFIs had a client base of 3 779 860 (54 percent of the adult population). Assets of the MFI sector increased by FRw34 billion to FRw313 billion in June 2019. Agriculture was the most financed sector by MFIs at 44.2 percent as of June 2019 followed by the mortgage sector.

In April 2019, the National Bank of Rwanda (NBR) established a Directive on Loan-To-Value (LTV) limits (Directive No 2600/2019-00015 [613] of 19/3/2019), which caps the size of mortgage loans relative to the value of property associated with the loan. The LTV limit for residential properties was established at 100 percent for the first house and 80 percent for subsequent houses.¹⁰

Affordability

According to the National Institute for Statistics, Rwanda's population is estimated to be 12.4 million in 2019 and it is growing at 2.4 percent a year. In its Vision 2020,¹¹ and the blueprint of Vision 2050,¹² the Government of Rwanda (GoR) targets reaching an urban population of 35 percent by 2024 from 18.4 percent¹³ in 2016/17. This is high compared to the average for all East African countries at 27.9 percent, and some of its close neighbours such as Kenya (27.9 percent) and Uganda (17.9 percent). The migration of people from rural to urban areas is typically accompanied by demographic changes (accelerated growth in the number of households, and households that have – on average – fewer people). This creates additional demands for housing of different forms, shifts the geographical distribution of housing units across the country, and changes housing densities, specifically in large cities.

The National Housing Policy (2015) outlines different segments of Rwanda's housing market in three categories: social housing¹⁴ intended for households that earn less than FRw35 000 a month (US\$38.4);¹⁵ affordable housing intended for households earning below FRw200 000 a month (US\$220); mid-range housing for households earning up to FRw900 000 a month (US\$988); and premium housing for those earning above FRw900 000 a month.

A study conducted by the International Growth Centre in 2019 estimates that between 2018 and 2032, households in Kigali are likely to almost double, increasing from around 367 000 households to around 721 000. This represents a 52 percent increase in houses from 305 000 to 600 000, assuming that the ratio of households to houses of 1.2 from the Fifth Integrated Household Living Survey (EICV5) remains constant until 2032. In addition, if the City of Kigali follows its recommendation of ensuring sustainable development, up to 137 000 new houses will be needed to clear the backlog of housing deemed unsuitable by current standards.

The median household in the middle (third) income quintile was able to afford to rent a property (house and land) worth a maximum of FRw10.3 million (US\$11 306.24) in 2018, rising to FRw12.3 million (US\$13 501.62) in 2032.¹⁶ This assumes that the maximum affordable proportion of income that can be spent on rent is 25 percent.

Availability of data on housing finance

Data on housing finance is relatively accessible in Rwanda, compared to many African countries. However, the following were challenges are present:

- Information on housing finance is sourced from different companies with no central location. As a result, a lot of time is required to search for important documents or information.
- Administrative data on housing and housing finance is not easily available.
- Some of the housing sector reports are not updated, which affects the availability of recent data.

The International Growth Centre (IGC) estimated that the median household in the middle income quintile that could access a mortgage in 2018 with a 20 percent down payment would have been able to afford a property costing a maximum of FRw4.0 million (US\$4 390.77), rising to FRw4.8 million (US\$5 268.93) in 2032, at a 17.3 percent interest rate and a 15-year mortgage term which is fairly standard for Rwanda.¹⁷ The ratio of the maximum affordable rental property value to the maximum affordable purchased property value is 2.6, assuming a 17.3 percent interest rate and a 15-year mortgage term.

In light of these figures, the median household in Kigali will have limited purchasing power in 2020 because they are projected to earn around FRw1 68 000 a month, or FRw2 million RWF a year. The poorest two quintiles, one and two, are projected to earn FRw102 000 and FRw57 000 a month respectively. Therefore, constructing housing units that cost more than even FRw10 million will do little to accommodate the affordable housing shortage.

Another challenge is that if even moderately expensive units are built in huge numbers and subsidised by public money, they may be under-occupied, affected by unprofitably low sale prices, or lead to subsidised prices for households in higher quintiles. Constructing homes at low cost – and thus low market value – may be more profitable if costs can be kept down, because market demand is more likely to be assured.

The need to widen the range of housing development options for the low-income groups who represent the bulk of the country's population is urgent, as well as increasing the levels of affordability in this demographic. Failure to provide concrete solutions for these households will inevitably lead to the increase of informal settlements, which too often represent the only viable option for the urban poor.

Housing supply

The Ministry of Infrastructure recognises housing as the core of sustainable urban development. Adequate housing is also contingent on access to basic and social services; household's income and saving capacity; availability of infrastructure; land price; and cost of construction.

In March 2019, CAHF undertook an assessment of Rwanda's Affordable housing sector and identified four key categories of developers in the country.¹⁸ A first category of developers are households that have secured land themselves, which undertake the majority of Rwanda's home building activity. House construction is undertaken informally and incrementally depending on availability of resources. Households tend to use local micro-contractors and sub-contractors. Houses are constructed using both locally sourced and manufactured construction materials. Connections to formal infrastructure networks are not common, though more areas in Kigali are being connected to paved roads, water and electricity supply.

A second category of developers is a team of small-scale local developers which undertake small-scale developments (10 to 20 units per phase) on land purchased from government or private individuals. These housing units are mostly aimed at the middle-upper income groups earning between US\$25 000 (FRw22 775,037) and US\$50 000 (FRw45 550 074) and such houses are constructed with a

RWANDA

Annual income profile for rural and urban households based on consumption (PPP\$)

Source <https://www.cgidd.com/C-GIDD, 2019>

combination of local (cement and clay bricks) and imported materials that generally result in good quality finishes. These units are mainly purchased using formal mortgage financing or for cash.

The third category of developers is a limited number of larger locally-based developers, mostly with international partners which provide access to external equity and working capital to undertake larger developments. Developers in these category construct 50 to 100 units per phase, resulting in developments of 250 to 500 units, which are generally aimed at the upper income segment, costing in the US\$30 000 (FRw27 330 044) to US\$90 000 (FRw81 990 132) range. These developments often include higher density apartments developed in a walk-up configuration. These developers construct houses on large pieces of land acquired at reasonable cost from government and provided with internal infrastructure co-ordinated by the Ministry of Infrastructure, or sometimes by the City of Kigali. The units are mostly of international quality and make extensive use of imported materials and professional services.

The fourth category of developers in the country are the large, international construction companies that often undertake large-scale civil works and housing developments. These companies generally originate from China and India, and often rely on imported materials, skills and labour. These developers produce few high-end real estate developments, targeting wealthy individuals, diaspora citizens and expatriates. Housing units developed by these developers sell for US\$100 000 (FRw91 100 147) and above.

Although much of the Government's focus for housing sector investors is on the larger developers and international companies, it is the smaller developers and households that produce the bulk of new and affordable housing units in Rwanda.

Assuming that housing delivery in modern planned settlements in urban areas is about 5 000 units a year, the informal housing delivery is constructing four times that number (20 000 houses) a year in urban areas to cater for new household formation alone. It is therefore crucial that housing and economic policy considers the constraints and growth potential of household builders and small-scale developers.

Property markets

Rwanda is ranked second out of 190 economies on the ease of registering property in the Doing Business Indicators. Registering property in Rwanda now only requires a three step-process, and the time taken has been reduced to seven days, and costs 0.1 percent of the property value. This is a result of amendments through two Ministerial Orders – Determining Urban Planning and Building Regulations and Determining Building Permits for more efficient permit processes. The City of Kigali has also developed an online building permitting platform to fast-track development approval. This platform has been replicated and is operational in the secondary cities, with countrywide access to be rolled out by 2024.¹⁹

While processes have improved property markets, Government investment in housing, mainly funded through the Rwanda Social Security Board (RSSB), has resulted in less affordable housing than intended. A case in point is Phase One of Kigali's Vision City housing project which comprised 504 high-end residential units, in which FRw102 billion (US\$112 million) RSSB funding was invested.²⁰

However, after completing the project, the RSSB's real estate investment arm Ultimate Developers was struggling to attract buyers. Data from the company in April 2018 showed that only 142 units had been sold, leaving 362 units without buyers a year after the project was completed. This resulted in a 30 percent cut price cut announced which, according to bankers, is still out of the range for a small high-end market. As an example, the price of a three-bedroom townhouse was reduced from FRw237 million (US\$260 153.26) to FRw166 million (US\$182 217.05).

Some of the challenges identified by property movers in selling the properties to the small high-end target market included funding constraints of potential buyers, and high mortgage interest rates on the market.

Construction costs in Kigali are 30 percent higher and value-added tax (VAT) is 53 percent higher in Kigali than Johannesburg, South Africa, due to a higher VAT rate on a higher overall product cost.²¹ It is also notable that half of total housing costs are from other elements besides construction, including land, infrastructure, compliance and tax. To make housing affordable in Rwanda, there is also a need to address non-construction cost inputs as well as construction cost reductions.

Policy and regulation

It is expected that housing demand will increase dramatically in Kigali in coming years. Meeting that demand is important for the city's functioning and the well-being of the city's citizens. It follows that the City's key policy focus includes taking measures to accommodate this demand through the provision of infrastructure and the regulations that govern housing supply.

The GoR, through the Ministry of Infrastructure, has developed the Urbanisation and Rural Settlement Sector Strategic Plan 2018-2024. The Strategic Plan focuses on the following themes:

- Integrated human settlement planning and coordination;
- City of Kigali, secondary cities and other potential towns developed to spur socioeconomic growth;
- Creation of liveable, well-serviced, connected, compact, green and productive urban and rural settlements with a cultural identity;
- Access to social and affordable housing (Outcome 4); and
- Informal settlement upgrading.

The Prime Minister's Instructions (No 004/03 of 13 August 2015) determining the conditions and procedures for obtaining Government support for affordable

housing projects constitute a significant step towards leveraging private sector involvement in housing delivery. It is a commitment by the Government to finance inner-neighbourhood infrastructure under set conditions. The conditions relate particularly to the profiles of beneficiaries of the housing units, to the affordability of access schemes to housing, which may either look at the sales prices or affordability of financing schemes, and to resource-efficiency and local skills enhancement through collaboration with local SMEs.

The GoR has also pioneered the development of a Green City Concept on a 620-hectare site in Kigali. This development is expected to start in January 2020. The city will have environmentally-clean mini-factories, all-electric vehicles, environmentally sustainable affordable housing, and integrated craft production centres. Two projects are currently being developed on two parts of the site: Phase 1 – Cactus Green Park, a housing development with 410 houses on 13 hectares, and Phase 2 – a housing development on 125 hectares. The next phases will include commercial and office buildings. Relevant studies and designs are set to complete by December.

Opportunities

Housing is a key contributor to Rwanda's economy. According to an assessment by CAHF in 2019, the estimated Gross Value Added (GVA) plus intermediate inputs of housing construction and rental activity is 11.5 percent of Rwanda's GDP²². This is considered high in comparison with the 4.1 percent of South Africa's GDP as well as the 8.3 percent of Kenya's GDP.

The real estate sector has also shown high potential to create job opportunities in Rwanda. In 2017, the sector supported approximately 157 000 employment opportunities resulting in paid labor remuneration totaling to FRw111 billion (US\$121.8 million). Approximately FRw53 billion (US\$58.2 million) in net indirect taxes and a gross operating surplus of FRw129 billion was generated. The GVA contributed by these activities was equivalent to 4.7 percent of national GVA in 2017.²³

The Rwanda Development Board reports that investment in the real estate sector has grown from US\$100 million to US\$480 million in the last 13 years, driven by population growth and an emerging middle class. There is also remarkable Diaspora investment in Rwandan property markets, as well as government investment in infrastructure expansion and modernisation of urban and rural infrastructure.

Demand for real estate, especially affordable housing, is also on the rise. This is due to the increased population growth and a growing middle class. In Kigali alone, the demand for affordable housing is estimated at 186 163 dwelling units (an average of 16 923 units a year) by 2013-2020. Among the important opportunities in the real estate and construction sector is the implementation of the Kigali City Master Plan. This entails a broad vision and guidelines for the entire city, serving as the basis for more specific planning at the District level and the Central Business District. It presents the most advanced sustainability in land use, infrastructure, environment, society and economy.

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¹⁴ Social housing intended to provide for very poor households as well as those in high risk zones who are able to not able to meet their own housing needs.

¹⁵ Monetary values have been converted from Rwandan franc to US dollars using the exchange rate of FRw911.00/US\$1 – the exchange rate provided by CAHF as of 1 July 2019.

¹⁶ All prices in the IGC study Housing Need in Kigali are in constant Rwandan franc for 2017.

¹⁷ Property includes the house and land, if bought outright; cost of constructing house if they own the land.

¹⁸ Gardner, D., Lockwood, K. and Pienaar, J. (2019). Assessing Rwanda's Affordable Housing Sector. <http://housingfinanceafrica.org/app/uploads/CAHF-Rwanda-HEVC-and-HCB-FINAL.pdf> (Accessed 16 August 2019). Pg. 14.

¹⁹ Secondary cities include Huye, Muhanga, Ruzizi, Nyagatare, Musanze and Rubavu

²⁰ Mbonyinshuti, J. (2017). Developer slashes prices for Vision City homes. The New Times, 11 July 2017. <https://www.newtimes.co.rw/section/read/215787> (Accessed 23 August 2019).

²¹ Gardner, D., Lockwood, K. and Pienaar, J. (2019). Assessing Rwanda's Affordable Housing Sector. <http://housingfinanceafrica.org/app/uploads/CAHF-Rwanda-HEVC-and-HCB-FINAL.pdf> (Accessed 16 August 2019). Pg. 33.

²² Gardner, D., Lockwood, K. and Pienaar, J. (2019). Assessing Rwanda's Affordable Housing Sector. <http://housingfinanceafrica.org/app/uploads/CAHF-Rwanda-HEVC-and-HCB-FINAL.pdf> (Accessed 16 August 2019). Pg. 23.

²³ Gardner, D., Lockwood, K. and Pienaar, J. (2019). Assessing Rwanda's Affordable Housing Sector. <http://housingfinanceafrica.org/app/uploads/CAHF-Rwanda-HEVC-and-HCB-FINAL.pdf> (Accessed 16 August 2019). Pg. 22.

São Tomé and Príncipe

Author: Michael Kihato



Overview

São Tomé and Príncipe (STP) is a lower middle income archipelago off the west coast of Africa sharing maritime borders with Equatorial Guinea, Gabon, Cameroon and Nigeria. It is located in the Gulf of Guinea and is Sub-Saharan Africa's smallest country by land surface (less than 1 000km²) and second smallest by population with 201 784 people, according to the country's National Statistical Institute.¹ The country has a gross domestic product (GDP) per capita of Db41 525 (US\$ 1 922) and Db73 699 (US\$3 412) GPD per capita at purchasing power parity rates, respectively.²

The International Monetary fund (IMF) describes STP as having the defining characteristics of micro-states, including remoteness, fragility, limited resources, susceptibility to climate and external shocks, and aid dependency.³ STP also faces serious fiscal problems – having recorded Government budget deficits in nine out of the last 10 years. The domestic primary deficit stood at an estimated 2.3 percent of GDP in 2018, despite major budget cuts, due to the low domestic revenue levels (12.5 percent of GDP).⁴ The Government has therefore been forced to increase external and domestic borrowing, with current total Government debt as much as 100 percent of GDP. The country has received considerable support from the IMF to restructure this debt, the last intervention in 2018.⁵ STP has a low sovereign credit rating below 15 or “extremely speculative”⁶ and has had its debts rescheduled with its lenders.⁷

On the upside there is positive GDP growth forecast, at 2.2 percent for the financial year 2019/20.⁸ The country has also had decelerating inflation over the past few years, from highs of more than 25 percent in 2007. During the 2013-2017 period, inflation averaged a more reasonable 5.4 percent, just above the five percent target. Inflation, however, grew, to nine percent in 2018, and was slightly lower at 8.2 percent in the second quarter of 2019.⁹

The economy is based on natural resources (fish, hydropower, and yet to be exploited oil reserves) and agriculture production, the latter mostly for subsistence but also for export. Most export incomes come from agriculture (of which cocoa is 80 percent and also includes coffee and palm oil). The country also has a significant tourism industry.¹⁰ Of particular risk to the country is building up resilience to climate change. Most of the country's imports have traditionally been from Portugal (over 80 percent), but a growing Chinese presence in the economy is visible, with the former now constituting as much as eight percent of trade. Exports are mainly to Europe and Nigeria.

KEY FIGURES

Main urban centres	Sao Tome
Exchange rate: 1 US\$ = [a] 1 July 2019	21.61 Dobra (STD)
1 PPP\$ = [b]	12.17 Dobra (STD)
Inflation 2018 [c] Inflation 2019 [c]	7.9 7.1
Population [b]	211 028
Population growth rate [b] Urbanisation rate [b]	1.9% 3.0%
Percentage of the total population below National Poverty Line (2017) [d]	39.1%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	13.4%
Proportion of the adult population that borrowed formally	n/a
GDP (Current US\$) (2018) [b]	US\$422 million
GDP growth rate annual [b]	2.700%
GDP per capita (Current US\$) (2018) [b]	US\$2 001
Gini co-efficient (2017) [b]	30.80
HDI global ranking (2017)[d] HD country index score (2017) [d]	143 0.589
Lending interest rate (2017) [b]	19.9%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$)	n/a
Number of mortgage providers [f] Prevailing mortgage rate [f]	116.5%
Average mortgage term in years [f] Downpayment [f]	20 50%
Ratio of mortgages to GDP	n/a
What form is the deeds registry? [e]	n/a
Total number of residential properties with a title deed	n/a
Number of houses completed	n/a
Number of formal private developers/contractors	n/a
Number of formal estate agents	n/a
Cost of a standard 50kg bag of cement [g]	220 STD (US\$10.18)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [h]	814 000 STD
Size of cheapest, newly built house by a formal developer or contractor in an urban area	n/a
Average rental price for this unit in an urban area (local currency units)	9 400 STD
Number of microfinance loans outstanding	n/a
Number of microfinance providers [f]	1
Number of housing construction loans outstanding	n/a
Number of providers of construction finance	n/a
World Bank Ease of Doing Business Rank [e]	170
Number of procedures to register property [e]	8
Time (in days) from application to completion for residential units in the main urban city	n/a

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[e] World Bank Doing Business 2018
[b] World Bank World Development Indicators	[f] Banco Internacional de São Tomé e Príncipe
[c] IMF World Economic Outlook Database	[g] NOUR LDA
[d] UNDP: Human Development Reports	[h] Colema Imobiliária

The country imports most of its consumption goods and has a negligible manufacturing sector.¹¹ A key strategic thrust by the STP Government has been to develop its tourism sector. Tourism receipts have risen almost fivefold since 2010, from Db238 million (US\$11 million) to approximately Db1.425 billion (US\$66 million) in 2017 (or from Db1 296 – US\$60 – per capita to slightly over Db6 480 – US\$300). There is also considerable room for growth.¹² The country has high hopes of exploiting its oil reserves, though there are major risks to this. The country's weak legal and regulatory frameworks and the poor capacity of its public administration could jeopardise the transparent and efficient utilisation of this resource. The STP public financial system is also weak.¹³ Many of these governance issues are the focus of reforms with support from multilaterals such as the African Development Bank (AfDB), the IMF and the World Bank.

The economy of STP, while having faced considerable challenges, is on a recovery path to greater stability. This should auger well for investment in the housing development and finance sectors.

Access to finance

The STP Central Bank (Banco Central Sao Tome e Principe) serves in a supervisory role over the national financial system and defines monetary and exchange rate policies in the country. It has licensed seven commercial banks. These are Energy Bank, BISTP Bank (Banco Internacional de São Tomé e Príncipe), Eco Bank, Afriland Bank, Sao Tome and Principe Private Bank, BGFI Bank and International Bank of Sao Tome. The sector is highly concentrated with the largest three banks in possession of almost 75 percent of total assets.¹⁴ Most of the banks are regional players headquartered in Cameroon, Togo, Nigeria, and Gabon, and only have branches in STP. This poses a risk, if these banks decide to move their investments abroad given scarce investment opportunities or low profitability in STP.¹⁵

Versatility and portfolio variance is lacking on the banks' books, which increases their vulnerability to sector shocks as well as limiting accessibility of finance.¹⁶ Credit to the construction sector is provided mainly by one bank, and to a large degree the same is true for lending to tourism and manufacturing. The majority of loans are to individuals (97 percent), although by value loans to firms represent 71 percent.¹⁷ The banks are faced with limited capital to lend and a lack of feasible projects, exacerbated by a dwindling availability of reserves of foreign currency.¹⁸ The AfDB has extended a lending window to explore options to provide direct support to businesses that have potential to engage in transformational productive activities. It includes lines of credit to financial institutions for on-lending to micro- and small-sized enterprises headed by young people and women.¹⁹

STP is not yet a mature lending market with only approximately 10 800 loans in total as of the end of 2017.²⁰ The lending market for housing developers and retail lenders is consequently also largely poorly developed. Further, only 48 percent of people have a savings account, only seven percent of small and medium-sized enterprises have a bank loan, and less than five percent have access to consumer loans.²¹ The lending interest rate as of 2018 was 20 percent.²² Lenders seek to price in the risk of wholesale borrowing in hard currency, and loans can be denominated in local as well as foreign currency; local loan interest rates are significantly higher than those denominated in foreign currency (20 percent versus 11 percent). In addition, maturities are shorter for local currency denominated loans compared to foreign currency loans. Approximately 80 percent of the loans have a fixed rate. There are also significant variations in loan lengths (from one year to 37 years). Interest rates earned on deposit accounts are relatively low, at below four percent, pointing at significant spreads.²³ The Central Bank interest rate was nine percent, as of the end of 2018.²⁴

STP's global rankings on the ability of businesses and citizens to get credit are mixed. It has a relatively strong score on credit registry coverage at 17 (seven is the Sub-Saharan average, and 21.8 for OECD countries). A poor score of zero on strength of legal rights (for example, there is no collateral registry nor priority for secured collateral holders in case of insolvency). The country scores a reasonable five on depth of information (3.3 Sub-Saharan Africa, and 6.7 OECD), but a poor zero on credit bureau coverage.²⁵ All indications are that little has been done to provide innovation to allow greater access to finance for poorer citizens, and access to credit is generally considered as low. The World Bank has embarked on a detailed assessment of this issue.²⁶

Growth in credit to the private sector has been muted over time, growing by only 0.3 percent to June 2017 from the previous year, reflecting mainly the concerns and risk aversion of commercial banks as a result of the high level of Non-Performing Loans (NPLs).²⁷ The high level of NPLs is probably driven by a small number of high-value NPLs.²⁸ The precise figure on NPLs relating to mortgage lending is not available.

As part of a comprehensive strategy to address the high NPL ratio, a central credit registry has been operational since March 2011, collecting information on the characteristics and status of loan exposures on a monthly basis. The coverage of the credit registry has increased from approximately 50 percent in the initial stages to 96 percent recently.²⁹

There are no statistics on the total number of mortgages available. However, all indications are that most of the total lending is short-term consumer loans and not mortgages. For example, the median domestic currency loan value is

Availability of data on housing finance

Information on the mortgage products available is difficult to source, as well as greater detail on the way most households develop and finance their own housing.

The role of regulatory authorities in monitoring the finance and housing sectors is weak. As a result, key statistical data is not available. This is something that can be solved only through reforming the state institutions under question, including the land registry and cadastre, town planning departments in cities, and the banking regulatory authorities. It has been noted that some of these are undergoing reform, and hopefully this should result in greater data availability.

A unique challenge of countries like STP, where banks are mainly foreign run, is obtaining detailed disaggregated financial data on their businesses, within the host country itself. As a rule, they report on their total activities in their financials, and not country level. This requires regulatory intervention.

Db37 800 (approximately US\$1 750), with only 10 percent of the loans being above Db140 400 (approximately US\$6 500).³⁰ This gives a fair indication that people are generally not borrowing for mortgage loans, which would be for larger amounts. For instance, a typical three-bedroom house costs Db820 800 (US\$38 000), much higher than these median loan numbers.³¹ A typical consumer credit in BGFI Bank carries a 19 percent interest rate for 48 months.³²

Information on a mortgage product from BISTP Bank is now available. This is for new construction, improvement, and land acquisition. It has a term of 20 years, and a Loan-to-Value (LTV) between 50 percent and 100 percent, according to BISTP Bank's website.³³ The collateral used is the home. The interest rate is low, at eight percent, and can be as low as five percent per annum "with additional collateral".³⁴ These are surprisingly low interest rates, and may point to stringent mortgage origination terms, and require further investigation. It could also be, for example, that the loans are in foreign currency allowing for better interest rates for the borrower.

The microfinance sector is described as "miniscule" with a single operator. There is no tally available on the number or value of microfinance loans.³⁵ STP does not have a strategy or regulation in place to support and regulate microfinance institutions.

Affordability

The country is ranked 143 out of 187 countries in the United Nations Development Programme's Human Development Index.³⁶ Two-thirds of the population (71 percent of them women) live in poverty. In rural areas, 68 percent of the population live below the poverty line (US\$2 per day) and 29 percent in extreme poverty. Few people can therefore afford a formally developed house without considerable Government assistance. According to the National Statistical Institute, the unemployment rate remains relatively high (13.6 percent). Joblessness mainly affects youth aged between 15 and 24 years (23 percent), which has a bearing on social stability and general economic productivity.³⁷ Given the restricted diversity of the economy, the Government is the main formal employer.

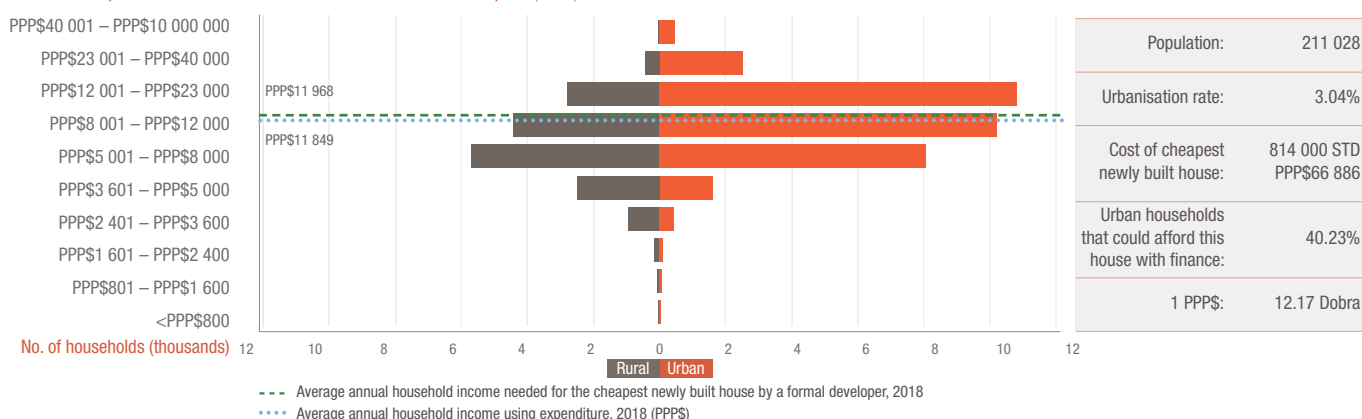
Using the BISTP Bank mortgage product previously mentioned,³⁸ and a three-bedroom house in the capital Sao Tome,³⁹ it would require a monthly instalment of Db12 300 (US\$571) and, assuming that one-third of income can be used for housing, an annual income of Db444 000 (US\$20 555).⁴⁰ The STP median per capita income is around half this amount.⁴¹

Housing supply

The 1975 Constitution of STP provides under article 49 that "all have the right to housing and to an environment of human life and the duty to defend it" and "it is incumbent upon the State to plan and execute a housing policy".⁴² With the help of multilaterals, there have been efforts by the Government to meet its obligation and assist citizens achieve this right. For example, there are efforts at creating a housing promotion fund, developing low-cost social housing, developing a Strategic

SÃO TOMÉ AND PRÍNCIPE

Annual income profile for rural and urban households based on consumption (PPP\$)



Source <https://www.cgidd.com/C-GIDD>, 2019

Housing and Real Estate Plan, and giving the residential housing institute properly qualified staff.⁴³

However, the results of these efforts are yet to have an impact. The IMF estimates that the country has a “housing deficit of 60 percent” although there is no detail of a segment breakdown of this.⁴⁴ More than 70 percent of São Tomeans live in urban areas, and most of them live in slums. In the capital city of São Tome, a startlingly high 86.6 percent live in slum areas.⁴⁵

According to the most recent census in 2012, most São Tomeans own their homes. Sixty-eight percent of homes were occupied by their owners, with only 14.6 percent renting, and 16.3 percent living in free accommodation.⁴⁶ There were 29 182 urban dwellings and 14 846 rural dwellings with an average household size of 5.2 persons. Of the housing stock, 43 percent were one-bedroomed units, 37.8 percent were two-bedroomed units, 14 percent three-bedroomed, 3.9 percent four-bedroomed and the remainder five-bedroomed or more. According to the 2012 census, most housing is basic, and mainly informal; 76.4 percent of the units have no water on site and 57 percent have no form of sanitation facilities.⁴⁷ Houses are primarily made from wood, with 64.8 percent using wood for construction and 15.3 percent using reclaimed or salvaged wood.

Like in many other African countries, there has been much Chinese involvement in the broader economy and even the housing sector. A deep-water harbour and airport are being built by the Chinese. Also, a first batch of 60 “social apartments” of 200 to be built over the next four years with Chinese funding, will be built in 2019.⁴⁸ It is not clear what price range these will be, and what market segment they are targeted at.

Property markets

The World Bank's Doing Business rates STP at 170 out of 190, down from 168 in 2018. The individual rankings that make up this aggregated ranking show why. STP has a deeds and title registry, and it takes 52 days to register property in the country. This is slightly lower than the Sub-Saharan average of 53.9 days, but significantly worse than the OECD benchmark of 20 days.⁴⁹ It costs 10.2 percent of the property value to register title (Sub-Saharan average is 7.6 percent, and OECD is 4.2 percent). The quality of the land administration index is low at 4.5, when compared to the 8.8 Sub-Saharan average, and a benchmark of 23 in OECD countries.⁵⁰

There is some ongoing reform. According to the World Bank, STP has made registering property less costly by lowering property transfer taxes.⁵¹ Nevertheless there is much to be done – the registry is not digitised, it is not up to date, and there is poor inter-agency connectivity (for example, between deeds registry and cadastre).⁵² Transparency of data is also hindered by a lack of online access. A significant challenge has also been obtaining accurate data on activity in the property market, as the registry does not track transactions or have universal

coverage across the country.⁵³ The land administrative system is also severely fragmented among several departments.⁵⁴

São Tome has a land tenure system that is a mixture of private land ownership and usufruct (usufruct is a right to use the land without holding formal title). Eighty-six percent of the land is state-owned.⁵⁵ Responsibility for the administration of urban land rests with the Ministry of Infrastructure, Natural Resources and Environment. Private property, that is title, is granted on the existence of infrastructure – or the intention to construct – over the land. The legal framework on property allows for ownership by foreigners through land leases for investment projects authorised by the state, although there are calls for further liberalisation of this regime to enhance economic activity.

Policy and regulation

STP has an ongoing relationship with multilaterals to initiate policy and legislative reform to stimulate economic growth and reduce poverty. These are largely market reforms targeting the financial system, with elements of poverty reduction. Further, work is underway to reform the land administrative system. While these will all have an influence on the housing markets should they succeed, none directly addresses state housing policy or legislation.

Some important areas of reforms targeted by this support include public finance management reforms (for example, establishing an integrated financial management information system, disclosure of government budget information to the public, and implementing a medium-term fiscal framework), legal and regulatory reforms to remove market entry barriers and crowd in private sector operators, land reforms, and implementing financial sector reforms to improve access to credit.⁵⁶

There is also significant work on land and tenure holding. There are reforms targeting greater certainty for foreign investment and development of land, to develop greater detail on what land is applicable for leases, and greater certainty on the length of concessions.⁵⁷ Two legal initiatives are being introduced to clarify this, including Bills updating the property ownership and cadastre laws, as well to create greater certainty on incentives for social and environmentally responsible investments (Law No.3 of 1991 on Property Ownership Art. 29 and Decree-Law No. 19 of 2016 Investment Code).⁵⁸ Government has established a National Land Use Planning and Cartography Directorate, mainly responsible for managing and allocating land, managing natural and protected areas, ensuring sector land distribution, and planning major infrastructure by zone.⁵⁹ STP is also tackling the lack of digitised information by implementing a digital Registry and Notary Information System.⁶⁰ The lack of inter-operability of information systems between the cadastre, tax administration and transport directorate is also the subject of system reform, to avoid data duplication and support policy decisions.⁶¹ Finally, some outdated legal frameworks are undergoing reform. These include among

Senegal

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Overview

Senegal is a West African country covering an area of 196 712km². The population was estimated at 16 209 125 inhabitants in 2019 with a population density of 82 people per square kilometre.¹ However, it must be noted that Senegal has an unevenly distributed population. Dakar, the country's capital, covers less than 0.3 percent of the country's territory² but has more than 23 percent of the country's population.³ In recent decades, the country has been characterised by rapid urbanisation. The urban population increased from 40 percent in 2000 to 47 percent in 2018.⁴

Senegal has maintained its good economic growth trajectory despite a slight decline of 0.31 percentage points (6.77 per cent in 2018 compared to 7.08 per cent in 2017). The Senegalese economy has seen by significant public investment. The financing of these activities requires significant revenues that often exceed government resources. Senegal's financing requirements were estimated at CFA477.6 billion (US\$823.2 million⁵) or 3.7 percent of gross domestic product (GDP) in 2018.⁶ Even if a large part of the financing, CFA7137.4 billion (US\$12.3 billion), is obtained through debt, the outstanding debt remains sustainable according to the International Monetary Fund (IMF).⁷ Inflation fell from 1.3 percent in 2017 to 0.4 percent in 2018, while the unemployment rate remained unchanged at 6.5 percent, reflecting the weak dynamism of the Senegalese labour market.⁸

The economic progress noted in 2018 was made possible by the performance in certain sectors of the Senegalese economy, including housing, which increased by five percentage points compared to 2017.⁹ The sector has benefited from major real estate projects thanks to the Emerging Senegal Plan (ESP), which mainly develops flagship housing programmes in the urban centres of Diamniadio and Lac Rose. However, the sector still faces a number of challenges. Housing demand persists with a proliferation of slums, which account for nearly 40 percent of housing in Senegal.¹⁰

Access to finance

In recent years, the financial sector has been booming in the West African Economic and Monetary Union (WAEMU) countries. In Senegal, loans amounted to about CFA4 093.1 billion (US\$7.05 billion), a 33.9 percent increase compared to 2017.¹¹ Senegal is the second country after Côte d'Ivoire where bank loans reach the highest values, covering 27.6 per cent of total loans granted in the area in 2018. The country has 25 banks and four non-bank financial institutions.¹²

KEY FIGURES

Main urban centres	Dakar
Exchange rate: 1 US\$ = [a] 1 July 2019	580.15 CFA Franc (XOF)
1 PPP\$ = [b]	224.00 CFA Franc (XOF)
Inflation 2018 [c] Inflation 2019 [c]	0.5 1.3
Population [b]	15 854 360
Population growth rate [b] Urbanisation rate [b]	2.7% 3.7%
Percentage of the total population below National Poverty Line (2017) [d]	66.2%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	4.9%
Proportion of the adult population that borrowed formally (2017) [b]	6.6%
GDP (Current US\$) (2018) [b]	US\$24 130 million
GDP growth rate annual [b]	6.8%
GDP per capita (Current US\$) (2018) [b]	US\$1 522
Gini co-efficient (2017) [b]	40.28
HDI global ranking (2017)[d] HD country index score (2017) [d]	164 0.505
Lending interest rate (2016) [b]	5.10%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding (2016) [m]	110 101
Value of residential mortgages outstanding (US\$)	US\$139.9 million
Number of mortgage providers Prevailing mortgage rate [g]	n/a 8%
Average mortgage term in years Downpayment	20 n/a
Ratio of mortgages to GDP	0.58%
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed (2015) [h]	152 000
Number of houses completed	n/a
Number of formal private developers/contractors [i]	38
Number of formal estate agents	n/a
Cost of a standard 50kg bag of cement [j]	3 140 XOF (US\$5.41)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units)	10 000 000 XOF
Size of cheapest, newly built house by a formal developer or contractor in an urban area [j]	55m ²
Average rental price for this unit in an urban area (local currency units)	500 000 XOF
Number of microfinance loans outstanding [k]	558 719
Number of microfinance providers [k]	47
Number of housing construction loans outstanding [l]	377 410
Number of providers of construction finance [k]	74
World Bank Ease of Doing Business Rank [e]	141
Number of procedures to register property [e]	5
Time (in days) from application to completion for residential units in the main urban city [e]	177

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[h] National Commission for Land Reform
[b] World Bank World Development Indicators	[i] Ministry of Urban Renewal
[c] IMF World Economic Outlook Database	[j] National Agency of Statistics and Demography
[d] UNDP: Human Development Reports	[k] Central Bank of West African States
[e] World Bank Doing Business 2018	[l] World Bank Global Findex
[f] Housing Finance Information Network (Hofinet)	[m] Banque Mondiale
[g] Numbeo	

Loans were granted to all sectors of the economy at an average interest rate of 7.63 percent.¹³ Four percent of individuals over 15 years of age had a housing loan in 2017.¹⁴ In 2018, housing loans amounted to CFA47.4 billion (US\$82 million), representing 20 percent of the total amount of housing loans granted in the Union.

Mortgage loans are less in demand from the country's financial institutions. Only 1.5 percent of adults held a mortgage product in 2015.¹⁵ In addition, for the year 2017, mortgage loans amounted to CFA47.8 billion (US\$82.5 million) at an interest rate of 8.09 percent.¹⁶

The diaspora bonds operation was launched on 16 May 2019 by the Banque de l'Habitat du Sénégal (BHS), the mortgage bank of Senegal, with the aim of supporting end-user clients, in particular individuals wishing to acquire housing and

developers with a construction project. To this end, the authorities plan to mobilise CFA20 billion, 60 percent of which should come from residents outside WAEMU. With a unit value of CFA10 000 (US\$17.2), the bonds have a maturity of five years and offer a yield of 6.25 per cent.¹⁷ Thus, the capital is repaid as from the third year.

Despite the dynamism of the financial market, access to finance remains a problem for a large part of the Senegalese population, especially among low-income households. In 2015, 24 percent of the richest quarter of households had an account with a formal financial institution compared to seven percent of the poorest quarter.¹⁸ The same is true for mortgages: the percentage of rich users of these types of loans was twice the average. In the World Bank Doing Business 2019 report, Senegal is ranked 141 out of a total of 190 countries, losing one place compared to 2018. As a result, public authorities must make greater efforts to simplify credit access procedures for Senegalese households.

Affordability

While the price of housing in Senegal depends on the plan, type and geographical location, it generally exceeds CFA10 million (US\$17 236). For example, the least expensive social housing provided by the state under the “une famille-un toit” (one family, one roof) project is delivered at CFA14.5 million (US\$25 000).¹⁹

The surge in housing prices is the result of a long and unprecedented process of speculation combined with the scarcity of land and the high cost of land and building materials. In the second quarter of 2019, labour and building material costs increased by 1.3 percent and 0.1 percent respectively compared to the previous quarter.²⁰

The acquisition of social housing delivered at CFA14.5 million (US\$25 000) remains a problem for many Senegalese households. Indeed, the annual gross national income (GNI) per capita amounts to CFA821 441 (US\$1 416) and 37 percent of the country's households earn at most seven million CFA francs (US\$12 000) a year.²¹ In urban areas, 60 percent of the population earn at most the same amount.

The same situation is observed with rents. Rent prices remain high in Dakar despite the law of 22 January 2014 lowering rent prices in the capital. The average monthly rent for a three-bedroom apartment in the city centre is at least CFA500 000 (US\$862).²² Depending on the areas, especially outside the city centre, the price can drop to CFA150 000 (US\$258). Here again, rent is inaccessible for many Dakar residents as 22 percent of households in the capital earn no more than CFA580 153 (US\$1 000) a month.²³ As a result, some tenants are forced to turn to other residential areas, regardless of the distance to the workplace.

In recent years, the state has made many efforts to improve access to affordable housing - particularly through the construction of social housing. An amount of CFA69.5 billion (US\$120 million) has been allocated to the housing sector following the 2019 finance law. However, there is still some way to go as 9 000 hectares of Senegalese territory is made up of slums.²⁴ In view of the state's ambitious programmes in the coming years, implementing housing projects will require more funding.²⁵ Aware of this, the authorities are putting in place other ways and means to facilitate access to housing for Senegalese households. The diaspora bonds launched by the Banque de l'Habitat du Sénégal are aimed at Senegalese people trying to gain access to finance for housing.

Housing supply

In Senegal, homeowners generally build their homes themselves with cement as the main building material. The price of a cement bag is rising steadily and reached CFA3 140 (US\$5) in June 2019. Depending on the plan, the geographical location and the quality of the materials used, construction costs can exceed CFA10 million (US\$17 236).

Since the 1990s, real estate development has been carried out by the Société Immobilière du Cap-Vert (SICAP) and the Société Nationale des Habitations à Loyer Modéré (SN HLM), alongside private or foreign real estate developers. SICAP has produced 13 260 housing units, including 5 825 simple rental units and 7 435 lease-purchase units, for a total investment of CFA55 497 billion since its

Availability of data on housing finance

The reference statistical agency, the Agence Nationale de la Statistique et de la Démographie (ANSD), was created on 21 July 2004. It is responsible for the technical co-ordination of the activities of the national statistical system and for the production and dissemination of statistical data for the needs of the government, public administrations, the private sector, development partners and the public. In 2017, thanks to the efforts by ANSD over the past several years, Senegal acceded to the Special Data Dissemination Standard.

Apart from statistics from international bodies such as the World Bank, the IMF and the Central Bank of West African States, internally the data comes mainly from ANSD, the Direction de la Prévision et des Etudes Economiques (directorate of economic forecasting and studies) and the statistical services of ministries. Most of the data – especially ANSD data – are generally collected through household, business or government surveys. As a result, the data produced is of high quality and published at regular intervals (monthly, quarterly, and annually). In addition, ANSD is, for the most part, the main source of information for several economic policy documents from other institutions.

There is, however, a lack of data on some housing finance specific queries such as statistics on mortgage lending (number of mortgage providers, the number of non-performing mortgages) and on construction and labour costs.

creation in 1950 until 2016. SN HLM produced about 15 500 housing units between 1987 and 2013.²⁶ There are 38 private real estate developers approved by the BHS in Senegal.

Another way to acquire affordable housing is through a housing cooperative approved by the Minister responsible for housing. A housing cooperative is an organisation whose purpose it is to develop a piece of land into lots or assemblies of grouped single-family homes for residential or professional use, intended to be allocated or sold to members (at least seven). After its creation, the cooperative is exempt from annual income tax and benefits from lower taxation (registration rate) and preferential loan repayment rates to the Banque de l'Habitat du Sénégal. A total of 35 housing cooperatives have recently been approved by the Direction de la Monnaie et du Crédit.

The housing deficit, estimated at nearly 300 000 in 2018, is real in Senegal,²⁷ as the household sizes are large (with an average of eight people in urban areas and 10 in rural areas).²⁸ To address this deficit, the government has initiated a significant batch of housing construction programmes, many of which are social housing for low income first-time buyers. Through the ESP's programme d'accélération de l'offre en habitat social (social housing acceleration programme), 40 000 housing units will be built, 40 percent to 60 percent of which will be social housing in the new Diamniadio hub and other localities, including the Sicap Lac Rose area in Bambilor.²⁹

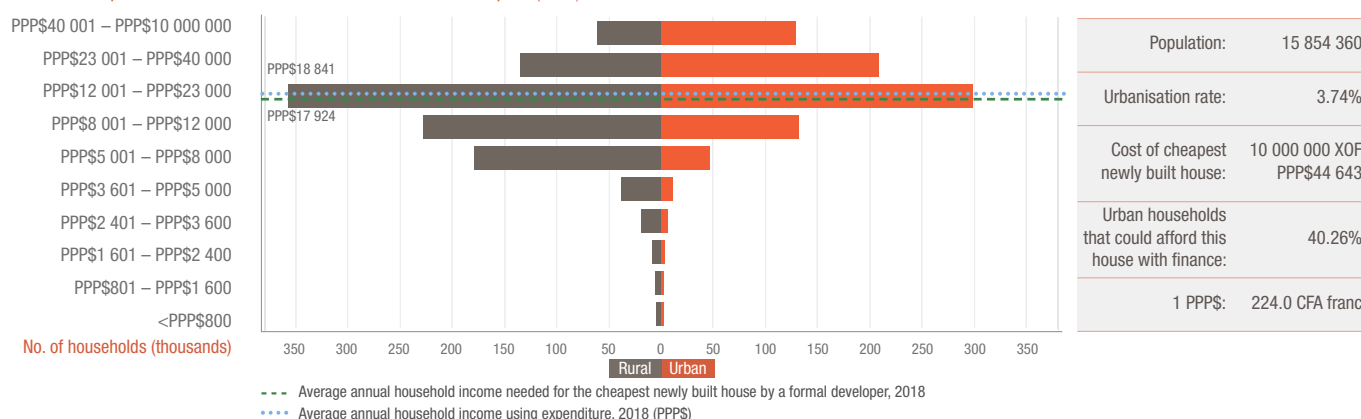
Also, with the aim of facilitating access to housing, the Government of Senegal is committed to building 100 000 housing units between 2019 and 2024 through the Projet Zéro Bidonville (zero slum project, PROZEBID). This project aims to improve the living conditions of more than four million people, or more than 500 000 households, living in slums before 2035. Among the key components of the programme are the upgrading, development and equipping of slums and the construction of 100 000 housing units, 60 percent of which will be in the Dakar-Thies-Mbour triangle.

Property markets

The Senegalese real estate sector is experiencing a huge expansion. This is mainly due to development programmes, including the construction of highways and roads, the creation of new urban areas and the massive production of housing. Similarly, population growth and the reputation of a stable democratic country provide a favourable environment for investors.

SENEGAL

Annual income profile for rural and urban households based on consumption (PPP\$)



Source <https://www.cgidd.com/C-GIDD>, 2019

As a result, the capital has a highly sought-after real estate market where workers and students from Senegal and abroad meet. As the regional headquarters of many companies and international organisations, Dakar offers a variety of products, including villas, buildings, hotels and shopping malls. The market even offers products of international modernity standards with air conditioning, high-end household appliances and good quality electrification.

Nowadays, in Dakar, there are very few villas under construction. Ongoing public construction projects are more oriented towards the cities of Diamniadio, Lac Rose, Bambilor and Tivaouane Peul. Dakar nevertheless has with a dynamic real estate market. Tenants (including flatmates) are in the majority, representing 52 percent of households in Dakar (but only 23 percent at the national level).³⁰ Most of the capital's real estate market consists of residential or office buildings for rental use, unlike other cities where housing is used as a residence for the owner.

However, houses are expensive in Senegal, especially in Dakar. The high house prices are partly the result of the soaring cost of land. For example, the price per square metre of land increased by almost 2.5 times between 1994 and 2000, and then by more than double between 2000 and 2009.³¹

Streamlining construction procedures could make the real estate market much more attractive. Also, to protect themselves from contingencies and make the real estate market safer, tenants and landlords should use insurance policies. In some situations, an insurance policy allows landlords to deal with defaulting tenants. The insurer pays the rent and other costs in cases when the tenant stays three months without paying.

Policy and regulation

Senegal has a complex legal and regulatory framework for housing. The urban planning code, drawn up in 2008, defines the standards and rules required for structures to adhere to. At the same time, the Construction Code, introduced in 2009, defines the rules applicable for construction and the status of the various stakeholders.

On the land issue, Senegal scores a low 10 out of 30 for the quality of land administration.³² Women's access to land has occupied a large part of the debates on land reform at the national level. Even if, in the eyes of the law, men and women have the same rights regarding access to land, this is far from being the reality on the ground.

The issue of land tenure security has also been raised in discussions for a legislative and regulatory status for the recognition, protection and the guarantee of land rights of all stakeholders, as 70 percent of the cases handled in the courts relate to land.³³ Land tenure security will facilitate the widespread registration of land subject to two regimes: the registration regime and the national domain regime. The national domain, the dominant regime, covers all land that has not been registered.

However, to facilitate access to land, the Cadre de Réflexion et d'Action sur le Foncier au Sénégal (framework for reflection and action on land in Senegal) has prepared a document contributing to land legislation. The aim is to maintain the spirit of the National Domain Act of 1964. This requires the adoption of land deliberations by an absolute majority to strengthen the transparency and legitimacy of decisions and the registration of land in the national domain. This would make it possible to make land available to private investors if the local authorities concerned agree.

With a global budget of CFA69.5 billion (US\$120 million) in reference to the 2019 finance law, most of Senegal's housing policy is based on housing production and financing. On the one hand, government policies to improve access to housing have mainly concerned the supply of housing with the commitment to build 100 000 social housing units between 2019 and 2024 through PROZEBID as well as the construction of housing in the cities of Diamniadio, Lac Rose, Tivaouane Peulh, etc. On the other hand, the diaspora bonds operation put in place by the Senegalese government has been the major policy for housing finance this year.

With the real estate market, the government relies on the two major developers (SICAP SA and SNHLM) to regulate activity. It is a way for government authorities to monitor competition and easily implement their social housing supply policy. In addition, since its launch in 2016, Senegal has joined the Programme pour l'Efficacité Énergétique dans le Bâtiment with the aim of supporting building projects towards better energy efficiency. Policies to reduce procedures resulted in a reduction in property registration costs covering 7.6 percent of the building's value.³⁴

Opportunities

Like most countries in Sub-Saharan Africa, Senegal is a country of the future with growth rates of more than six percent since 2016. Since then, the country has undergone profound changes in all sectors of the economy, particularly in the housing sector, with major construction projects in cities such as Diamniadio, Bambilor and Lac Rose.

Senegal offers real housing opportunities. In addition, the country has good labour potential with a young population of more than 50 percent. The housing market is booming with housing construction in most urban centres. The new city of Diamniadio offers apartments, condominiums and modern houses in different architectural styles. However, 37 percent of Senegalese households earn FCA580 153 (US\$1 000) or less at the end of the month. Income amounts are lower in rural areas where 46 percent of households earn R580 153 (US\$1 000) or less compared to 25 percent in urban areas. Also, in 2018, 66.2 percent of the population lived below the poverty line.³⁵

Senegal is in a favourable position to attract investors in the various sectors of the economy. However, for the housing sector, the authorities must ensure that future construction is based on rigorous planning and a more formal framework.

Registering the parcels and requiring land title for future construction will better secure the land and avoid land disputes. Such measures will improve the number of land titles, recorded at 152 000 in 2015,³⁶ and the share of registered land, recorded at five percent.³⁷ There also needs to be a focus on delivering housing of a decent standard for the vast majority of the population.

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Seychelles

Author: Joseph Tembe



Overview

The Republic of Seychelles (Seychelles) is a small country, comprising 115 islands scattered over 1 million square kilometres of sea in the Indian Ocean, northeast of Madagascar. The population was 97 625 at 30 June 2019, 0.9 percent more than 2018.¹ Seychelles has met most of the Millennium Development Goals and reached a high income status in 2015. The income per capita in Seychelles stood at US\$15 684 in 2017, which was 4 percent higher than in 2016.²

Seychelles has one of the highest Human Development scores in Africa, ranking 62nd globally for the year 2018 (up from 63rd in 2016 and 74th in 2015).³ The Seychellois economy is heavily dependent on the global economy. Tourism dominates the economy and is the main employer while fisheries are the country's most important export sector, accounting for a substantial percentage of export revenue; this also makes the economy vulnerable to external shocks.⁴

In the second quarter of 2019 the Seychelles year-on-year real GDP increased by 6.4 percent compared to the second quarter of 2018. This change was mainly driven by activities in accommodation and food services, transportation and storage, and real estate. An analysis of GDP by expenditure shows that final consumption expenditure of households and government contributed to 56.2 percent and 19.3 percent of GDP, respectively.⁵ Real GDP growth was an estimated 3.6 percent in 2018, down from 5.3 percent in 2017, due to rising international oil prices, a moratorium on construction, and uncertainty over the Eurozone, on which the country relies for its thriving tourist sector. The service sector led the growth, expanding by an estimated 5.4 percent in 2018, up from 5.3 percent in 2017.⁶ Inflation increased to 4.4 percent in 2018 from 2.9 percent in 2017 due to higher global energy prices and 2017 fiscal measures, which included a higher minimum wage, increased social spending (mainly state pensions), and higher civil service wages.⁷

Access to finance

Seychelles has a well-developed financial system overseen by the Central Bank of Seychelles and the Financial Services Authority. For 2018, the financial services sector is estimated to have grown by 5 percent. No new banking licence was issued by the Central Bank and as at the end of December 2018, there were nine banks in operation, with the State Bank of Mauritius (SBM) (Seychelles) Ltd, licensed in December 2016, yet to start operations. The total number of branches countrywide as at the end of December 2018 was 38. One key development was the closure of Habib Bank Limited (HBL). HBL formally ceased all its

KEY FIGURES

Main urban centres	Victoria
Exchange rate: 1 US\$ = [a] 1 July 2019	13.63 Seychellois Rupee (SCR)
1 PPP\$ = [b]	7.49 Seychellois Rupee (SCR)
Inflation 2018 [c] Inflation 2019 [c]	3.70 n/a
Population [b]	96 762
Population growth rate [b] Urbanisation rate [b]	1.0% 1.7%
Percentage of the total population below National Poverty Line (2017) [d]	39.3%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	3.9%
Proportion of the adult population that borrowed formally	n/a
GDP (Current US\$) (2018) [b]	US\$1 590 million
GDP growth rate annual [b]	3.6%
GDP per capita (Current US\$) (2018) [b]	US\$16 434
Gini co-efficient (2017) [b]	45.9
HDI global ranking (2017) [d] HD country index score (2017) [d]	62 0.797
Lending interest rate (2017) [b]	12.3%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$) [e]	US\$69.27 million
Number of mortgage providers [e] Prevailing mortgage rate [e]	10 11%
Average mortgage term in years [f] Downpayment	20 n/a
Ratio of mortgages to GDP	4.3%
What form is the deeds registry? [d]	Paper
Total number of residential properties with a title deed	n/a
Number of houses completed	n/a
Number of formal private developers/contractors	12
Number of formal estate agents	7
Cost of a standard 50kg bag of cement	100 SCR (US\$7.34)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [g]	1 000 000 SCR
Size of cheapest, newly built house by a formal developer or contractor in an urban area in square meters	150m ²
Average rental price for this unit in an urban area (local currency units)	15 500 SCR
Number of microfinance loans outstanding	n/a
Number of microfinance providers [e]	1
Number of housing construction loans outstanding	n/a
Number of providers of construction finance [e]	10
World Bank Ease of Doing Business Rank [e]	96
Number of procedures to register property [d]	4
Time (in days) from application to completion for residential units in the main urban city [d]	33

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[e] World Bank Doing Business 2018
[b] World Bank World Development Indicators	[f] Ministry of Habitat, Infrastructure and Land Transport
[c] IMF World Economic Outlook Database	[g] Seychelles Revenue Commission
[d] UNDP: Human Development Reports	

operations and transactions with the public on December 28 and its licence was expected to be fully revoked by the end of March 2019. The country also has one credit union and two non-bank credit institutions. Out of the nine banking institutions, seven are privately owned and the government of Seychelles has majority ownership in the other two. All of the seven privately-owned institutions were foreign-controlled (with two having a minority of shareholders in Seychelles).⁸ The Financial Services Authority licensed six domestic and eight non-domestic insurance companies as well as several insurance intermediaries in 2018. Seychelles also has a securities exchange and a number of intermediaries.⁹

For 2018, overall credit granted by commercial banks rose by 0.1 percent to reach Rs10 750 million (US\$789 million). Credit granted to the private sector in 2018 amounted to Rs6 728 million (US\$494 million), representing an increase of 12 percent over the previous year. An analysis of the sectoral distribution of credit indicated that "private households & non-profit organisation" grew by 14 percent

in 2018, accounting for 23 percent of aggregated credit to the sector. Credit allocated to the “mortgages,” “wholesale & retail trade” and “building & construction,” representing 14 percent, 11 percent and 8.3 percent of total loans to the private sector, rose by 32 percent, 25 percent and 36 percent, respectively.¹⁰

The banking sector overall had a robust 2018 performance. Gross loans increased by 8 percent from Rs7 102 million (US\$521 million) in 2017 to Rs7 672 million (US\$563 million) in 2018. The highest growth in demand for credit in 2018 was for private households (a 28 percent increase) and mortgages (a 27 percent increase). A key highlights of the banking sector’s performance was that non-performing loans decreased by 41 percent from Rs450 million (US\$33.0 million) in 2017 to Rs265 million (US\$19.5 million).¹¹

A Financial Literacy Baseline Survey conducted by FinMark Trust in 2016 revealed Seychelles to be the most financially included country in the Southern African Development Community, as 94 percent of Seychellois are banked.¹² The study also found that 75 percent of Seychellois earn regular and consistent income from formal channels such as government jobs, employment at private companies, receiving salaries from another individual, or self-employment. The World Bank ranked Seychelles at 134 out of 190 countries for ease of getting credit in the 2019 Doing Business report compared to 133 in 2018 and 118 in 2017.¹³ Microfinance is small but growing slowly as international microfinance institutions begin to expend in the local financial services market. A credit bureau needs to be set up and collateral and bankruptcy laws reinforced to protect the rights of borrowers and lenders to bolster lending.

Housing finance has received government support through two state-sponsored institutions – the Housing Finance Company Limited (HFC) and the Property Management Corporation (PMC). The HFC was established in 2004 through the merger of the Seychelles Housing Development Corporation and a former PMC. In January 2013, the HFC underwent a transformation that saw the PMC split off again so that the two entities now operate independently though in co-operation with one another. The HFC is the financier, offering construction and end-user finance for housing development, home purchase and home improvements, whereas the PMC is the developer, focusing on the construction, management and maintenance of government’s social housing stock. In the past decade, HFC has approved over 8 200 loans for a sum of Rs733 million (US\$53.8 million). HFC borrows at a low cost from banks and passes the lower interest rates to its clients. It serves low- and moderate-income households and aims to continue offering affordable loans to low income earners while operating profitably.

HFC offers a range of end-user products promoting housing affordability. First, a Home Savings Scheme enables Seychellois to save a minimum deposit of 10 percent to qualify for government-constructed housing (the current purchase price of government-subsidised housing is approximately Rs450 000, or (US\$33 040). If the affordability of the 10 percent deposit is a problem, prospective beneficiaries must demonstrate that they can at least save 10 percent of their monthly income.

Three types of home loans are available to Seychellois: Housing Loan Scheme, 2nd Housing Loan Scheme, and House Extension Loan.

The Housing Loan Scheme is for clients who want to build on a plot of land they own, or for those who want to buy a home. The maximum loan amount granted under this scheme is Rs850 000 (US\$6 2408). The eligibility for this loan is a maximum income of Rs30 000, or (US\$2 203) a month. There is no minimum qualifying income, though in practice loans are not affordable to those who earn less than Rs6 000 (US\$441) a month. The HFC registers mortgage bonds on the properties and beneficiaries must obtain mortgage insurance and provide “assignment of salary”. Loan amount is calculated based on clients’ net income, with the repayment amount being calculated at 30 to 40 percent of the net income/combined net income. The maximum loan repayment term is 23 years, and the loan must be repaid before the client reaches 63 years of age.

The 2nd Housing Loan Scheme is for clients who are building on their parents’ property or other property on which they have permission to build. The maximum loan amount is Rs400 000 (US\$29 369) granted to clients earning a maximum income of Rs30 000 (US\$2 203) a month.

Availability of data on housing finance

Data on housing finance is readily available in Seychelles. Financial sector information is regularly published by the Central Bank of Seychelles, the Ministry of Finance and the Financial Services Authority. The Ministry of Habitat Infrastructure and Land Transport and the National Bureau of Statistics provide data on housing and national surveys when they are conducted and available. They also provide useful statistical information on the economy of the country.

House Extension Loans are intended to help clients renovate their houses. For general renovations the maximum loan amount is Rs50 000 (US\$3 671) and for re-roofing the house the maximum amount is Rs100 000 (US\$7 342). The maximum loan period is five years (which can be extended to seven years under special circumstances). Applicants must earn less than Rs15 000 (US\$1 101) a month per household. The repayment period is five years. As of January 2016, HFC has also been assisting pensioners with home improvement loans under the pensioner’s scheme. Under this scheme, the maximum amounts granted are also Rs50 000 (US\$3 671) for general renovations and Rs100 000 (US\$7 342) for re-roofing.

Despite the existence of commercial banks, approximately 97 percent of housing projects have been financed through the HFC housing loans alone.

Affordability

Seychelles has a generous social welfare system that supplements incomes considerably. Education is free, and subsidies are provided to support post-secondary education. The government is the principle health-care provider and spends significant budgetary resources in the sector. Housing is the primary capital and services expenditure item for the private sector. Unemployment, which was 3.9 percent at the end of 2017, fell to 2.1 percent in the last quarter of 2018. As the country with the highest GDP per capita in Sub-Saharan Africa at Rs375 938 (US\$27 602) in 2018, Seychelles is ranked 87 in terms of economic freedom out of 180 economies.¹⁴

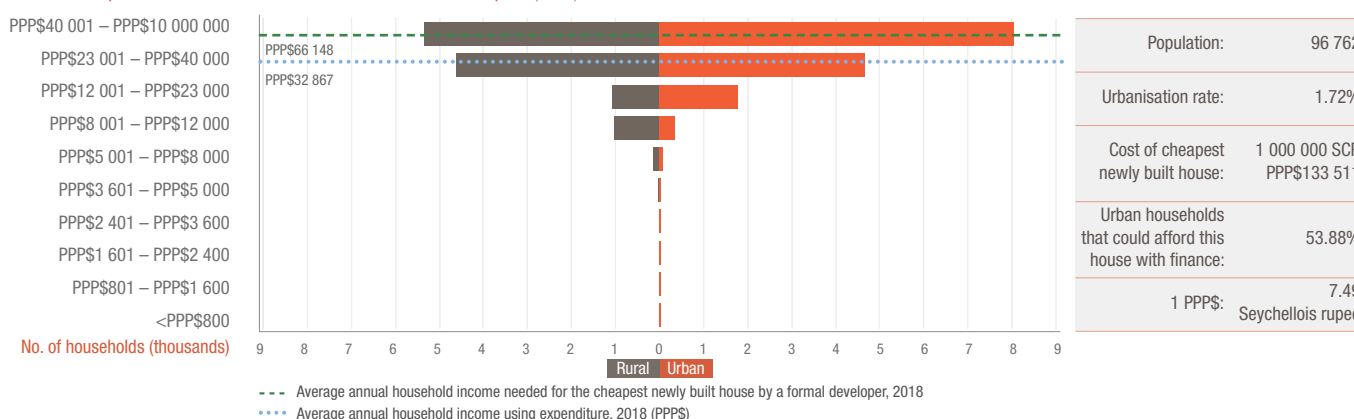
The Seychelles government has steered its housing policies away from being the major supplier, as families are being orientated to be more financially independent. The government of Seychelles has two schemes in place: the social housing and the condominium schemes. The condominium scheme targets semi-professionals and professionals and is based on loan sustainability. Social housing is provided to members of the public who a decent house. Allocation is based on needs and is established by priority rating and recommendations from the local district authority.¹⁵ The government has a policy to help Seychellois obtain loans from financial institutions. There are six categories of house and loan schemes: a full housing loan (to construct a new house), a home improvement loan (for minor maintenance/renovation works), a 2nd housing loan scheme (for construction of a second house – new construction); house extensions schemes (for the construction of one extra bedroom and bathroom only); a land loan (to buy land from the government or private sector); and a land and house loan (to buy existing property).¹⁶

Government-subsidised housing is being delivered for RS500 000 (US\$36 711), and estate agents advise that for RS200 000 (US\$14 684) to RS300 000 (US\$22 026), a buyer can get the most basic unit. An average 3-bedroom home of approximately 150m² ranges from RS750 000 (US\$55 066) to RS1 million (US\$73 422). Construction companies say that finished homes sell for between RS1 500/m² (US\$844) and RS62 000/m² (US\$4 552). The minimum house size is not regulated, but 100/m² is the accepted norm. A 100/m² house built by a private developer costs around Rs2 179 195 (US\$160 000).

The Financial Literacy Baseline Survey, conducted by FinMark Trust in 2016, revealed that the second most important motive for borrowing by Seychellois was to buy or build a dwelling or simply to improve or renovate a dwelling.¹⁷ However, the percentage of Seychellois saving towards buying, building or renovating a dwelling is low. Unfortunately, the study also revealed that the main reason for borrowing is to pay off debt, with surveys showing around 26 percent of Seychellois are over-indebted.

SEYCHELLES

Annual income profile for rural and urban households based on consumption (PPP\$)

Source <https://www.cgidd.com/C-GIDD, 2019>

Housing supply

According to the latest National Bureau of Statistics figures, Seychelles has 25 929 houses. Of these, 87 percent are made of stone/block and 13 percent of wood/iron. Building materials are changing with a change in living conditions and new patterns in lifestyle, from wood and palm/lattice to stone/block for modern structures with modern telecommunications technology, household amenities and ownership of assets.

The housing market in Seychelles is still rudimentary. Most people prefer to build and move into new accommodation; existing accommodation is bought primarily for rental purposes. According to the 2013 Housing and Population Census, most of the population (82 percent) say they own the dwelling in which they live.¹⁸ Some 11 percent rent their houses privately. Three-bedroom apartment rentals range from Rs16 000 (US\$1 175) to Rs19 000 (US\$1 395). Fewer than seven percent say they live rent-free in a dwelling they do not own. Most households (93 percent) have access to treated, piped water; and 82.4 percent have flush toilets connected to a septic tank. In terms of energy use, 98 percent use electricity for lighting and 92 percent use gas for cooking.

The construction sector showed signs of improvement by the third quarter of 2018 by being one of the main contributors to the increase of 3.6 percent in GDP, contributing 0.5 percentage points.¹⁹ From the period between 2008 and 2011, the sector saw significant growth linked to large-scale foreign direct investment projects, as well as government housing projects. However, significant declines have been experienced thereafter.

The Seychelles government's housing programme of 24 houses in 24 districts is on track despite challenges faced by contractors and human resources. The Housing, Infrastructure and Land Transport Ministry received a grant from the Chinese government for the project. In April 2018 Housing, Infrastructure and Land Transport Minister Charles Bastienne paid visits to the Corgat Estate, Perseverance II and the St Louis ex-Oliver housing projects. At the Corgat Estate housing redevelopment project the Minister said the demolition work would be completed by December 2019. Sixteen units at the Corgat Estate were delivered in June 2018. At Perseverance II, 36 of the total 64 units planned for the relocation process are expected to be delivered this year. The ex-Oliver housing project at St Louis is expected to be completed by the end of this year. The President of Seychelles, Danny Faure, during an update in 2018 said that 353 units were under construction in 15 districts, and work would start in the remaining districts as soon as the necessary relocation of citizens and land acquisition negotiations were complete.²⁰

The Seychelles government recently inaugurated part of the real estate project that will provide 700 transit houses with solar energy for people affected by disasters. The 700-unit solar-powered housing project is funded by the Seychelles state, with the support of the Indian government. New Delhi provided a grant of Rs47 669 896 (US\$3.5 million). The housing units are in Grand Anse, one of the

islands of the archipelago. The houses were built by the Public Utilities Corporation. Due to the scattered nature of the islands, the authorities are relying on small solar power plants and home-based solar kits for energy supply.

Property markets

The Seychellois property market is strong, driven primarily by the tourist industry. Real estate websites advertise properties in US dollars or euros, and investors buy new and existing properties, as well as land. Land in the country is in great demand, and the tourism and agricultural industries compete with the housing industry for sites. Conflicts over land and housing are set to deepen as the urbanisation rate continues to grow. No legislation governs the minimum size of a plot of land. Properties can range from as small as 20m² to sizeable holdings. Most land is privately held, with prices ranging from Rs731/m² (US\$54) to Rs375/m² (US\$28) for unserviced land. Serviced land averages Rs1 000/m² (US\$73). However, for prime beachfront properties, the average price stands at Rs21 921/m² (US\$1 609).

Seychelles ranked 62nd out of 190 countries in the World Bank's 2019 Doing Business report for the "ease of registering property" indicator; the same position it held in 2018. The four procedures to register a property take 33 days and cost 7 percent of the property value.

In Seychelles, foreigners can own property. A non-Seychellois may buy privately owned immovable property, or rights therein, in Seychelles subject to obtaining permission from the government. Seychellois can buy property at any time without permission and the transfer tax is set at 5 percent of the purchase price.

Policy and regulation

The Ministry of Land Use and Housing is intent, through a variety of measures, on ensuring access to adequate housing for all Seychellois. Though the government continues to develop innovative programmes to try to meet the considerable demand for affordable housing, capacity needs to be increased to do so.

The government of Seychelles announced in its national budget that for the year 2019 as in the year 2018, Rs18 million (US\$1 321 589) will be allocated to the housing finance subsidy schemes.²¹ Moreover, first-home acquirers are charged a maximum processing fee of Rs2 500 (US\$184) on housing loans below Rs1.5 million (US\$110 132) and for the remaining loan amount above this amount, the first-home acquirers will be charged a maximum of a 0.5 percent processing fee on the balance.²²

The Seychelles Planning Authority is in charge of statutory physical planning functions for the country. The Authority regulates physical development on land. The planning system is based on and governed by the following legislation: the Town and Country Planning Act 1972; Land Reclamation Act Cap 106; National Monuments Act Cap 140; and Seychelles Civil Code 1976.²³

Opportunities

Seychelles has been ranked at 96 out of 190 countries overall in the World Bank's 2019 Doing Business report. With the country being a tourist destination, there is a focus on housing for higher income earners. Property prices in Seychelles' high-end market have risen continuously over the past several years. In a bid to open the country to more foreign investment, the law of property ownership has recently been changed to offer freehold title and residency rights to foreign owners and their immediate families.

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Sierra Leone

Author: Prime Stat Consult (Sylvester Gabianu)



Overview

Sierra Leone has a population of 8 044 414 which is growing at 3.2 percent a year. The urban population increased by 41 percent in 2015 reaching 3 295 182 in 2018 and comprising 732 263 households.¹

The country's economic gains, which grew to a double-digit real gross domestic product (GDP) rate of 20.1 percent in 2013, witnessed a decline in 2014 to 3.7 percent, due to the Ebola virus disease outbreak, and a decline in the price of iron ore, the main export product. Although the country was declared Ebola-free in March 2016, the economic recovery has been volatile. Growth rebounded to 6.4 percent in 2016 only to decelerate to 3.8 percent in 2017 and remain roughly stagnant at 3.7 percent in 2018.² This has also influenced GDP per capita, which decreased from US\$499 in 2017 to US\$474.10 in 2018.

Sierra Leone's macroeconomy remains unstable. Inflation increased from 15.33 percent in December 2017 to 17.46 percent in December 2018. The provisional inflation rate for 2019 is 17.46 percent. The Bank of Sierra Leone (BSL) increased the monetary policy rate (MPR) by 200 basis points to 16.5 percent in December 2018 in a bid to reduce the high inflation. The prevailing prime interest is 20.5 percent while the MPR is 16.5 percent for March 2019.³

Inflationary pressure has persisted due to the depreciation of the exchange rate, food supply constraints, and the adverse impact of the liberalisation of fuel prices. Although the official exchange rate as at 21 August 2019 was Le9 107.75⁴ per US dollar, the open market is Le1 000 000.⁵

Housing affordability is a serious challenge in Sierra Leone. The majority of income earners belong to the low income bracket which represents 57.93 percent of the people living below the poverty line (US\$1.25) who lack access to adequate housing. In 2018, the Gini coefficient was 32, having increased from 29.7 in 2017.⁶

Of the 909 028 residential properties, rental housing represents 24 percent.⁷ This is woefully inadequate for demand in the rental housing market. The disequilibrium between the existing rental housing stock and high demand for housing is pushing rental prices upwards where 100m² accommodation is about US\$360, requiring payment of a year's rent advance. The price to rent ratio in the city centre is 7 551.88.8

KEY FIGURES

Main urban centres	Freetown
Exchange rate: 1 US\$ = [a] 1 July 2019	9 000.67 SL Leone (SLL)
1 PPP\$ = [b]	2 586.28 SL Leone (SLL)
Inflation 2018 [c] Inflation 2019 [c]	16.7 15.8
Population [b]	7 650 154
Population growth rate [b] Urbanisation rate [b]	2.1% 3.1%
Percentage of the total population below National Poverty Line (2017) [d]	46.7%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	4.5%
Proportion of the adult population that borrowed formally (2017) [b]	4.3%
GDP (Current US\$) (2018) [b]	US\$4 000 million
GDP growth rate annual [b]	3.7%
GDP per capita (Current US\$) (2018) [b]	US\$522
Gini co-efficient (2017) [b]	n/a
HDI global ranking (2017) [d] HD country index score (2017) [d]	184 0.419
Lending interest rate (2017) [b]	17.9%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding [f]	292
Value of residential mortgages outstanding (US\$)	US\$10.2 million
Number of mortgage providers [g] Prevailing mortgage rate [f]	1 23%
Average mortgage term in years [f] Downpayment [f]	15 20%
Ratio of mortgages to GDP	0.26%
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed	n/a
Number of houses completed	n/a
Number of formal private developers/contractors [h]	6
Number of formal estate agents [h]	5
Cost of a standard 50kg bag of cement [h]	50 000 SLL (US\$5.56)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [i]	167 400 000 SLL
Size of cheapest, newly built house by a formal developer or contractor in an urban area	45m ²
Average rental price for this unit in an urban area (local currency units)	3 240 240 SLL
Number of microfinance loans outstanding [f]	292
Number of microfinance providers [g]	25
Number of housing construction loans outstanding	n/a
Number of providers of construction finance [g]	14
World Bank Ease of Doing Business Rank [e]	163
Number of procedures to register property [e]	7
Time (in days) from application to completion for residential units in the main urban city [h]	265

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[f] Commerce and Mortgage Bank Sierra Leone
[b] World Bank World Development Indicators	[g] Central Bank of Sierra Leone
[c] IMF World Economic Outlook Database	[h] Regimanuel Grey Estate
[d] UNDP: Human Development Reports	[i] Ministry of Lands, Housing and the Environment
[e] World Bank Doing Business 2018	

Access to finance

The banking sector in Sierra Leone includes 14 commercial banks, 17 community banks, 59 financial services associations, 13 microfinance institutions (MFIs) (two deposit taking and 11 credit only), and three mobile money operators. There are 11 foreign banks, two state-owned banks, and one domestic bank. Total assets of the commercial banking sector are Le5.29 trillion (US\$587 734 155), and account for over 99 percent of the assets in the financial system. The 11 foreign banks account for more than 60 percent of the industry's total assets.⁹

Access to finance is limited compared to other countries in the sub-region. The accumulation of government arrears remains a key challenge to the quality of the commercial banks' loans. Fiscal dominance of central government has crowded out credit growth to the private sector.¹⁰ Credit to the private sector has declined, mainly due to increased lending from the banking sector to the central government.¹¹ The growth in bank credit to the private sector recovered strongly,

rising from 6.60 percent in Q1 2018 to 17.65 percent in Q3 2018.¹² Although interest rates for all categories have been fluctuating, the general lending interest rate in Sierra Leone was reported at 17.92 percent in 2017 and 2018, with the real interest rate 6.46 percent in 2018.¹³

Despite the entrance of foreign banks over the past decade, the two state-owned banks (Rokel Community Bank and Sierra Leone Commercial Bank) continue to be key players with 28.6 percent of assets, 36.2 percent of deposits, and 23.8 percent of credit.

Although there has been limited improvement overall in the level of financial inclusion in recent years, use of mobile money has increased notably. There are now 1.9 million customers using mobile cash-in-cash-out transactions, with about 94 000 mobile wallet customers.¹⁴ This has grown rapidly in recent years and is likely to be the largest source of improving access to finance in the coming years with the migration of cash-in-cash-out customers to other types of accounts and the development of other digital finance products than those currently available in the market. Allowing for interoperability is needed to drive this.

Microfinance institutions are a key service provider, particularly in rural areas. They have a larger geographical presence in Sierra Leone than banks with 168 163 borrowers and 189 352 depositors.¹⁵ Their loans cater to micro and small entrepreneurs and enterprises, averaging between US\$110 and \$266. The top three MFIs are Ecobank Microfinance (SL) Limited, Bank for Innovation and Partnership Microfinance, and BRAC Microfinance (SL) Limited.

There are three licensed housing financing institutions – Sierra Leone Housing Corporation, Alliance Housing Finance Company Ltd, and Home Finance Company (SL) Ltd. There are also more than 10 housing developers,¹⁶ with the biggest being Regimanuel and Grey Estates. The cheapest, newly built house by a formal developer or contractor is valued about US\$36 000.¹⁷ For the year 2018/19, Regimanuel and Grey estates was able to execute one transaction through mortgage financing; which is woefully inadequate.¹⁸ However, there are no microfinance or credit institutions providing construction, housing finance and/or mortgage loans. The ratio of defaulting loans to total gross loans was estimated to be 31.73 percent in 2015.¹⁹

Affordability

Uncontrolled urban expansion and the lack of affordable housing has led to an inefficient allocation of land within the city, characterised by the proliferation of slums near the city centre. Freetown for instance has a housing deficit of 166 000,²⁰ and as noted by Home Leone (2019), needs 280 000 houses or 10 000 a year by 2028. It is estimated that there are 28 slum communities in Freetown with a population of about 150 000.²¹ Most of the slums are highly overcrowded, with an average of 10 people living in a single dwelling. These buildings are made of shared units and less durable construction materials, making them highly prone to fire risks. About 60 percent of households are tenants.²²

Rental values of properties in upper middle income areas are between US\$900 to US\$2 000 a month. In the low income areas, rental values can drop to US\$67 a month. Slum dwellers pay between US\$80 to US\$100 an annum (i.e. US\$7 to US\$8 a month).²³ However, rents vary significantly depending on location within the city. While in the east end of Freetown, average rental prices for a three-bedroom apartment range between US\$1 000 and US\$1 500, rental prices for a same-size apartment in the central and west end areas range from US\$3 000 to US\$5 000.²⁴ Only three percent of Sierra Leone's households can afford such high rents. Cedeya, Regimanuel Grey, and the Chinese-owned Gouji have invested in building gated communities or estate development type housing in Sierra Leone. But with no financing available and prices ranging between US\$300 000 and US\$500 000,²⁵ these houses are well out of reach of many middle class Sierra Leoneans. Outside the formal market, households spent between 11 percent and 33 percent of their estimated household expenditure on rentals.²⁶

With only 40 percent of the city's land titled²⁷ there is a loss of security, and inefficient administrative systems inhibit marketability. Although the recent Land Registration System Project has significantly reduced the time needed to register a property from 235 days in 2008 to under 20 days in 2019, property transfer is still a highly expensive process – 11 percent of property value compared to eight

Availability of data on housing finance

Data in Sierra Leone is fragmented in several ways and requires several efforts to compile, clean and analyse. It is often extremely difficult to secure information from government institutions compared to private institutions. Financial institutions are willing to give information; however, they are not readily available. Some institutions that compile housing data include

- BSL <http://www.bsl.gov.sl>; Statistics
- Sierra Leone <https://www.statistics.sl>;
- Home Leone <https://homeleone.org>; and
- Sierra Leone Property Solutions <https://www.sierraleoneproperty.com/land-for-sale-lease/>.

percent on average for the region. As a result, residents are incentivised to transact informally. In 2006, there were only 200 registered property transactions in Freetown.²⁸ According to the Senior Land Officer at the office of Land Title Registry, about 1 500 titles have been registered from January 2019 until now.²⁹

The slums have also produced dysfunctional land use patterns which constitute 36 percent of Freetown housing development. Landslides and flooding disproportionately affect Freetown's poorest who live in some of these overcrowded coastal areas.

Housing supply

The 2015 Population and Housing Census (PHC) results showed that the total stock of houses in the country was 801 417. The proportion of houses in rural areas (60.6 percent) was higher than that in urban areas, with the urban population growing at a faster rate than the rural population. The total number of dwelling units nationwide was 1 347 231, of which 94.0 percent were occupied and 6.0 percent vacant.³⁰

The most popular housing dwelling type in Sierra Leone is a separate house (54 percent); even more popular in rural areas (68 percent), although not an important feature in Freetown. Flats/apartments are a significant feature of housing typology in Freetown (33 percent). This is because of inadequate land for expansion of the city. Urban land for development is scarce with a dotted barrier of city growth.

The most prominent tenure status prevailing at the national levels is house ownership. Seventy-one percent of households were identified during the 2015 PHC as owning their dwelling units; a four percent reduction from the 2004 population census. Renting increased from 19.3 percent in 2004 to 23.8 percent in 2015. In urban areas – especially Freetown – renting dominates. It currently stands at 60 percent compared to the national figure of 24 percent.

For the private sector (builders, contractors, property speculators and landlords) housing is a commodity; realisation of the exchange value of that commodity is facilitated in periods of economic growth, which ensures a high rate of profit and growing demand from increasingly affluent sectors of the population. This is currently absent in Sierra Leone. Sierra Leone is perennially beset with slow expansion of its economy, unfavourable inflationary trends and a weakening local currency. There is also limited availability of construction finance with high interest rates that could reach 26 percent.

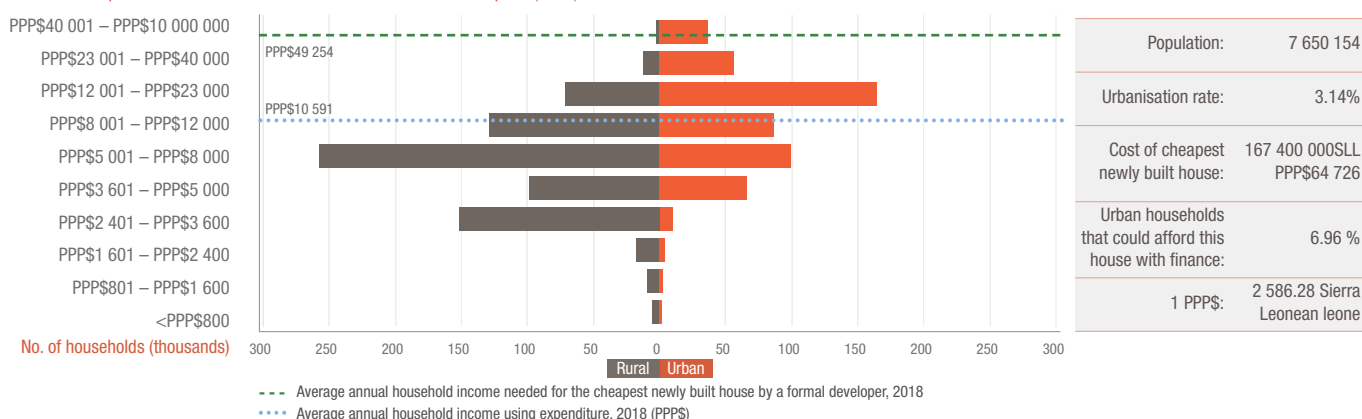
Property markets

Average land prices in the peripheral of Freetown are reported at US\$3 800 per town lot or US\$38 000 per acre. These areas mostly have high elevations with high costs of construction. Within the flat land areas prone to flooding, a town lot could be priced at US\$1 800 or US\$15 000 per acre.³¹

Land administration in Sierra Leone is complex.³² A dual land tenure system linked to the colonial period remains. The preservation of the dual systems is a political compromise between competing interests of elites supporting freehold versus customary tenure. Land in the western area – Freetown included – is administered under freehold with transactions registered with the Office of the Administrator and Registrar General under the Ministry of Justice, while most of

SIERRA LEONE

Annual income profile for rural and urban households based on consumption (PPP\$)

Source <https://www.cgidd.com/C-GIDD, 2019>

the country is under multiple customary tenure systems. The process of registration in Freetown is ineffective and disorganised, leading to a widening gap in the credibility of both the cadastre and registry. The cadastre in the western area is outdated and inaccurate. The legal framework for the administration of land rights in the provinces is provided by the Provincial Land Act of 1961, which emanated from the Protectorate Ordinance of 1927 and the Tribal Authorities Ordinance of 1938. The law makes certain land, held under customary tenure in the provinces, the property of indigenous land-owning families and that Paramount Chiefs or traditional rulers are not landowners but serve as trustees of such family property. Because of variations in customary land law practices among different ethnicities, there is no single, coherent and integrated prerequisite to secure property rights in the provinces.

In the slum areas there are misappropriated value losses in land. The monetary loss due to low and stagnant land prices could equal almost US\$58 million. Slum areas are unable to capture the potential returns from land improvements, such as infrastructure investments and regularised layouts. Consequently, low investments have been associated with very low land prices. Besides, many slums are in areas prone to environmental risk, which further discourages investments. Land prices in slum areas near the city centre were estimated to range from US\$2.8 to US\$20 m² while in nearby formal areas prices ranged from US\$43 to US\$230 m². It is possible to calculate the approximate loss in land value by comparing the present total land value of those slums to the total potential land value if those areas had the same standards (and therefore the same land value) as the formal areas surrounding each of them. When considering only the four large slums that are the closest to the city centre (Kroo Bay, Congo town, Maunt Aureol slums and Upgun area slums), it is estimated that the non-redevelopment of those areas has resulted in a loss of US\$ 58 million in land value.³³

Sierra Leone sped up property registration from 235 days in 2008 to 86 in 2009 by no longer requiring the cadastral map to be authenticated before each transfer.³⁴ The country also improved the building approval process and reinstated phased inspections, cutting 24 of the procedures previously required to obtain a construction permit. Property registration process is simple and takes no more than five business days to complete. The registration process costs US\$10, and investors must pay land taxes (determined by the location and size of the site) and the stamp duty. Contrary to the above, the World Bank's cost of doing business report put the number of days to register a property at 56 days, and the time required for construction permit at 182 days.³⁵

Recurring land value tax is based on the estimated value of land or on land attributes, which is assessed annually and collected in instalments either paid by the landowner or by the occupant. The property rate is valued on permanent improvements or on their attributes.

Policy and regulation

Sierra Leone's legislative framework for housing and regional/urban planning is weak and there are no standardised building regulations.³⁶ The Freetown Improvement Act Cap 66 of 1960 provides for the control of building construction in Freetown. In terms of regional/urban/local planning, the legal provision is the Town and Country Planning Act, Cap 81 of 1946. This legislative framework is outdated, considering the socio-economic changes since the enactment of these Acts.

The Sierra Leone Housing Corporation Act of 1982 established the national housing corporation to assist in the provision of houses to improve the living standards of the people of Sierra Leone. It was anticipated that the Sierra Leone Housing Corporation (SALHOC) would develop a minimum of 6 500 houses for sale and lease; and develop Building Materials Training Centres in Freetown and Bo to produce Cinva Ram bricks (laterite and clay). However, since its incorporation SALHOC has constructed 58 high-end houses, providing an income stream to the entity for rental purposes. In 2014, it was reported that tenants of SALHOC owe the corporation over one billion Leones (US\$1 million) – rendering the entity unable to meet its recurrent expenditure commitments.³⁷

The National Land Policy, 2015, sets the basis for land reform. It provides the vision, principles and policy components to give direction to and definition of the roles and responsibilities of various government and customary authorities, and other non-state actors, in land management. It also sets the basis and access to land and tenure, land use, regulation and the management of special land issues, land administration structures, and land laws.

There is currently no coherent policy on housing finance. However, the National Social Security and Insurance Trust has invested in home financing and incorporated a company, Home Finance Company, as both a mortgage finance company and a deposit-taking non-bank financial institution targeting resident and non-resident Sierra Leoneans both in the formal and informal sector. In June 2009, the Sierra Leone Parliament enacted the Home Mortgage Finance Act of 2009 to regulate home mortgage financing and institutions including the Home Finance Company. Currently the company has metamorphosed into HFC Mortgage and Savings Limited, providing services in the areas of mortgage and construction finance.

Opportunities

Land is not being used effectively in Sierra Leone. Instead of generating productive clusters of activity, cities and towns – especially in Freetown – urban sprawl remains through informal settlement. This dysfunctional process is due to the lack of clear land rights. Addressing this is probably the single most important economic policy.³⁸ Secure land rights enable owners to make substantial and long-lasting property investments.

Active investment in enhancing density will need to be accompanied by supporting infrastructure and enforceable land use regulations. Given the pressing service delivery needs but limited public funding, partnering with or facilitating entry of private enterprises is one way to address the challenge. A private sector presence is often readily available for middle and upper income neighbourhoods but the challenge has been in attracting private sector investment in poorer and more risky neighbourhoods.

The prudent intervention to generate liveable urban towns and cities is for policymakers, at both local and national levels, to engage in long-term planning for orderly and functional urban spaces for future urban expansion. Policymakers in Sierra Leone face the decision of whether to build on and around Freetown, or to focus policy on setting up a new administrative capital city near Mamamah airport.³⁹ Both options deserve serious consideration.

For Sierra Leone to achieve a more prosperous future, cities will need a prolonged phase of planning and higher public investment. The capital, Freetown, the pivot for growth and prosperity, has been victim of neglect and lacked purposive long-term policy: the city has become locked into low-productivity, unprepared for natural hazards, and is increasingly a bottleneck to investment for the entire country.

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Somalia

Author: Sireena Ramparsad



Overview

The Federal Republic of Somalia was set up in 2012, the first permanent government structure since 1991. It is in East Africa, forming part of what is referred to as the Horn of Africa, and is approximately 640 000km². It is bordered by Kenya to the southwest, Ethiopia to the west and Djibouti to the northwest, and has the longest coastline in Africa. Somalia's capital city is Mogadishu. The population is approximately 15 million people, of which 45 percent are urban with an annual urbanisation rate of 4.13 percent.

According to the African Economic Outlook 2019, real gross domestic product (GDP) growth was estimated at 2.9 percent in 2018, driven by expansion of the livestock, agriculture, financial and telecommunications sectors. Somalia's GDP is US\$7.48 billion, about US\$498.7 per capita¹ and most of the GDP (83 percent) is made up of government and private consumption.² Slow economic growth of 2.9 percent³ in 2018, although an increase on 2017 growth, was a result of the high current account deficit, driven by imports due to persistent drought (imports increased by 21 percent from 2013 to 2016)⁴, high oil prices, Saudi Arabia's ban on Somali livestock imports and the Rift Valley fever outbreak, as indicated by the African Economic Outlook.⁵

The Consumer Price Index (CPI) as reported by the Somalia Directorate of National Statistics,⁶ indicated that overall CPI from July 2018 to July 2019 increased by 6.81 percent. Housing, water, electricity and gas decreased year-on-year by 1.4 percent indicating an increase in affordability. All other sectors increased significantly.

Somalia suffered severe drought in 2017, as well as terrorist attacks, which continue to plague the country in 2019. Rural Somalis have been the most affected by the drought and terrorist attacks, resulting in an increasing influx of Internally Displaced Persons (IDP) to larger cities such as Mogadishu, adding to the strain on public services.

The 2018 National Budget Speech⁷ highlights four priority sectors: health, education, roads and agriculture. This reflects key challenges in Somalia which include weak infrastructure⁸ damaged from conflict, high international debt, weak yet emerging institutional capacity and high unemployment, at 24.8 percent in 2014.⁹ Importantly, remittances into Somalia increased by 28 percent between 2013 to 2017, at a total of US\$1.67 billion. Remittances are a major source of income for households and businesses.¹⁰

KEY FIGURES

Main urban centres	Mogadishu, Hargeysa, Berbera, Kismayo, Marka
Exchange rate: 1 US\$ = [a] 1 July 2019 1 PPP\$ = [b]	582.36 Somali Shilling (SOS) n/a
Inflation 2018 [c] Inflation 2019 [c]	2.80 n/a
Population [b]	15 008 154
Population growth rate [b] Urbanisation rate [b]	2.8% 4%
Percentage of the total population below National Poverty Line	4.1%
Unemployment rate (% of total labour force, national estimate) (2017) [b]	n/a
Proportion of the adult population that borrowed formally	14.0%
GDP (Current US\$) (2018) [b]	n/a
GDP growth rate annual [b]	US\$7 484 million
GDP per capita (Current US\$) (2018) [b]	-1.5%
Gini co-efficient (2017) [b]	US\$499
HDI global ranking (2017) [d] HD country index score (2017) [d]	n/a
Lending interest rate	n/a
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$)	n/a
Number of mortgage providers Prevailing mortgage rate [f]	3 10%
Average mortgage term in years [f] Downpayment	20 20%
Ratio of mortgages to GDP	n/a
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed	n/a
Number of houses completed [g]	335
Number of formal private developers/contractors [h]	18
Number of formal estate agents	5
Cost of a standard 50kg bag of cement (2018)	8 148 SOS (US\$14.00)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [i]	27 953 264 SOS
Size of cheapest, newly built house by a formal developer or contractor in an urban area [j]	65m ²
Average rental price for this unit in an urban area (local currency units)	203 826 SOS
Number of microfinance loans outstanding	n/a
Number of microfinance providers	7
Number of housing construction loans outstanding	n/a
Number of providers of construction finance	3
World Bank Ease of Doing Business Rank [e]	190
Number of procedures to register property [e]	5
Time (in days) from application to completion for residential units in the main urban city [e]	188

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[f] Numbeo
[b] World Bank World Development Indicators	[g] UN Habitat
[c] IMF World Economic Outlook Database	[h] Fortune of Africa
[d] UNDP: Human Development Reports	[i] Somali Homes
[e] World Bank Doing Business 2018	[j] My Property Somalia

Access to finance

The Central Bank of Somalia, under provisions of the Banking Regulations Act of 2012 is responsible for licensing, supervising and regulating Somali commercial banking and non-banking financial institutions including microfinance, mobile money transfer, insurance and credit associations. Six banks are licensed and operating in Somalia: Dahabshil Bank International, Salaam Somali Bank, Amal Bank, Premier Bank, International Bank of Somalia, and Amana Bank. Three of these banks offer housing/real estate/land and construction financing. Four additional banks are also licensed but not yet operational.¹¹ There are 11 licensed money remittance providers – Hawalas – and seven microfinance providers, including Dahabshil Bank, Kaah International Microfinance, Silatech and Kaah Express.

As indicated in Making Finance Work for Africa, 2019,¹² prior to financial institution regulatory reforms in 2012, the informal market supported the basic financial needs of Somalis including trust-based loans and Hawalas (or money transfer services), which assisted in the international transfer of money as well as domestic transactions. According to the International Monetary Fund (IMF),¹³ mobile

money and money transfer businesses play a significant role in providing financial services in Somalia, and provided trade finance of approximately US\$2.1 billion in 2017. Mobile money services have a 73 percent penetration rate in Somalia and remittances are approximately 20 percent of GDP.

In 2017, 7.9 percent¹⁴ of adults held accounts at formal financial institutions, showing low levels of financial inclusion. However this is expected given the nascent nature of the financial sector in Somalia. Financial sector assets are equivalent to 4.3 percent of GDP and credit to the private sector is 1.3 percent of GDP.¹⁵ Commercial banking facilities are concentrated in urban areas. According to Making Finance Work for Africa, 2018,¹⁶ key challenges for the financial sector in Somalia include trust and information deficits, lack of capacity and financial infrastructure, unfavourable terms and conditions, as well as insufficient collateral for the majority of the public. Some strides have been taken with the support of the World Bank, for example through the Somali Core Economic Institutions and Opportunities Program (SCORE), which aims to strengthen central bank supervision and regulations by building legal, regulatory and policy frameworks.¹⁷ SCORE is funded by the Multi Partner Fund.¹⁸ There are no credit bureaus in Somalia. The Somalia banking sector is highly liquid with a loan to deposits ratio of 47 percent and is, “financially sound and well capitalised with a total assets ratio above 15 percent”.¹⁹ While the insurance sector is still in its infancy, two companies are operating in Somalia.

The IMF supports Somalia through the Heavily Indebted Poor Countries initiative to help relieve debt. Current support includes the IMF, World Bank, African Development Bank (AfDB), European Union, and United Nations.²⁰ Somalia's currency collapsed in 1991 due to the civil war. Ever since, the country has been using foreign currency (US dollar) and all local currency in circulation is counterfeit. The introduction of new bank notes will replace this counterfeit currency.

Plans are under way to re-establish Somalia's monetary policy and introduce a new Somali currency, which seeks to assist in rebuilding the credibility of Somalia's financial sector and overall economy against counterfeiting.²¹ Currently, limited information exists on the implementation of the strategy, progress and timelines of introduction.

Importantly, the Somalia banking sector is mainly governed by Islamic banking. This refers to interest free banking governed by principles of Islamic Sharia. What this means in the context of Somalia is that the lending terms differ. There is no mortgage interest rate as lending is interest free. Instead, while there is a down payment requirement by banks, banks also require a Murabaha payment (or profit mark-up) upfront on the nett cost of the property.

Affordability

The World Bank supported Somalia by undertaking a study in 2016 to profile poverty in the country. This aims to aid stakeholders by providing crucial data to inform policies and programmes targeted at socio-economic reform and restructuring in the country.²² The report indicates that the percentage of the Somali population living below the international poverty line of US\$1.90 in 2011 PPP (purchasing power parity) ranges between 26 percent (for example, 27 percent in North East Somalia) and 70 percent (for example, 61 percent in North West Somalia) depending on the region. Overall one in every two Somalis were living in poverty in 2016 with one in every three facing the possibility of extreme poverty. Somalia has a GINI index of 37 percent, well below the African average of 42 percent. The total daily per capita expenditure is US\$1.25 2011 PPP and poverty is worst among IDP settlements.

There are also disparities in the extent of poverty in rural, urban and IDP areas. According to the Poverty Profile²³ ongoing drought and insufficient rain affects the purchasing power and food security of large parts of the population.

The Poverty Profile²⁴ shows that poverty in Somalia is multidimensional, with 71 percent of Somali's not having access to information, 41 percent lacking access to an improved source of water, and 36 percent without access to education. Literacy rates are low in Somalia with only 16 percent having completed primary school education, seven percent secondary education, and only 55 percent can read and write. The labour force participation rate is 32 percent for males and 18 percent for females.

Availability of data on housing finance

Given Somalia's history of conflict and the destruction of systems, the government and other administrations have been left in a position of reconstruction. Data relevant to housing, housing finance and associated sectors is extremely difficult to find online. This could be for a variety of reasons, including the use of paper as an administrative mechanism. There is a need to digitise and sort information. The research to write this profile included identified that historic records, such as title deeds, were either destroyed or moved overseas, making it difficult and costly to access historical records. It is also extremely difficult to undertake on-the-ground research because of vulnerable conditions and security risks throughout the country.

Access to data and the general availability of data have been identified as a key gap by the government. To this end, strides have been made towards providing reliable data that reflects the status quo. This is evident in the effort the government has put into placing available information, when possible, on ministry websites. However, this information is often outdated, not comprehensive and contact information links may need updating. Hard data is lacking for evidence-based planning.

The IMF indicates that data gaps are caused by institutional weaknesses, weak capacity, and poor data. The authorities have taken steps toward addressing this by establishing the Somali National Bureau of Statistics and have submitted a new statistical law to parliament for consideration. Somalia benefited from technical assistance from the IMF in this process. Statistics South Africa with the support of Statistics Sweden also hosted a statistical quality management study tour which sought to “exchange experience on process management; especially in planning and monitoring of work, organise a national statistics system, national accounts, price statistics, communication and quality assurance”.

A presentation by Jama (2016)²⁵ indicates that, on the demand side, key challenges include short repayment periods due to risk of liquidity, down payment value requirements, Murabaha rates, limited real estate developers, and the high cost of residential property. There are short repayment periods of three years, or 60 months (Amal Bank Home Finance) in some cases, which adds to the affordability challenge. An example presented by Jama (2016) indicates that a house that costs US\$75 000, would need a monthly payment of US\$2 012, which includes a 30 percent down payment and 15 percent Murabaha rate, over a period of 30 months. This is unaffordable to majority of the population, given that only 7.9 percent of people have accounts at formal financial institutions. This highlights a dire need for affordable finance that services the affordable market in Somalia. The down payment value that financial institutions require is between 20 percent and 30 percent of the price inclusive of the Murabaha. The Murabaha rate, according to Jama (2016) is charged by banks at between 12 percent and 30 percent on the net cost of the house. This is in addition to the down payment.

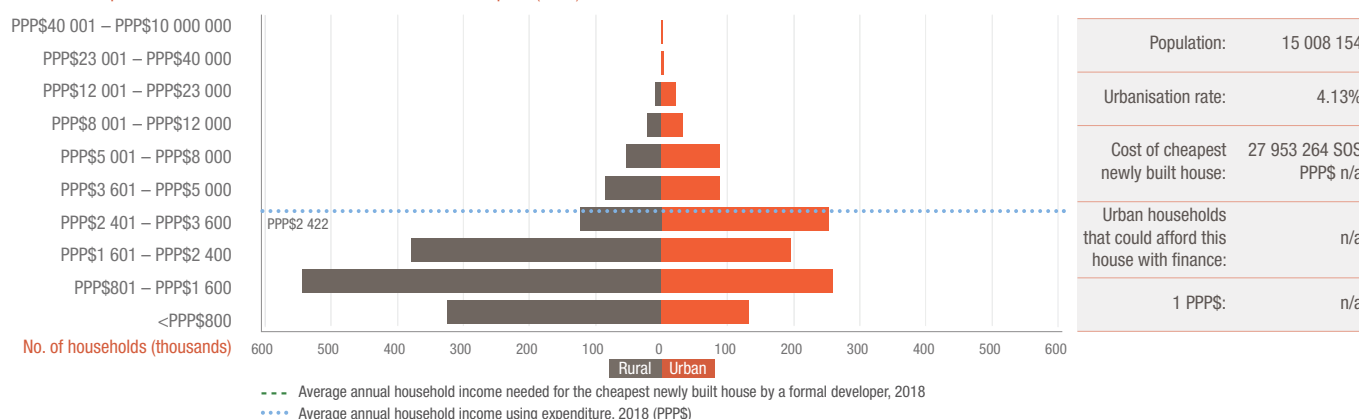
The GNI per capita (2018) is US\$20 431 a year equating to US\$1 702 a month. While there are few properties on the market for sale, the cheapest house found on property websites, such as My Property,²⁶ was Sh.So. 27 953 264 (US\$48 000) and average rental for listed apartments was Sh.So. 203 826 (US\$350).

Housing supply

According to Somalia's National Development Plan 2017-2019,²⁷ 14.7 percent of households in Somalia are IDPs living in informal settlements or camps. Eighty-five percent of the population live in slums or partially destroyed housing. Access to adequate housing is an increasing problem in Somalia given the high urbanisation rate, exacerbated by IDPs seeking refuge in urban areas. Housing is mainly provided informally by individuals and typically lacks access to basic services such as electricity, water and sanitation. In addition most urban dwellers are living in unsatisfactory conditions as most of Somalia's private and public housing stock has been destroyed by more than 20 years of conflict.²⁸ Against this backdrop, the National Development Plan prioritises housing and states: “Increase access to

SOMALIA

Annual income profile for rural and urban households based on consumption (PPP\$)

Source <https://www.cgidd.com/C-GIDD, 2019>

adequate and affordable housing in particular for IDPs, returnees, the urban poor and other persons in vulnerable situations".²⁹ The National Plan identifies the need for a National Housing Strategy and Land Policy, which includes facilitating access to land for housing development, developing the local economy by using local raw materials and labour, establishing municipal housing programmes to provide rental housing subsidies or owner-driven incremental reconstruction using microcredits for buying building materials, among others.

The Poverty Profile describes the current housing conditions of the population and shows that approximately 85 percent of households in urban areas have metal roofs and most households in Somalia have cement floors (66 percent of poor and 72 percent non-poor in urban areas). It further indicates that the average Somali household size is 5.3 persons.

Jama (2016)³⁰ indicates that, from a property developer's perspective, key challenges include reliability of information provided by property seekers, land issues such as a lack of laws governing land administration, fluctuating property prices, and disputes over land ownership.

The International Institute for Economic Development (IIED), identifies four types of housing in Somalia; 1) Bools which are temporary shelters made of mud, sticks and cloth mainly inhabited by IDPs with an average rental of US\$13 a month, typically located on the periphery of the city, 2) corrugated iron sheet housing inhabited by low to middle income earners costing US\$140 on average a month and located on the periphery of the city, 3) villas located in the older city suburbs and periphery, housing wealthy Somalis and foreign nationals, and 4) apartments inhabited by middle and upper middle class Somalis with an average cost of US\$350-US\$500 a month located within the city centre.³¹

Internet-based research³² shows 18 developer/construction companies in Somalia. These include Somali Real Estate Investors, Mogadishu Stars, Somaliland Properties Company, War Zone Real Estate Developer, Better Homes and Garden Real Estate, Hoy Properties, Dalbire, H2O Property Management and Development, Daryeel Construction, Barre Housing Firm, Ocean Construction Company, Tawfiq Construction, Shanfool Construction Company, Almisi Construction and Trading Co., Amaana Engineering, Kabadhe Construction, National Drilling Company, Shanfool Construction Company. Information is limited to what is available online.

Developments in the cement industry since 2017 include the Somaliland government giving ownership of Berbera Cement Plant to Red Sea Cement, with plans for its renovation. The cost of a 50kg bag of cement in Somalia is US\$10.³³

The AfDB also signed a grant deal for US\$28.8 million in August 2019, directed at water and roads projects. Provision of water and roads infrastructure is important for developing housing in Somalia to increase the quality of life by providing access to services.

Property markets

Property market issues identified in the National Development Plan (2017-2019) include the lack of a clear land tenure system, with customary and formal land ownership systems working together. This is a further impediment to infrastructure development and reintegration of IDPs. Other challenges identified in the National Development Plan (2017-2019) include the destruction of land registries and the lack of a functional legal system, which makes land administration difficult.

The World Bank's Doing Business Indicators³⁴ report shows that it costs 1.6 percent of a property's value to register a property. There are five procedures and it takes 188 days to register a property. While title deeds are only documented on paper, these can be accessed at a notary office which is registered at the court of appeal but is not available to the public. Fraudulent titles and land disputes are common in Somalia even though it is mandated by law to be registered.³⁵ Prior to 1991, all titles were moved out the country and kept by a former registrar official. The institutions responsible for immovable property registration are the Court of Appeal and the Banadir Regional Authority (Municipality of Mogadishu, Land Management Department). The Banadir Regional Authority is also responsible for showing legal boundaries in the business district.³⁶

An internet search identified five formal real estate agents operating in Somalia: Somalia Homes, Kaah Properties, Somali Real Estate Investor, My Property, and H2O Property Management and Development. The price of rental property for a one-bedroom apartment in the city centre, according to the Numbeo website, is US\$124.36 and US\$59.55 outside of the city centre. The rental market is mainly informal, according to IIED, and often involves paying between one and three months of rent upfront. According to Numbeo, the price per square meter to buy an apartment in the city centre is US\$27 383.33 and US\$21 914.80 outside the city centre.

Policy and regulation

Article 43, Chapter 3 of the 2012 Provisional Constitution refers to land; however, according to the IIED, it remains vague on land conflict issues. Land is governed by a mix of formal, customary (Xeer) and Sharia Law. Customary law involved elders and religious leaders and clans. Majority clans, however, are often favoured over minority clans. Sharia law is when religious leaders (Ulema) adjudicate.³⁷

The Somali Civil Law stipulates some of the rental market conditions, including that landlords can only evict tenants who breach a contract or by mutual arrangement. However, this is hardly enforced as there are limited formal rental agreements.

According to the National Development Plan (2017-2019), legislation on managing land and resolving disputes is mainly outdated and there is limited spatial planning or urban management. An inadequate land titling system has been identified as a key challenge by the private sector. In addition, dual claims over land, unresolved land disputes, and informal occupation of public land, hinder public and private

investment in infrastructure assets. The National Development Plan identifies the need for a National Urban/Land Policy that also addresses land administration.

Opportunities

The population and potential workforce of Somalia is relatively young with almost 70 percent of inhabitants under the age of 30.³⁸ This, coupled with a “vibrant private sector; a large diaspora willing to invest in the country; import substitution and export promotion (to target the trade deficit); nascent agricultural, agribusiness and fishing industries” provides an opportunity for growth and development in Somalia.

The 2018 Budget Speech finds continued efforts to improving security in the country to sustain economic development and growth in the country. In addition, Somalia has applied to be a partner state of the East African Community which is still under review. In July 2018, Somalia was admitted as a member of the Common Market for Eastern and Southern Africa. This membership could be highly beneficial for the economy of Somalia, which would in turn increase the quality of life for Somalis given its strategic geographical location for trade.

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South Africa

Author: Adrian Di Lollo and Mandy Drummond



Overview

South Africa's economy is the second largest in Africa,¹ with a gross domestic product of R4.84 trillion (US\$343.24 billion) in 2018.² Economic pressures saw the economy contract by 3.2 percent in the first quarter of 2019.³ Among the population of 57.77 million, high levels of inequality and poverty endure, exacerbated by an official unemployment rate of 29 percent, with the number of unemployed increasing to 6.7 million in Q2 of 2019.⁴ This has contributed to high levels of civic unrest, often expressed in reference to the persistence of poor housing conditions.

South Africa's economy continued to under-perform in relation to other emerging market economies in the past year, as low growth in investment, employment and production weakened the economy.⁵ Real Gross Domestic Product grew by 0.8 percent in 2018 (compared to 1.3 percent in 2017).⁶ The construction industry contracted by 2 percent in the first quarter of 2019, reflecting a decline in residential building construction. However, the real estate sector recorded increased activity.⁷

Overall, there has been a decrease in private sector and investor confidence, in part due to increased concerns over the government's gross loan debts and deteriorating ratings by sovereign credit ratings agencies.⁸ Should the restructuring of the national electricity provider, Eskom, fail to take place, negative perceptions in the market could lead to further capital outflows and place pressure on the rand. Steadily devaluing over the course of 2019, by August, the rand was trading at R15.28/US\$1 (26 August 2019) down from 1 July 2019 figure of R14.13/US\$1. In the World Bank's Doing Business 2019 report, South Africa again achieved the rank of 82 (the same as in 2018) in terms of a defined group of regulatory indicator measures.⁹

Access to finance

South Africa has a robust banking sector, with a banking association of 33 members including local and foreign-owned banks. The country has five leading banks,¹⁰ 19 registered banks, four mutual banks, four co-operative banks, 15 local branches of foreign banks, and 30 foreign banks with approved local representative offices. The capital adequacy percentage was 16.83 percent in June 2019 compared to 16.63 percent in June 2018.¹¹ As at the end of June 2019, there were 14 banks subject to prudential regulation, with residential mortgage advances to the household sector.¹²

KEY FIGURES

Main urban centres	Pretoria, Johannesburg, Cape Town, Durban
Exchange rate: 1 US\$ = [a] 1 July 2019 1 PPP\$ = [b]	14.13 South African Rand 6.14 South African Rand
Inflation 2018 [c] Inflation 2019 [c]	4.6 5.0
Population [b]	57 779 622
Population growth rate [b] Urbanisation rate [b]	1.3% 2.1%
Percentage of the total population below National Poverty Line (2017) [d]	52.9%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	27.7%
Proportion of the adult population that borrowed formally (2017) [b]	9.3%
GDP (Current US\$) (2018) [b]	US\$366 298 million
GDP growth rate annual [b]	0.6%
GDP per capita (Current US\$) (2018) [b]	US\$6 340
Gini co-efficient (2017) [b]	62.8
HDI global ranking (2017)[d] HD country index score (2017) [d]	113 0.699
Lending interest rate (2017) [b]	10.1%
Yield on 2-year government bonds [f]	6.7%
Number of mortgages outstanding [g]	1 700 436
Value of residential mortgages outstanding (US\$) [g]	US\$67 121 million
Number of mortgage providers [h] Prevailing mortgage rate [f]	14 11.8%
Average mortgage term in years [i] Downpayment [j]	20 15%
Ratio of mortgages to GDP	19.6%
What form is the deeds registry? [e]	Computer - Scanner
Total number of residential properties with a title deed [k]	6 378 922
Number of houses completed [l]	40 202
Number of formal private developers/contractors [m]	17 267
Number of formal estate agents [n]	49 645
Cost of a standard 50kg bag of cement [o]	65 ZAR (US\$4.60)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [p]	436 200 ZAR
Size of cheapest, newly built house by a formal developer or contractor in an urban area [p]	40m ²
Average rental price for this unit in an urban area (local currency units) [q]	2 300 ZAR
Number of microfinance loans outstanding [g]	7 257 379
Number of microfinance providers [r]	4 500
Number of housing construction loans outstanding [h]	59 396
Number of providers of construction finance	9
World Bank Ease of Doing Business Rank [e]	82
Number of procedures to register property [e]	7
Time (in days) from application to completion for residential units in the main urban city	90

NB: Figures are for 2019 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF):

Gauteng Partnership Fund

Habitat for Humanity International

Home Finance Guarantors Africa Reinsurance

Select Advisors Limited

First National Bank - International Home Loans

Banking Association of South Africa (BASA)

Trust for Urban Housing Finance (TUHF)

[a] Coinmill

[b] World Bank World Development Indicators

[c] IMF World Economic Outlook Database

[d] UNDP: Human Development Reports

[e] World Bank Doing Business 2018

[f] Trading Economics

[g] National Credit Regulator South Africa (NCR)

[h] Banking Association of South Africa (BASA)

[i] Nedbank

[j] Capitec Bank

[k] Lightstone Property Pvt Ltd

[l] Statistics South Africa (StatsSA)

[m] National Home Builders Registration Council (NHBC)

[n] Estate Agency Affairs Board (EAAB)

[o] Buildit

[p] Cosmopolitan Projects

[q] Trust for Urban Housing Finance (TUHF)

While all income earners generally have ready access to credit, credit usage is uneven, and indebtedness is high. The total outstanding gross debtors' book of consumer credit was R1.88 trillion (US\$133.06 billion) as at Q1 2019, while mortgages accounted for R948.42 billion (US\$67.1 billion) or 50.44 percent of this, comprising over 1.7 million accounts.¹³ According to 2018 General Household Survey data on tenure status, 8.3 percent of households staying in a formal dwelling are still paying off a loan.¹⁴ The average mortgage loan size for mortgages newly extended in 2018 was R198 816 (US\$14 072).¹⁵ From 1 April 2018 to 31 March

2019, a total of 157 159 mortgages were extended, 97 percent of which were to higher income earners. Over the same period only 4 754 mortgages were extended to households earning up to R15 000 a month.¹⁶ The prime lending rate was steady at 10.25 percent during the first 6 months of 2019.¹⁷

At the end of March 2019, only 60.5 percent of the 25.7 million credit-active consumers were in good standing on their loans, 23.5 percent were more than three months in arrears, and the balance had adverse listings or judgements against them.¹⁸ According to the National Credit Regulator (NCR), 3.9 percent of the mortgage book was non-performing (i.e. loans 90 days or more in arrears) in Q1 of 2019.¹⁹

Moves to combine the operations of the three development finance institutions (DFIs) into a single entity, the Human Settlements Development Bank (HSDB), are progressing slowly. As of mid-September 2019, a draft of the Human Settlements Development Bank Bill had not yet been presented in Parliament. Creating the HSDB is intended to increase integration of services to provide government-driven housing finance across the housing value chain. The HSDB will provide both debt and equity capital, and wholesale finance as well as partnerships to leverage capital for affordable housing.²⁰

Microfinance continues to be an area of growth. The gross debtors' book for microfinance developmental credit for Q1 2019 was worth R52.35 billion (US\$3.70 billion), a 13.02 percent increase from Q1 2018.²¹ This shows that this area of microfinancing is on the uptake, and is a popular form of credit for households with a gross monthly income of R10 100 (US\$715) to R15 000 (US\$1 062).

Bank and non-bank options are available for microfinance. Microfinance credit is provided by lenders for housing improvements and is also extended to low income earners who have secure rights over their housing but are excluded from other formalised finance sources. A total of five registered credit bureaux regulated by the National Credit Regulator operate in the country.²² The Kuyasa Housing Finance Company, as an example of a pioneer in this field, operates in the Western Cape and Eastern Cape provinces to provide microcredit for extending homes or improvements, which both add value to the homes and builds equity for their clients.²³

A select number of banks and National Urban Reconstruction and Housing Agency (NURCHA, now merged with the NHFC) make construction finance available. The NHFC's Affordable Housing Programme provides project development loans to residential developers, both established and emerging, in the affordable housing market.²⁴ South Africa also has an active bond market, regulated through the Banks Act (No. 94 of 1990). The Financial Sector Transformation Council is responsible for overseeing the implementation of the Financial Sector Code with a mission to broaden the accessibility of the financial services sector to South Africans previously excluded from this sector.²⁵ The Amended Financial Sector Code came into effect on 1 December 2017. The enlarged mandate of the governing body of the FSC is to strategically boost black economic empowerment, advance black business and achieve more inclusive economic growth.²⁶

TUHF Holding Pty Limited funds entrepreneurs with a 15-year loan to refurbish or rehabilitate inner city decayed buildings to create good quality, affordable housing rental units. TUHF also provides equity funding and bridging finance to entrepreneurs. Responding to strong market demand and appetite for investment in inner city rental housing in areas that are well-located for regeneration, TUHF has financed over 30 000 housing units and managed to expand its loan book from R2.5 million (US\$176 000) in 2004 to R2.7 billion (US\$191 million) in 2018.²⁷

Affordability

Although the inflation rate as measured by the consumer price index (CPI) dropped to 4.7 percent by the end of 2017, constraints on consumers' ability to afford housing persists partly due to the impact of the high price of food and clothing.²⁹ Despite CPI dropping to 4.5 percent in May 2019, the main contributors to annual consumer price inflation were food and non-alcoholic beverages, housing, utilities and transport, among others.³⁰

Affordable housing provision through various schemes such as instalment sales has become more difficult to achieve due to rising project development costs, the

Availability of data on housing finance

The National Home Builders Registration Council (NHBCRC) is required by law to register all houses being developed in South Africa, and therefore should have records for housing starts and completions, by market segment. While the NHBCRC reports annually on the number of homes enrolled (both subsidy and non-subsidy), this data is only available in their annual report and not in a disaggregated format. Data on housing starts and completions is not available.²⁸

The leading banks maintain data, but this is not always made public. The National Credit Regulator Consumer Credit Market Report publicises data on credit extended to consumers and contains mortgage-related data. The SARB collects data on the financial sector; and data relating to mortgage advances, in the economic returns of the banking sector; is publicly available.

The Department of Rural Development and Land Reform Deeds Office keeps records on the number of properties with a title deed, new transfers and resale transactions, and number of transfers financed with a mortgage. However, the data is only available on request and at a cost. Statistics SA collects national statistics on economic growth and housing data but not housing finance data.

lack of and high cost of suitable and well-located land, especially in cities, and the low income levels of potential owners. According to ABSA, the average building cost per square meter for a new house of less than 80m² was R5 630 (US\$398), which has increased by 2.4 percent year-on-year.³¹ Using this building cost, the overall cost of a standard 46m² house is estimated as R400 000 (US\$9982) – composed of R258 980 (US\$18 331) in building costs (64 percent of overall cost), and R141 020 (US\$9981) in land, infrastructure, project loan and marketing costs.

However, a household earning R10 000 (US\$708) a month gross income would only be able to afford a house valued at R285 917 (US\$20 237) assuming mortgage payments of R3 000 (US\$212) a month (30 percent of salary), a 20-year bond term, and an interest rate of 11.25 percent (1 percent over prime).³² Thus, the cheapest newly built housing is unaffordable for many households. According to CAHF, in 2018 a person earning R1 879 (US\$133) to R4 238 (US\$300) a month could afford a maximum possible purchase price of R131 758 (US\$9 326) which illustrates the point that households on low incomes cannot afford the cheapest newly built housing.³³

To provide a supply-side delivery vehicle, the government has several subsidised housing programmes for low income households. Households earning less than R3 500 (US\$248) a month who meet certain eligibility requirements may qualify and be selected as beneficiaries of fully subsidised housing units of 40m². The social housing programme supplies rental housing in designated restructuring zones in urban areas to households earning R1 500 (US\$106) to R15 000 (US\$1 062) a month, as part of projects delivered through accredited social housing institutions.

Government's Finance Linked Individual Subsidy Programme (FLISP) aims to help households who earn between R3 501 (US\$248) to a maximum of R22 000 a month to buy a home. The subsidy can be used as a deposit, thus increasing the value of the house the household is able to buy, or to reduce monthly bond payments. The subsidy amount depends on household income, and lower income households can access a larger subsidy. However, the take-up of this subsidy has been low due to lack of affordable stock for income earners below R15 000, insufficient awareness of the programme, and lengthy bureaucratic processes for application and disbursement. In 2017/18, 2 295 FLISP subsidies were allotted to beneficiaries, against an annual target of 5 000.³⁴

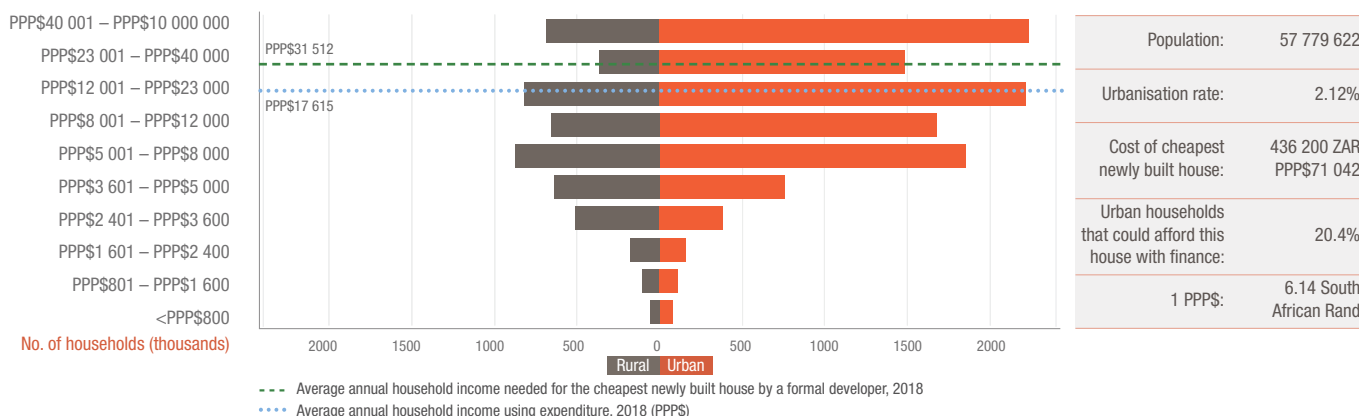
Furthermore, the Government Employees Housing Scheme (GEHS) is also available to civil servants and takes the form of a housing allowance which assists with obtaining affordable housing finance and paying towards a mortgage.

Housing supply

The General Household Survey 2018 showed that 81.1 percent of South African households resided in formal dwellings, 13.1 percent in informal dwellings and 5.0

SOUTH AFRICA

Annual income profile for rural and urban households based on consumption (PPP\$)



Source <https://www.cgidd.com/C-GIDD, 2019>

percent in traditional dwellings.³⁵ The percentage of households which have received some form of government subsidy to access their housing has increased from 5.6 percent in 2002 to 13.6 percent in 2018, due to government's large-scale subsidised housing programme. Of the households living in formal dwellings, 25.3 percent were renting, 62.5 percent owned their homes and 12.3 percent resided rent free.³⁶

That many households live in informal dwellings and/or informal settlements is largely due to the growth in household numbers combined with population relocation to urban areas, exerting additional pressure on limited housing supply.³⁷ The housing backlog in South Africa, i.e. demand outstripping supply, stands at approximately 2.3 million in 2019.³⁸ The City of Johannesburg, for example, continues to attract large numbers of migrants, with an estimated 25 percent from outside the Gauteng province and 10 percent from outside South Africa.³⁹ The City conservatively estimates Johannesburg's housing backlog to be 296 000 and notes that the average annual delivery is approximately 3 500 housing units a year.

Delivery of new social rental housing units, i.e. government-subsidised rental, by the Social Housing Regulatory Authority (SHRA), dropped to only 2 284 units in 2018/19 from 3 519 in 2017/18. A total of 13 968 units were delivered in the last Medium-Term Expenditure Framework (MTEF) period of 2014 to 2018, with a further 21 750 units in various stages of delivery.⁴⁰

Property markets

The residential property market forms the largest part of the South African property market, comprising most of the property assets within the country. By late 2017, the South African deeds registry had 6.37 million registered residential properties, worth R5.1 trillion (US\$361 billion). Most of the residential property market – 58 percent at the end of 2017 – includes homes valued at less than R600 000 (US\$42 468). Thirty-five percent are homes valued at less than R300 000 (US\$1 234), of which the majority (approximately a third of the total residential property market) are estimated to have been fully subsidised by the government. This market segment creates an interesting opportunity for entry-level resale below the price of the cheapest newly built house. Some banks are already beginning to develop products around this opportunity.

Completion of residential units surged in the first half of 2019. Residential completions climbed by 47.9 percent to 11 890 units in Q1 2019 compared to Q1 2018.⁴¹ However, building approvals fell by 19.3 percent in Q1 2019 compared to Q1 2018, with smaller housing units being particularly affected.

In 2018, South Africa's nominal house prices rose by 3.96 percent but when adjusted for inflation house prices declined overall by 0.51 percent.⁴² The South African Reserve Bank (SARB) described the residential property market for the first half of 2019 as "lacklustre" noting that rentals had increased at a rate lower than the general inflation rate.⁴³

South Africa's property market is well-established and is supported through a well-functioning cadastral system. According to the 2019 World Bank Doing Business Report, South Africa is ranked 106th of 190 countries globally in how easy it is to register property, almost unchanged from the 2018 ranking of 107th.⁴⁴ It takes, on average, 23 days to go through the seven procedures required and costs an estimated 7.8 percent of the property value. However, this is not necessarily an accurate measure for residential property, especially at the bottom end of the market, where it can take upwards of ten months for the entire resale transaction process to conclude.⁴⁵

Policy and regulation

The mandate for government's housing policies, and legislative framework to enact them, is found in Section 26 of the Constitution which states that everyone has the right to access to adequate housing and that, "The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right."⁴⁶

South Africa's vision for and approach to meeting the population's housing needs was set out in the Housing White Paper in 1994 and the Housing Act 107 of 1997. The 2009 Housing Code describes the technical guidelines that serve as the basis for implementing the various national housing programmes. Following the Social Housing Act 16 of 2008, the Social Housing Regulatory Authority (SHRA) was set up in 2010 to regulate social rental housing as provided through the Social Housing Programme. The Housing Development Agency (HDA) was established in 2009 to fast-track the acquisition and release of land for human settlement development.

The Rental Housing Act 50 of 1999 regulates the relationship between owners and tenants and provides for dispute resolution through the Rental Housing Tribunal. Amendments assented to in 2018 extend greater protections to tenants, including a requirement that all leases – including the informal sector – be set out in writing. They also insist that any premises rented out must be habitable and strengthen the obligations of owners to maintain the property.

The Property Practitioners Act of 2019, signed into law in 2 October 2019, increases the compliance requirements for property practitioners and aims to racially transform the sector. Furthermore, the Electronic Deeds Registration System Act of 2019, signed at the same time, sets up a new system to enable electronic processing, preparation and lodgement of deeds and documents by conveyancers and the Registrar of Deeds, thus significantly improving efficiencies and security of title.

A Bill to amend the Home Loan and Mortgage Disclosure Act, 2000 would extend the powers of the Office of Disclosure to investigate public complaints about financial institutions on home loan lending practices. Public comments on the Bill were sought in 2017, but, as of September 2019, the Bill is still awaiting ministerial approval.

The National Credit Act, No. 34 of 2005, makes provision for the control and regulation of all credit transactions including home loans and mortgages. The recent National Credit Amendment Act 7 of 2019 erases the debt of highly indebted citizens who earn up to R7 500 (US\$531) a month and have unsecured debt adding up to R50 000 (US\$3539). Critics of the Amendment Act have argued that banks will incur losses as a result. One of the impacts may be tighter lending conditions, which may make access to credit difficult for low-income earners.⁴⁷

Inclusionary housing is a policy tool to enable low income households to access quality housing they can afford in the areas of the city where they can have maximum access to employment opportunities, services and amenities. The City of Johannesburg Inclusionary Housing Policy, enacted in February 2019, affects housing developments of 20 or more dwelling units and mandates that 30 percent of the units must be targeted to low income residents.⁴⁸ As of September 2019, the City of Cape Town was nearing the completion of an Inclusionary Housing Policy after a long process of consultation.

Since 2018 government has undertaken an extensive consultation process on the contentious issue of expropriation of land without compensation to accelerate land reform. An ad hoc parliamentary committee was established to consider amending section 25 of the Constitution. In May 2019, the government released the final report of the Presidential Advisory Panel on Land Reform which sets out a blueprint for policy on agricultural, rural and urban land reform, including spatial transformation and expropriation without compensation.⁴⁹ A draft Land Expropriation Bill was released for public comment in December 2018 but has not yet been presented to Parliament. However, parliament has been working on a Committee Bill to first amend the Constitution to enable expropriation legislation to be enacted.

Finally, there are plans to review the legislation governing built-environment professions and the Construction Industry Development Board Act No 38 of 2000.

Opportunities

The demand for housing at the lower income spectrum of households is substantial, suggesting critical opportunities for growth in the affordable housing market. Over the last year of the number of flats and townhouses completed and building plans approved in larger municipalities have soared.⁵⁰ Furthermore, while property prices have generally fallen in the depressed economic environment,

there is evidence of 16.3 percent growth in price of low income properties, with an average purchase price of R395 000, as of June 2019.⁵¹

Alongside significant potential in the resale market at the lower end, investing in and stimulating the gap housing market for earners between R3 500 (US\$248) and R22 000 (US\$1 557) who can benefit from the 2018 increase in quantum in the FLISP subsidy holds great potential. Also, the employer-assisted housing market can be enlarged.

Further possibilities exist for investing in and supporting entrepreneurs and developers to rehabilitate and convert inner city buildings into rental units. Looking forward, government strategy is evolving towards providing an enabling environment and the context within which the private sector and partnerships with equity investors can invest in affordable housing developments, and in which social housing development in the rental market can flourish.

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South Sudan

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Overview

South Sudan finds itself in fragile circumstances after years of civil war. Intractable political divisions are estimated to have caused 400 000 deaths and the displacement of 4.5 million people.¹ As a result of the upheaval, the highest number of refugees from an African country comes from South Sudan. Political settlement is still elusive with ongoing, albeit lower, levels of violence following the Revitalized Agreement on the Resolution of Conflict in South Sudan (R-ARCSS) in place since August 2018. Continued delays in implementing a power-sharing agreement have wrought significant economic costs amid active armed conflict.

South Sudan has experienced profound economic challenges in its short history as a nation state. Growth in GDP plummeted from 17.19 percent in 2011 to 3.93 percent in 2018.² While inflation decreased from its peak (in 2016) at almost 380 percent, it was still high at 83.5 percent in 2018.³ The Bank of South Sudan (BSS) seeks to reign in consumer price increases to 25 percent.⁴ The country's fiscal deficit is projected to rise to 4.1 percent from 3.1 percent in 2019 with government spending increasing and limited generation of revenue outside the country's dominant petroleum sector.⁵ The BSS reintroduced debt products via treasury bills with one-year maturities in 2016 after an unsuccessful trial in 2012 and 2013.

Oil extraction accounts for 60 percent of the country's GDP.⁶ Additionally, revenues from the country's petroleum reserves fund nearly the entirety of the government's budget – valued around \$592.7 billion (US\$584 million) in 2018.⁷ Yet, South Sudan has been unable to exceed the production level attained before the country's independence of 360 000 barrels per day (bpd) in 2009. Production was under 175 000 bpd in 2018, less than half of pre-independence levels. This underperformance stems from mismanagement as well as political disputes both within the country as well as with Sudan.

Despite the value of oil reserves, South Sudan lacks foreign exchange reserves. The national currency, the South Sudanese pound, continues to slide, and depreciated an additional 21 percent of its official value to the US dollar in 2018.⁸ There is also a parallel market for the South Sudanese pound in which the exchange rate has depreciated 65 percent more than the official exchange rate with the US dollar.⁹ These political and economic issues have hampered South Sudan's economic development, including the country's financial and housing sectors.

KEY FIGURES

Main urban centres	Juba
Exchange rate: 1 US\$ = [a] 1 July 2019	130.26 South Sudanese Pound (SSP)
1 PPP\$ = (2018) [h]	6.90 SSP
Inflation 2018 [c] Inflation 2019 [c]	83.5 24.5
Population [b]	10 975 920
Population growth rate [b] Urbanisation rate [b]	0.6% 2.0%
Percentage of the total population below National Poverty Line (2017) [d]	55.5%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	11.5%
Proportion of the adult population that borrowed formally (2017) [b]	3.0%
GDP (Current US\$) (2018) [b]	US\$2 870 million
GDP growth rate annual [b]	-11.2%
GDP per capita (Current US\$) (2018) [b]	US\$237
Gini co-efficient (2017) [b]	45.50
HDI global ranking (2017) [d] HD country index score (2017) [d]	187 0.388
Lending interest rate (2017) [g]	15.80%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding [f]	821
Value of residential mortgages outstanding (US\$)	US\$8.4 million
Number of mortgage providers [f] Prevailing mortgage rate [g]	2 24.5%
Average mortgage term in years [h] Downpayment [f]	20 55%
Ratio of mortgages to GDP	0.3%
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed [f]	10 000
Number of houses completed [f]	80 000
Number of formal private developers/contractors [f]	30
Number of formal estate agents [f]	1
Cost of a standard 50kg bag of cement (2018) [f]	7113 SSP (US\$45)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [f]	12 650 000 SSP
Size of cheapest, newly built house by a formal developer or contractor in an urban area [f]	90m ²
Average rental price for this unit in an urban area (local currency units) [f]	213 400
Number of microfinance loans outstanding [f]	36 466
Number of microfinance providers [f]	11
Number of housing construction loans outstanding [f]	7
Number of providers of construction finance [f]	1
World Bank Ease of Doing Business Rank [e]	185
Number of procedures to register property [e]	7
Time (in days) from application to completion for residential units in the main urban city [f]	60

NB: Figures are for 2019 unless stated otherwise.

[a] cuex.com	[e] World Bank Doing Business 2018
[b] World Bank World Development Indicators	[f] Ministry of Housing, Physical Planning, and Environment
[c] IMF World Economic Outlook Database	[g] Bank of South Sudan
[d] UNDP: Human Development Reports	[h] Indexmundi

Access to finance

There are 30 commercial banks in South Sudan. Among these banks are seven foreign banks with headquarters in Kenya, Ethiopia and Qatar. Local banks are affiliated with politically connected individuals close to the government of South Sudan.¹⁰ A report from an anticorruption civil society group asserts these banks may be exposed to undue political influence.¹¹ The alleged dubious ties mean the South Sudanese banking sector may be at risk of becoming isolated from the global financial system. The potential for such international de-risking threatens to make South Sudan's banks extend financing at even higher costs.

Access to banking is constrained in South Sudan. Only nine percent of the population aged 15 years and older had a bank account in 2017.¹² This is progress compared to only one percent of the South Sudanese population having a formal bank account in 2012.¹³ An August 2019 central bank survey further indicated a majority of deposits were from non-residents.¹⁴ The limited access to finance, with only 110 000 citizens engaging the banking sector makes financial services

relatively exclusive. Instead, South Sudanese turn to informal groups, such as rotating savings and credit associations (ROSCAs) called merry-go-rounds. Members from these community savings groups meet periodically to collectively pool their money for the benefit of select members. The recipients of the group funds rotate for each meeting receiving either the lump sum of collected funds or items bought by the group, such as electronics and appliances.

Despite their limited customer base, commercial banks have consolidated their financial positions. The banks have grown their deposits 64 times since South Sudan's independence, while loans grew almost 35 times from 2011 to 2018.¹⁵ The non-performing loan rate was 5.1 percent in 2018, reaching a post-independence low.¹⁶ While bank deposit-taking and lending have grown, credit for construction and real estate has been almost static. These loan types made up 18 percent of commercial banks' lending portfolio and grew slightly to 19 percent in 2018.¹⁷ Housing finance represents a smaller component of commercial bank lending.

There are approximately 821 home loans in South Sudan in 2019.¹⁸ The average loan size for these loans is approximately SS£793 314.6 (US\$5 000).¹⁹ The maximum home loan size is SS£6 346 516.6 (US\$40 000).²⁰ These mortgages typically have a short payment period of three years.²¹ In 2019, the average interest rate was about 24 percent for a home loan. Two Kenyan affiliated banks, Equity Bank South Sudan and Kenya Commercial Bank (KCB), are the largest financial institutions. The former is the largest bank with 48 percent market share of customers. They are also the largest mortgage finance providers to South Sudanese borrowers. Most customers are government salaried employees as well as South Sudanese expatriates physically accessing their bank accounts abroad.²² Thirteen other banks have provided housing loans in South Sudan. However, residential lending activities have mainly halted since armed conflict resumed in 2013.

The government of South Sudan has focused on expanding housing finance to civil servants. The cabinet approved the establishment of the Housing Finance Bank in 2013 with the explicit mandate of expanding home lending to government employees. The government intended for the bank to have SS£31.7 billion (US\$200 million) in initial financing with 31 percent coming from domestic investors, 49 percent from abroad, and the remainder from the public sector.²³ However, the Housing Finance Bank was unable to attract the needed capital. The financial industry has experienced greater success in the microlending space.

There are 11 microfinance institutions (MFIs) in South Sudan that have an estimated 51 092 customers and 36 446 borrowers. MFIs include Sudan Microfinance Institution, Finance Sudan Limited, Rural Finance Initiative and Manna Microfinance. The overwhelming majority of microloans are six to 24 months in term and used primarily for business ventures, particularly in the agricultural sector. However, it is common for borrowers to often use their microloan proceeds to also upgrade their shelter as a means of building their business. The central bank has expressed interest in developing the microfinance sector to expand access to finance.²⁴ In 2015, the government formed the South Sudan Microfinance Development Facility (SSMDF) within the Ministry of Trade, Industry and Investment with support from the Multi Donor Trust Fund. The political and economic challenges though have contributed to declining donor interest and ultimately suspension of activities from foreign micro creditors.²⁵ It remains to be seen whether these microcredit activities will resume in the near future given the ongoing strife.

Affordability

Most urban households in South Sudan earn annual incomes between SS£793 314.6 (US\$5 000) and SS£1 269 303.3 (US\$8 000) according to 2018 data from the Canback Global Income Distribution Database. This income level makes it difficult for the average household to afford the cheapest formal housing unit in urban areas – priced at SS£12 645 600 (US\$80 000) for 90m². The conditions for obtaining a mortgage make home purchase even more difficult for those households unable to save a significant portion of their salaries over many years.

Exorbitant lending rates make it financially burdensome for the median South Sudanese household. Interest rates of 24 percent for a typical home loan term of

Availability of data on housing finance

There are significant challenges in obtaining housing and financial sector data on South Sudan. The fledgling country has challenges that are logical for a nation state that has existed for less than a decade. Data from the Bank of South Sudan (bankofsouthsudan.org) and the Ministry of Finance and Economic Planning (grss-mof.org) provide insights in financial market developments with central bank statistics and ministerial fiscal reports produced quarterly. The National Bureau of Statistics (ssnbs.org) conducts national surveys. However, these surveys, like the 2008 population and housing census, are conducted irregularly.

20 years means a borrower has significant costs to pay.²⁶ The typical mortgages require a 55 percent down payment.²⁷ Thus, for the cheapest formal house, this means the borrower would need to save SS£6 955 080 (US\$44 000) upfront. Borrowers able to save up for a lump sum would subsequently need to make a monthly payment of about SS£1 14 758.8 (US\$726) for the 20-year period until the principal is repaid. The monthly payment is out-of-reach since it is more than 130 percent of the average South Sudanese income in urban areas.

Housing affordability becomes more challenging when assessing the national level, incorporating rural households. A high percentage of South Sudanese (82.3 percent) are estimated to be at the international poverty level of SS£3 014.6 (US\$19) per day in 2019.²⁸ For this segment, prospective tenants seeking to rent urban housing would have to pay more than twice their monthly wage to afford the cheapest unit in the formal market. The lack of government support, such as subsidies, for the low income market also makes it difficult – if not impossible – for the considerable gap to be closed between substantial demand and the practically non-existent supply of affordable housing.

Housing supply

Approximately one-in-five South Sudanese families live in cities.²⁹ There are 2.6 million urban households and 10.6 million rural households. Almost all housing units in South Sudan are owner occupied with only two to three percent as rentals.³⁰ The estimated housing backlog is four million units nationwide.³¹ There is a substantial need for structural improvements in the country's housing stock. A regional study has shown that South Sudan's housing had the least amount of quality improvements from 2000 to 2015 in Sub-Saharan Africa.³² The government has reported 93 percent of housing units in 2013 were made of earthen building materials, including grass-thatched roof and mud walls.³³ Building materials are often imported into the country, accounting for high costs at variable prices throughout the country.

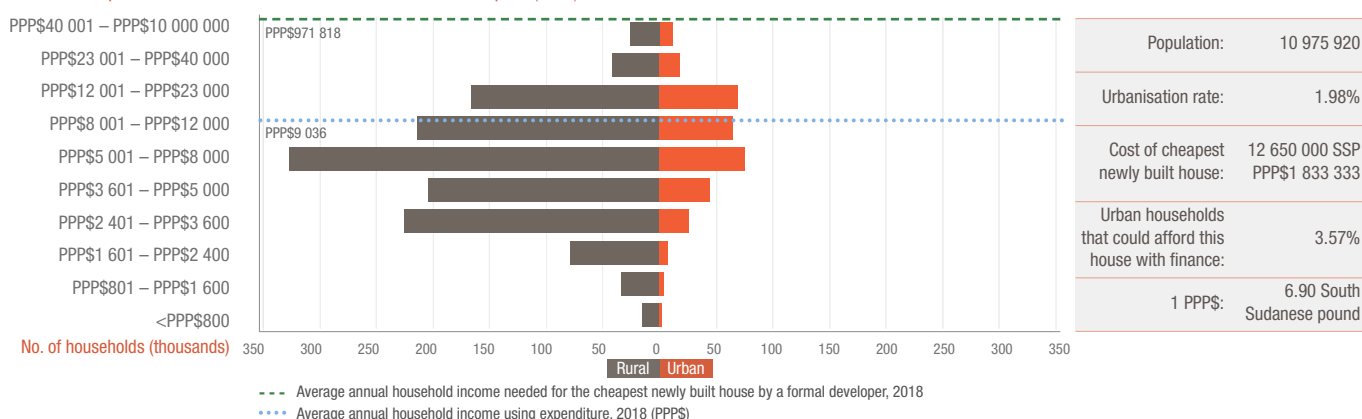
A variety of different public, private and third sector actors have stated their interest in residential development to improve the quality of life and increase housing supply in South Sudan. The government is working on a masterplan community project in Central Equatoria State. The masterplan encompasses an area of 16km². As part of the masterplan, the government hopes 9 000 housing units will be built with cash purchase and lease-to-own options.³⁴ KCB signed a SS£71.7 billion (US\$452 million) agreement with the government to finance the building of 1 750 houses for civil servants in 2009. However, the masterplan and agreement were suspended due to political and economic conditions. The United Nations Human Settlements Programme (UN-Habitat) has also built 5 000 housing units for returnees and refugees.³⁵ Foreign developers, such as those from Ethiopia and Eritrea, have developed residential and commercial properties in places like the Alta-Bara, Nirma-Talaata, Hai-Thawra and Hai-Malakal areas of Juba.³⁶

Property markets

Real estate has been one of the most active sectors in South Sudan alongside the banking and agricultural sectors.³⁷ As such, the African Development Bank (AfDB) has asserted there is potential for investment in South Sudan's property market to help strengthen the country's economy.³⁸ In a country in which close to 20 percent of the national population resides in cities, urban properties are priced at a premium and more accessible to high-income earners, including expatriates.³⁹ Rent for apartments located close to city centres such as the Tongping, Kator and

SOUTH SUDAN

Annual income profile for rural and urban households based on consumption (PPP\$)



Source <https://www.cgidd.com/C-GIDD, 2019>

Munuki neighbourhoods in Juba is costly, ranging from SS£1 million to SS£2.5 million. Home purchase is also expensive in urban areas costing several hundred million South Sudanese pounds.⁴⁰

There are difficulties in doing business in South Sudan's property markets. The World Bank Doing Business Indicators rank the country among the world's most challenging. There are 27 procedures, taking on average 124 days, to obtain property licensing for commercial real estate, far higher than the regional average of 14.7 for Sub-Saharan Africa and 12.7 for high income member states in the Organisation for Economic Cooperation and Development (OECD).⁴¹ The unpredictable security situation further complicates real estate investment, especially for land.

The South Sudan Land Commission (SSLC), established in 2006 as part of the Comprehensive Peace Agreement, regulates land and provides registration and title for public, private and community ownership. Most South Sudanese, about 87 percent of the population, primarily consisting of farmers and ranchers, depend on customary land tenure, particularly in rural areas. South Sudan legally recognises customary user rights to land and security of tenure.⁴² Private land consists of freehold and leasehold tenure. The SSLC grants leases for terms up to 99 years.⁴³ An estimated 13 percent of the population holds leasehold land.⁴⁴ Despite development of the SSLC and related laws, land grabbing continues to be regarded as commonplace. In addition, land registries are decentralised, managed at the state level as well as with the judiciary, and suffer from substantial gaps in information. The lack of completeness is significant, with one survey reporting less than 50 percent of private land records are readily identifiable in the registry or cadastre.⁴⁵

Policy and regulation

The government of President Salva Kiir Mayardit has promised to implement its policy of "taking towns to the people".⁴⁶ This policy of using urbanisation to promote economic development has encountered implementation challenges, particularly with financial resources and capacity. The annual budget expenditures for the Ministry of Lands, Housing and Urban Development in 2018 was SS£22.7 million (US\$143 070.6).⁴⁷ This amount makes it difficult for the government to have robust housing programmes. The average government salary is about SS£5 000 (US\$31.5). These wages make it difficult for the public sector to attract the best human capital. Moreover, fiscal constraints have made it common for the government to miss timely payment of civil servant wages.

The Ministry of Land, Housing and Urban Development has worked on inputs that could help contribute to a housing policy in the future. Article 34(1) of the Constitution of South Sudan explicitly states a "right to housing". However, there is neither political will nor significant budgetary allocation for a housing policy and its implementation. These policy inputs come from the urbanisation strategy, positioning housing as a component of the Central Equatoria State masterplan. The approval of the Housing Finance Bank and the formation of the SSMDF

further illustrate the extent of the government's ambitions – but the difficulties without a formulated cabinet-approved housing policy make implementation challenging.

Opportunities

Armed conflict, substantial displacement, currency devaluation and price hikes are some of the circumstances that have come to define the experience of South Sudan. Such conditions make South Sudan a "high-risk, high-reward" business environment in which practically everything is needed. Infrastructure is no exception. Roads need to be paved, electrification and waste management facilities need to be built, and houses for all income segments need to be constructed. The question is whether these opportunities can be realised amid armed conflict and economic hardship.

The uncertainty is real since the R-ARCSS power-sharing agreement of 2018 may still not be implemented for the foreseeable future. The political transition in neighbouring Sudan presents an intriguing development that could foster better conditions, as indicated with the April 2019 ceasefire agreement, towards advancing peace between the two countries. Yet, questions remain as to whether South Sudan can resolve political rivalries for a peaceful future.

The relative success of MFIs demonstrates the opportunity to expand access to housing finance for low income households and vulnerable groups. Other African countries, particularly neighbouring Kenya, have savings and credit organisations as a prominent feature of their financial markets.⁴⁸ The presence of the ROSCAs and their popularity with those outside South Sudan's banking sector demonstrates the potential that may exist. If South Sudan can strengthen nonconventional financial service providers, the country can then cope with the political and economic conditions and prod the advancement of housing finance through alternative means.

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Sudan

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Overview

Mounting political and economic challenges culminated in a period of transition for the Republic of Sudan in 2019. The 30-year rule of President Omar Al Bashir abruptly concluded with a Transitional Military Council (TMC) assuming power on 12 April 2019. A wave of protests preceded the political transition when the removal of government subsidies tripled the price of bread in late 2018. Demonstrations against rising costs of bread and other staples, such as flour, medicines and fuel, led to a nationwide strike. The protests persisted despite crackdowns from security services during a government-declared national state of emergency. The mobilisation of thousands of urban, middle class professionals ultimately resulted in a power sharing agreement with the TMC, as well as an agreement for power to transfer to a civilian led government in 2022.

The Sudanese economy shrunk significantly by 2.3 percent in 2018 and economic growth is expected to remain negative in 2019.¹ The gap between rich and poor is significant. The African Development Bank says 36.1 percent of Sudan's population is below the global poverty line.² While inflation decreased from 73 percent in 2008 to 44 percent in early 2019, the government's implementation of austerity measures made it harder for Sudanese households to maintain their standard of living.³ Despite government attempts to reign in fiscal spending, Sudan's debt burden is expected to remain high at 167 percent of GDP in 2019.⁴ The collapse of the national currency, the Sudanese pound, amid persistent shortages of foreign exchange also contributed to worsening economic conditions, disrupting the importing of goods that are necessary in a country with a trade deficit of SD199.44 billion (US\$4.4 billion).⁵ The lack of liquidity made long queues commonplace at Sudanese banks where customers have often been restricted with withdrawal caps.

These political economic dynamics have complicated access to decent housing. The majority of Sudanese, especially those in urban centres, have long been unable to afford formal housing.⁶ The issue is acute with an income disparity where the cost to build a modest room in Khartoum is SD20 000 (US\$ 441.23) – 44 times the minimum wage of SD450.⁷ Such economic issues have bled into Sudan's financial sector where public officials confide access to housing credit is a longstanding challenge for the country.

KEY FIGURES

Main urban centres	Al Gadarif, Al Obeid, Kassala, Khartoum, Nyala, Port Sudan, Wad Medani
Exchange rate: 1 US\$ = [a] 1 July 2019	45.33 Sudanese Pound (SDG)
1 PPP\$ = [b]	5.00 Sudanese Pound (SDG)
Inflation 2018 [c] Inflation 2019 [c]	16.9 n/a
Population [b]	41 801 533
Population growth rate [b] Urbanisation rate [b]	2.4% 3.2%
Percentage of the total population below National Poverty Line (2017) [d]	50.6%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	12.8%
Proportion of the adult population that borrowed formally (2017) [b] n/a	
GDP (Current US\$) (2018) [b]	US\$40 852 million
GDP growth rate annual [b]	-2.3%
GDP per capita (Current US\$) (2018) [b]	US\$977
Gini co-efficient (2017) [b]	35.40
HDI global ranking (2017) [d] HD country index score (2017) [d] n/a	167 0.502
Lending interest rate	n/a
Yield on 2-year government bonds	n/a
Number of mortgages outstanding [f]	6 250
Value of residential mortgages outstanding (US\$)	US\$937.5 million
Number of mortgage providers [f] Prevailing mortgage rate [g]	15 14%
Average mortgage term in years [f] Downpayment [f]	10 60%
Ratio of mortgages to GDP	2.3%
What form is the deeds registry? [e]	Computer - Scanner
Total number of residential properties with a title deed [f]	185 000
Number of houses completed [f]	32 000
Number of formal private developers/contractors [f]	12
Number of formal estate agents [f]	1 500
Cost of a standard 50kg bag of cement (2018) [f]	1 315 SDG (US\$29.01)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [f]	3 600 000 SDG
Size of cheapest, newly built house by a formal developer or contractor in an urban area [f]	120m ²
Average rental price for this unit in an urban area (local currency units) [f]	n/a
Number of microfinance loans outstanding [f]	1 300 000
Number of microfinance providers [f]	27
Number of housing construction loans outstanding [f]	8000
Number of providers of construction finance [f]	4
World Bank Ease of Doing Business Rank [e]	162
Number of procedures to register property [e]	6
Time (in days) from application to completion for residential units in the main urban city [f]	155

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[e] World Bank Doing Business 2018
[b] World Bank World Development Indicators	[f] Kalamu Consulting
[c] IMF World Economic Outlook Database	[g] Central Bank of Sudan
[d] UNDP: Human Development Reports	

Access to finance

There are 31 commercial banks and six specialized banks in Sudan. These banks include foreign banks from Arab states, including the United Arab Emirates, Qatar, Egypt, Jordan and Lebanon. Non-bank financial institutions are limited, accounting for less than two percent of financial flows.⁸ The central government is a significant player in the financial sector with an estimated ownership stake of 41 percent sectorwide.⁹ The public banks moreover account for half of all assets in the banking industry. The financial sector is relatively stable with non-performing loans accounting for less than five percent of gross credit.¹⁰

The Real Estate Commercial Bank, founded as the Estates Bank in 1966, is the leading housing finance institution in Sudan. This bank, with select other mortgagees, provides home loans primarily to government employees as well as borrowers with regular incomes. Mortgages are well-established financial instruments that are estimated to compose five to six percent of credit products

issued nationwide.¹¹ These home loans typically have a term ranging from two to 10 years with a required down payment of at least 15 percent. Mortgages are commonly structured as non-interest based "murabaha" contracts, where the lender and borrower agree on a cost plus price profit with monthly payments. Sudan's inhibited mortgage market penetration is attributed to capital constraints in mobilizing long-term investment for end-user loan products as well as a lack of investor recourse with borrower collateral. Consequently, mortgagees often stipulate loan agreement terms and conditions. These terms and conditions include requirements that properties be new construction projects or prospective houses be located in Greater Khartoum. The bond market also has limited debt offerings with near-term maturities up to three and six years. There is no sovereign credit rating for Sudanese debt products.

Another challenge for expanding access to real estate finance has been a moratorium on property loans in the financial sector imposed by the Central Bank of Sudan (CBOS). In early 2019, the CBOS decided to lift this five-year moratorium, dating back to 2014 when the CBOS issued a circular ordering financial institutions to cease real estate financing activities, including the purchase and investment in land and housing development. Financial sector actors speculate the CBOS imposed this ban to strengthen economic development to other industries outside the real estate sector. Lenders believe this policy was harmful to home-lending activities and stalled commercial construction finance.

Difficulties in the banking sector towards making finance inclusive led the CBOS to establish a microfinance office in 2007. This office issued a directive to Islamic banks to allocate 12 percent of their financial portfolio to microfinance.¹² However, the microfinance sector remains underdeveloped, still in its infancy with lending activity. The Savings and Social Development Bank is the leading microfinance institution (MFI) in Sudan, focusing on commercial loans to entrepreneurs. Despite the government's role, MFI loans are estimated to lend to a small fraction at one to three percent of the potential market.¹³ MFI activity is particularly concentrated in the agriculture sector with smallholder farmers with housing microcredit limited.¹⁴

Limited access to housing finance is a key barrier for Sudanese seeking decent housing. The lack of financial mechanisms has made households dependent on alternatives outside banking and microfinance. To afford formal housing, the majority of Sudanese depend on remittances from family members working abroad. Remittances inflows represent approximately SD181.3 billion (US\$4 billion) each year.¹⁵ Others aspire for the domestically available high-income jobs. These professional opportunities have become scarcer with the recent deterioration in economic conditions exacerbated by the country's hobbled oil and gas industry, where production declined in 2018 to almost one-fifth of its level following South Sudan's independence in 2011.¹⁶

Affordability

Decent housing is unaffordable for the majority of Sudanese households. The cheapest house built by a formal contractor is SD698 045.3 (US\$15 400) at 120m². With a typical mortgage rate structure of 10 years, a 60 percent down payment, and with the RCB's interest rate of 14 percent, the monthly payment for a borrower would be SD13 054.4 (US\$96).¹⁷ This represents approximately 25 percent of Sudan's monthly gross domestic product (GDP) per capita of SD194 908.7 (US\$4 300). Under the inflationary environment of 2019, the median Sudanese household would be burdened even more, unable to repay the principal and interest on the mortgage. In addition, given that the average minimum wage is SD450,¹⁸ such low incomes places access to market rate housing even further out-of-reach.¹⁹

The affordable housing market is segmented with three main group profiles in Sudan. The high income, those at the top of the pyramid, purchase housing directly with lump sum payments and thereby bypassing housing credit. Professionals with regular and well-paying salaries in the upper middle income segment of the pyramid are eligible for mortgage products, but customarily prefer incremental savings and construction of their homes due to the exorbitant costs of conventional housing finance. This consequently contributes to the circumstances where most housing units in Sudan are incomplete. In 2014, only 25 percent of residences in Sudan had finished roofing, 28.1 percent had finished walls and 14 percent had finished flooring.²⁰ The low volume of microloans enable few low

Availability of data on housing finance

The main organisations that collect data on housing finance in Sudan are government agencies. These departments include: the Central Bank of Sudan (www.cbos.gov.sd/), the Ministry of Finance and Economic Planning (mof.gov.sd/), the Ministry of Environment, Natural Resources and Urban Planning (www.mepd.gov.sd/) and the Central Bureau of Statistics (www.cbs.gov.sd/index.php/). The Central Bureau of Statistics conducts a national housing survey publicly available online every five to six years. The CBOS produces reports on the state of the financial market quarterly that are publicly available online. The two relevant ministries produce reports on housing and financial sector developments intermittently. Some of the ministerial reports are available online and some are only accessible at the ministry offices. There is little housing finance data from Sudan that is publicly available. As such, person-to-person engagement is necessary to track housing finance sector developments.

income and vulnerable households to access microfinance credit issued for employment-generating activities.²¹ The bottom of the pyramid group, comprising the majority of the Sudanese people, resort to living in substandard dwellings.

Sudan's affordable housing challenges are exemplified in the areas surrounding the country's capital. In Greater Khartoum, about 80 percent of households are classified as low income with wages well below the GDP per capita figure.²² With limited options for adequate housing, Sudanese households have to meet their shelter needs informally with slum dwellings. As such, over 50 percent of residents in Greater Khartoum live in informal settlements.²³ The cost of decent housing has long been prohibitive in Sudan. The affordability challenge is so acute that the majority of plots in Khartoum state have been undeveloped for more than 50 years.²⁴

Housing supply

Demographers estimate close to 35 percent of the Sudanese population reside in urban areas in 2019.²⁵ Approximately 30 percent of dwellings are urban with the remaining 70 percent of units in the countryside.²⁶ The average household size is 3.03 persons per bedroom in urban areas while slightly higher at 3.26 persons for rural areas.²⁷ The common Sudanese home has two bedrooms regardless of whether they are in urban or rural areas. Nationally, 85.5 percent of Sudanese households are homeowners with seven percent in rental housing.²⁸ The higher prices of stock in urban areas lowers the rate of owner-occupied housing to 67.3 percent, whereas urban rental tenancy is at 19.1 percent.

The construction sector experienced positive growth following the country's second civil war from 1983 to 2005. This growth has been attributed to the national development projects for infrastructure repair and rehabilitation during this period. Eventually, the construction industry became the largest share of the Sudanese economy after South Sudan's independence in 2011. Despite this industry's vitality, housing supply remains a longstanding and ongoing concern. The national housing deficit is estimated at 4.3 million units, with a deficit of 2.5 million units in Khartoum state only.

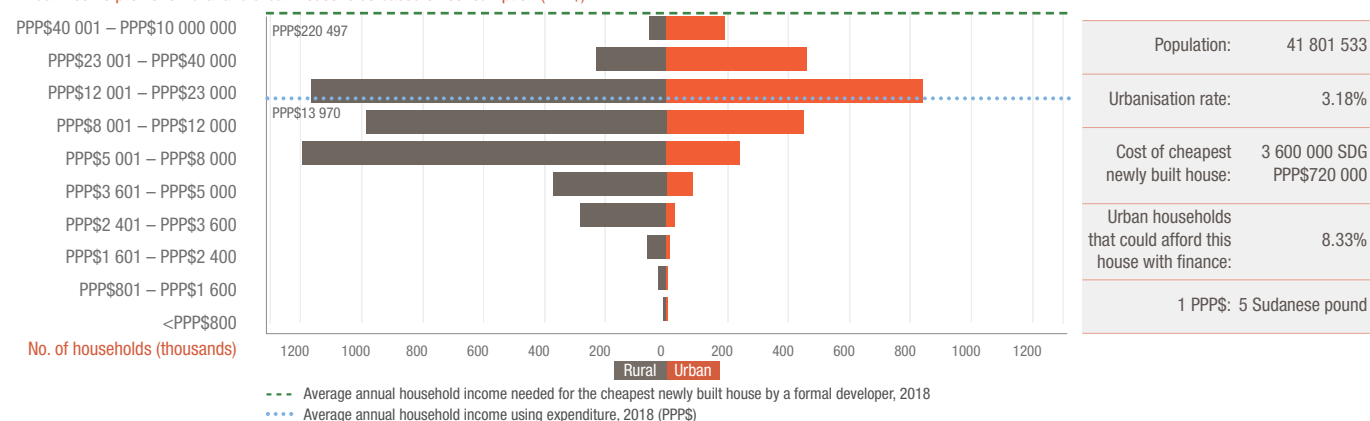
The government established the National Fund for Housing and Reconstruction (NFHR) in 2008 to build low-cost housing units. However, the government's lack of funding has constrained the NFHR. Despite convincing eight banks to contribute SD736 million (US\$16.2 million) to a housing fund portfolio, the NFHR has still not been able to mobilize funds for its construction mission. The NFHR has said input costs, such as the price of building materials, are too costly. Importers from outside Sudan pay exorbitant fees to customs. The government also imposes local fees on building materials, like cement.²⁹ As a result, banks typically require mortgage applicants to provide a quotation on the cost of building materials to contain the financial risk with new home construction projects.

Property markets

Demand has long outstripped supply in Sudan's housing market. The high levels of demand contributed to an annual house price appreciation ranging between

SUDAN

Annual income profile for rural and urban households based on consumption (PPP\$)



Source <https://www.cgidd.com/C-GIDD, 2019>

20 percent and 25 percent in the past five years. Developers believe the increase in house prices is not only demand driven.³⁰ The economic challenges make real estate a preferred asset class for Sudanese investors, especially amid ongoing inflation pressures.

The upper income segment of the housing property market is experiencing a real estate boom in Khartoum. There are 14 gated communities in the capital and six planned or under construction.³¹ These compounds are the envy of Sudan's middle class. The demand is so high that the price for a square metre of land can be as high as SD67 991.4 (US\$1 500) in central Khartoum while periurban land can cost a 10th of this amount. While detached concrete housing in popular areas commonly ranges from SD6 799 142.2 (US\$150 000) to SD9 065 523 (US\$200 000), the price of similarly located mud roof housing has increased to SD2 719 56.8 (US\$60 000) for the property. Developers have capitalized on the strong interest in gated developments by working with banks to provide these houses on an instalment plan of up to 15 years. Sudanese financial institutions and developers have also partnered with foreign investors to build new townships and sell plots.

Despite the strong demand for luxury housing properties, developers and end-users continue to encounter issues with doing business in Sudan's real estate market. For developers, it takes 240 days to obtain construction permits in 2019 according to the World Bank Doing Business Indicators.³² Homebuyers additionally complain of a complicated network of formal and informal real estate brokers to properly secure their transactions.

The Khartoum State Housing and Development Fund (KSHDF) has used the popularity of luxury housing, such as those in gated communities, to cross-subsidize low-cost housing for apartments. In other words, the KSHDF builds higher-end units at a premium to fund the construction of other less expensive apartments for low income households. Since its inception in 2002, the KSHDF has sold hundreds of villas and thousands of middle income housing units. The extra revenues from these residences has helped build tens of thousands of units for low income households.³³

The central government continues to struggle with the formalization of land tenure and titles. Legally, the national government owns 90 percent of the country's land.³⁴ However, the government does not recognize customary land tenure and practically all land in Sudan is allocated on a leasehold basis.³⁵ Accordingly, private sector investment in real estate can be a complicated series of agreements. Informal leases between land brokers connected to the government remain common. There are formal leases, especially for state projects, that are granted for 30 to 90 years. Areas of improvement include strengthening the development of the National Land Commission as well as outstanding land issues from previous conflicts. Moreover, land rights for women remain highly insecure.

Policy and regulation

Sudan's housing policy has had two main components: market-based and government focused approaches. The first market-driven pillar started with the provision of sites and services schemes with plots at market prices and subsidized infrastructure. The sites and services approach, spanning from Sudan's independence in 1956 to the beginning of the 21st century, proved too expensive for the government for infrastructure such as water, electricity and roads. The outcome was increased access to residential land but a lacklustre increase in housing stock.

Given the disappointing results from the sites and services approach, Sudan's housing policy transitioned to stronger government involvement. The national and local governments established programmes in the 2000s like the NFHR and the KSHDF to directly build and facilitate financing for housing stock. Yet, the government struggled again with the operationalisation of its housing policies. A housing scholar stated that, "since independence [...] a number of plans were put under application but most of these plans weren't carried out properly."³⁶

The 2019 political transition means that Sudan can reorient its housing policies and legislation towards enabling greater access to housing, including its financing. Perhaps more importantly, the changing dispensation presents a new development that could improve implementing and delivery of housing stock and credit. The criticisms from protestors seeking better livelihoods may usher in key reforms that could make decent housing a reality for the many Sudanese with inadequate shelter.

Opportunities

Although Sudan's urban housing market has grown in popularity and profitability for the luxury segment, affordable housing for low income households has remained mainly unaddressed.³⁷ The new political reality in Sudan presents an opportunity for government to work with the private sector to improve access to decent housing. A collaborative approach that incentivises construction housing and provision of affordable credit in partnership with the private sector can yield results in making affordable housing within reach for the median Sudanese household.³⁸

There is also a strong need for coherent housing policies and programmes that target the low income and vulnerable segments of Sudanese society. The KSHDF has demonstrated how a cross-subsidisation model can deliver low-cost housing. The challenge is to find additional solutions to promote access to affordable housing. The new government should review prospective solutions and approaches for affordable housing – in conjunction with citizens, civil society and industries. Prospective reforms for short-term consideration, such as reductions on duties for housing imports or tax exemptions for residential development and financial products, or streamlining the construction permit process, could be an important first step to signal the government's commitment to deepening participation with the private sector in delivering more affordable dwellings.

Regardless of the solutions that could be considered, the centralised decision-making structure likely necessitates reforms to unlock commercial opportunities in the housing sector. Whether the TMC or the successor civilian government will pursue a reform agenda remains to be seen. Nonetheless Sudan's housing sector is poised to struggle with constructed access to decent housing without strategic changes.

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Tanzania

Author: Ezekiel A. Esipisu



Overview

Tanzania borders the Indian Ocean to the east and has land borders with eight countries within the East and Southern African regions.¹ Its population is estimated at 56.32 million with the country considered predominantly rural, with close to 34 percent of its population living in urban areas. Tanzania's urbanization rate is 5.1 percent.² Tanzania has sustained a relatively high economic growth over the last decade, averaging six percent to seven percent a year.³ The country also benefited from market-oriented reforms and prudent macroeconomic policies, which have contributed to real gross domestic product (GDP) growth, poverty reduction, and improvements in social indicators.

The country's GDP was TSh130 031 523 million (US\$57 440 million)⁴ with real GDP growth estimated at 6.7 percent in 2018, down from 7.1 percent in 2017.⁵ Non-performing loans declined to 9.7 percent in September 2018 from 12.5 percent in September 2017 but remained almost double the five percent statutory threshold.⁶ Inflation remained low and stable at approximately 3.5 percent in 2018⁷ mainly due to improved food supply. Foreign direct investment fell from 3.3 percent of GDP in 2015 to an estimated 1.9 percent in 2018 due to a deterioration in the business environment.⁸

Public debt increased to an estimated 39.3 percent of GDP in 2018 from 38.2 percent in 2017 with external debt accounting for about 74.9 percent of total public debt in 2018. Monetary policy was more accommodative in 2018 than in 2017 with an increased domestic liquidity and reduced lending rates, leading to greater private credit supply.⁹ The World Bank's Ease of Doing Business ranked Tanzania at 144 among 190 economies, a deterioration from 137 in 2017.¹⁰ According to the International Monetary Fund's (IMF) financial system stability assessment, the government has an ambitious development agenda aimed at closing infrastructure gaps and supporting human development.

Real estate development projects that are under way, or under development have created various opportunities for local and foreign investors. The Tanzanian housing sector's fast-growing demand is mainly driven by the fast-growing population, which is estimated to be 56.32 million and expected to more than double by 2050, a strong and sustained economic growth with GDP growth averaging six percent to seven percent over the past decade, and efforts by the government in

KEY FIGURES

Main urban centres	Dar-es-Salaam, Dodoma
Exchange rate: 1 US\$ = [a] 1 July 2019	2 299.78 Tanzanian Shilling (TZS)
1 PPP\$ = [b]	737.05 Tanzanian Shilling (TZS)
Inflation 2018 [c] Inflation 2019 [c]	3.5 3.5
Population [b]	56 318 348
Population growth rate [b] Urbanisation rate [b]	2.9% 5.2%
Percentage of the total population below National Poverty Line (2017) [d]	46.5%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	2.2%
Proportion of the adult population that borrowed formally (2017) [b]	5.3%
GDP (Current US\$) (2018) [b]	US\$57 437 million
GDP growth rate annual [b]	5.2%
GDP per capita (Current US\$) (2018) [b]	US\$1 051
Gini co-efficient (2017) [b]	37.80
HDI global ranking (2017) [d]	154
HD country index score (2017) [d]	0.538
Lending interest rate (2017) [b]	17.4%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding [f]	4 996
Value of residential mortgages outstanding (US\$)	US\$183.1 million
Number of mortgage providers [f]	32
Prevailing mortgage rate [f]	19%
Average mortgage term in years [f] Downpayment	20 10%
Ratio of mortgages to GDP	0.32%
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed (2010) [g]	758 679
Number of houses completed [g]	26 408
Number of formal private developers/contractors [g]	138
Number of formal estate agents	n/a
Cost of a standard 50kg bag of cement	14 673 TZS (US\$6.38)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units)	37 966 107 TZS
Size of cheapest, newly built house by a formal developer or contractor in an urban area	60m ²
Average rental price for this unit in an urban area (local currency units)	150 000 TZS
Number of microfinance loans outstanding [g]	1 467
Number of microfinance providers [g]	6
Number of housing construction loans outstanding	n/a
Number of providers of construction finance	n/a
World Bank Ease of Doing Business Rank [e]	144
Number of procedures to register property [e]	8
Time (in days) from application to completion for residential units in the main urban city	67

NB: Figures are for 2019 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF):
Tanzania Mortgage Refinance Company Ltd
Watumishi Housing Company

[a] Coinmill	[f] Bank of Tanzania
[b] World Bank World Development Indicators	[g] Ministry of Lands, Housing and Human Settlements Development
[c] IMF World Economic Outlook Database	[h] National Housing Corporation
[d] UNDP: Human Development Reports	
[e] World Bank Doing Business 2018	

partnership with global non-profit institutions and foreign governments to meet the growing demand of affordable housing. Demand for housing is estimated at 200 000 houses annually, with a total housing shortage of three million houses.¹¹

Access to finance

The financial services sector in Tanzania is regulated by the Bank of Tanzania (BOT) which is the central bank regulating banks and financial institutions, and the Capital Markets and Security Authority, which is responsible for the promotion, development and regulation of capital markets and securities in Tanzania.

Tanzania ranks second globally in mobile money use with mobile money transactions value to GDP ratio of 53 percent. This growth is driven by an upsurge in registered users of mobile money, and contributed to an increase in financial inclusion, from 62 percent of adults (aged 15 and over) in 2015 to 65 percent in 2018.¹² The fact that the country's population is predominantly rural makes access to financial services a challenge and digital solutions ideal. Several obstacles, however, limit supply of services, including lack of infrastructure (power; telecom, and road infrastructure) and the high cost of branches.¹³

According to the IMF's financial system stability assessment of Tanzania, financial sector assets constitute 36 percent of GDP, with banks (72 percent of system assets) and pension funds (26 percent of system assets) being systemic components. The banking system is dominated by privately-owned commercial banks with 18 domestic and 29 majority foreign-owned banks holding 92 percent of banking assets. Commercial banks hold 96 percent of the assets, with the rest comprised of two development banks, seven community banks, and five microfinance banks. The non-bank sector comprises 31 insurance companies, six pension funds, and five collective investment schemes. On the asset side, loans (51 percent) and government securities (19 percent) dominate, with deposits at the BOT (14 percent) and other banks (nine percent) constituting most of the remainder. Lending is concentrated in the corporate sector (three quarters of the portfolio) and in a few economic sectors, mainly trade, construction and real estate, and manufacturing.

The World Bank has supported the development of the mortgage finance and affordable housing markets through a sustainable private sector-driven approach. The Tanzania Mortgage Refinance Company (TMRC) was established to provide medium and long-term liquidity to financial institutions. Between 2011 and 2017, the mortgage portfolio significantly increased and financial institutions offering mortgage products increased 11 times while maturity of mortgage loans is now three to five times longer.¹⁴

During 2018, Tanzania's mortgage market grew by TSh76 billion (US\$ 33 058 100). The total mortgage portfolio balances among banks was TSh421.10 billion (US\$183 167 972) as at the end of the year of 2018 representing 4 996 properties compared to TSh344.84 billion (US\$149 996 779) outstanding balance for financing 4 174 properties reported for the previous year. This signifies an annual increase of 22.04 percent in mortgage finance market while a number of mortgages increased by 18.76 percent. This data indicates that mortgage market as a percentage of GDP increased marginally to 0.34 percent from 0.33 percent in 2017.¹⁵

The value of mortgage loans in Tanzania registered a growth of 22 percent in 2018 compared to a growth of six percent recorded in 2017. Outstanding mortgage debt at 31 December 2018 was TSh421.07 billion (US\$183.67 million) compared to TSh 344.84 billion at 31 December 2017. The average mortgage debt size was TSh84.28 million (US\$36 763) compared to TSh82.62 million at 31 December 2017. Typical interest rates offered by mortgage lenders ranged between 15 percent and 19 percent. The number of mortgage lenders increased from 31 lenders as at 31 December 2017 to 32 lenders as at 31 December 2018 due to the entrance of Maendeleo Bank Plc in the fourth quarter of 2018. Mortgage debt advanced by the top five lenders accounts for 70 percent of the total outstanding mortgage debt (59 percent as of 30 December 2017).¹⁶

Housing supply

According to a study on the housing sector in Tanzania by Shelter Afrique in 2012, the total housing deficit was estimated at three million units up from 2.2 million in 2000. The Ministry of Lands, Housing and Human Settlements Development asserts in its report that the country has had a weak housing finance and property market for a long time and that nearly the entire urban housing stock has been built by individual households and not by established developers. Since the vast majority of households do not have access to formal finance, they depend a great deal on their own savings and informal financial sources to pay for the land, building materials and labour needed for construction. As a result, most people build their houses incrementally over many years as resources become available.

Since the early 1990s, the government has implemented financial sector reforms through liberalisation, thus strengthening banking systems and enhancing stability

Availability of data on housing finance

Data on Tanzania's housing and housing finance sectors is largely collected by the Bank of Tanzania and shared on various platforms, including the World Bank. The data is for various economic development indicator categories including population, growth rates and economic performance.

Demographic and industry-related data is collected and disseminated by Tanzania's official agency in charge of providing official statistics on the country, the Tanzania National Bureau of Statistics (TNBS). The TNBS also publishes reports and statistical abstracts on the construction industry performance. These reports are available on the website, <https://www.nbs.go.tz/index.php/en/>. Nonetheless, there is a huge gap on information on affordability and the property market.

Commercial banks and the Tanzania Mortgage Refinance Company Annual Reports and Financial Statement for the year ended 31 December 2018 also provide crucial information on the growth of the mortgage market, the total mortgage portfolio balances as well as the increase in mortgage market as percentage of GDP. Other reports and studies on the housing sector in Tanzania conducted by institutions including Shelter Afrique and the Ministry of Lands, Housing and Human Settlements Development provide crucial information on housing supply. The African Development Bank provides data on lending and the value of the public debt as well as its comparison to the GDP. Nonetheless, there is a huge gap of information on affordability and the property market.

of the financial sector. Parliament passed the Mortgage Finance Act of 2008 that established the TMRC, an institution charged with the responsibility of developing and promoting the mortgage finance market, with an aim of enhancing access to affordable long-term housing loans. Fourteen commercial banks have already subscribed to mortgage financing mechanisms and the number is expected to increase as the fledgling housing finance market stabilises.

Banks offer a repayment period of up to 20 years especially to salaried employees holding stable jobs. Favorable financial sector policies have also encouraged establishment of a growing number of microfinance institutions including cooperative societies, non-governmental organisations and semiformal providers of financial services. However, the rapid urbanisation in Tanzania amid poverty and a large unmet demand for housing land has led to proliferation of overcrowded informal urban settlements lacking in basic services and secure tenure, often developed on hazardous land, yet hosting more than 60 percent of the population in most of the urban areas in the country.

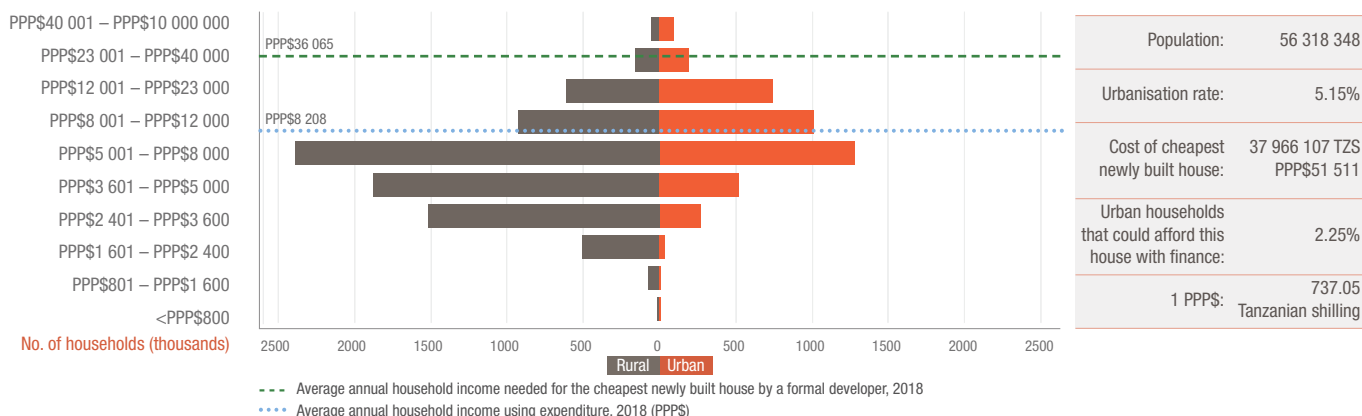
Private individual developers dominate in the delivery of urban housing, accounting for between 75 percent and 95 percent of the total housing stock in urban areas. In rural areas, practically all houses are self-built. Because they are built without professional advice, most of the self-built houses are of poor condition. Tanzania has, however, taken several measures to facilitate access to housing and to planned, surveyed and serviced land for housing and other urban activities.

The government re-established the Housing Development Department at the Ministry of Lands, Housing and Human Settlements Development in 2005, assigning it the responsibility of formulating a housing policy and legislation, and to plan, monitor and exercise oversight on housing development in Tanzania. Parliament enacted the Unit Titles Act of 2008 and Mortgage Financing Special Act of 2008 to facilitate the housing market and thus increase access to adequate housing, with the Unit Titles Act passed by Parliament in 2008 stimulating mass housing production in Tanzania.

The National Housing Corporation (NHC) and private estate developers are investing in high-rise apartment buildings targeting high-income segment of urban dwellers. Several public institutions are also investing in the housing market including the National Social Security Funds, which has built several houses for sale, giving priority to its members. Similarly, the NHC has accelerated its housing development programme and is working towards its target of 15 000 units, which

TANZANIA

Annual income profile for rural and urban households based on consumption (PPP\$)



Source <https://www.cgidd.com/C-GIDD, 2019>

was part of its vision 2015, the Tanzania Building Agency plans to build 10 000 houses, and the Watumishi Housing Company (WHC) 50 000 houses, targeting civil servants.¹⁷ WAT-Human Settlements Trust has, since 2010, undertaken 10 core housing projects ranging from 18 to 133 units in the Temeke and Kinondoni districts of the Dar es Salaam Region.

Affordability

According to the Tanzania National Bureau of Statistics 2019, the population has increased more than four times, from 12.3 million in 1967 to 54.2 million in 2018. The average annual growth rate between censuses according to the 2012 Population and Housing Census is 2.7 percent.¹⁸ The estimated total workforce was 25.7 million out of which 22.3 million (87 percent) were economically active and 3.4 million (13 percent) were inactive. Tanzania has a higher employment to population ratio on all levels than the Eastern African averages. Other estimations showed that the total employment to population ratio trend experienced a marginal increase from 79 percent in 2000 to 81 percent in 2017.¹⁹

The latest published minimum wage standards in Tanzania mainland was in 2015 when the minimum wage was raised to TSh310 777 (US\$152) a month. This covers employees in both the public and private sectors. Back in 2013, other minimum wage standards were divided into nine employment sectors. The lowest minimum wage was TSh40 000 (US\$18) a month for the lowest-paid category of domestic workers residing in the household of the employer, and the highest was TSh400 000 (US\$179) a month for workers in the telecommunications, mining, energy and financial sectors. The lowest minimum wages were not enough to support basic living conditions. In Zanzibar the latest minimum wage adjustment was approved in 2016 when civil servants' wages increased by 100 percent to TSh300 000 (US\$134) a month. Only workers from the formal sector are covered by the minimum wages. Most Tanzanian mainland and Zanzibar workers are operating in the informal economy or subsistence farming where the wage regulations are not applied.²⁰

The latest Formal Sector Employment and Earnings Survey from 2015 in Tanzania mainland reported that one out of four (25 percent) of employees earned monthly wages from TSh300 001 (US\$134) to TSh500 000 (US\$244). Two equally large segments were those who earned monthly wages between TSh500 001 to TSh900 000 (US\$440), which was 21 percent, and 19 percent earning between TSh150 001 (US\$73) to TSh300 000. The survey showed that a greater proportion of workers earning low monthly wages were in the private sector compared to those in the public sector.²¹

The rental price of a low income single-room house in the urban areas is US\$26, US\$188 for a middle income two to three-bedroom house, and US\$2 250 for a high income three to four-bedroom house.²² According to Estate Cloud, the cost of building an individual, detached, or terrace style residential property of medium standard is US\$412 per square metre. Costs of developing aged care or affordable

units are US\$467 per square metre. On the higher side, a prime individual detached house costs US\$779 per square metre to construct. Townhouses and apartments of medium standard cost US\$550 and US\$571 per square metre respectively to construct, and high-rise apartments cost US\$617 per square metre.²³

Demand for housing and housing loans remains extremely high across the country. More recently, the relocation of executive government offices to the capital at Dodoma has created demand for housing and related urban services in the region.

A notable challenge has been limited supply of affordable housing, and high interest rates. Most lenders offer loans for home purchase and equity release while only a few offer loans for self-construction, which remains expensive. Interest rates have improved, from 22 percent to 24 percent in 2010 to 15 percent to 19 percent today, but these are still relatively high affect affordability. Therefore, while some improvements have been noted, bureaucratic processes around issuance of titles (especially unit titles) continue to affect borrowers' eligibility to access mortgage loans.²⁴

Property markets

According to the global property guide, Tanzania is experiencing large-scale real estate developments, particularly in the middle and high income sectors. This includes the construction of villas, apartment complexes, office buildings, hotels and shopping malls, driven by enormous demand for residential housing, industrial and commercial premises. The most expensive residential properties are in the Oyster Bay and the Mvasani Peninsula in Dar es Salaam, and on the shores of Lake Victoria at Capri Point in Mwanza.

In Dar es Salaam, Tanzania's largest city and the economic capital, a three-bedroom residential property located near a beach or in a prime location is priced between TSh459.58 million (US\$200 000) and TSh919.16 million (US\$400 000). However, in other areas, three bedroom houses are priced starting TSh114.9 million (US\$50 000). The expatriate market in Dar es Salaam is relatively small and dominated by employees of donor agencies and other multilateral institutions.

All land in Tanzania is owned by the state and can only be leased to individuals for five to 99 years. Non-citizens may only acquire land (leasehold) for investment purposes, subject to the approval of the Tanzania Investment Centre for the mainland or the Zanzibar Investment Promotion Authority for Zanzibar. Investment yields are relatively high at around nine percent to 12 percent, because supply of good quality property is so limited.

The rent for a 200 square metre property on the mainland would be around TSh1.77 million (US\$1 358) a month, or around TSh7 000 to TSh8 800 (US\$5 to US\$7) per square metre. The rent for a 200 square metre beach estate in Zanzibar would be about TSh2.36 million (US\$1 811) monthly. Yields here are

also around nine percent to 12 percent. Non-residents are liable to pay tax on their rental income earned in Tanzania. Net rental income is taxed at the corporate tax rate of 20 percent. There are also the capital gains from the disposal of Tanzanian assets by non-residents, which are taxed at 20 percent.²⁵

Policy and regulation

Tanzania's housing sector is regulated by a wide range of policies and regulations. The Land Act of 1999 (Act No 4/1999)/Land (Amendment) Act 2004) is the principle legislation on all land matters and covers the underlying legislation surrounding mortgages in Tanzania. The Land Act signifies that land in Tanzania is public land and remains vested in the President as trustee for and on behalf of all citizens of Tanzania. The Ministry of Lands, Housing and Human Settlements Development has been mandated to administer land and human settlements in Tanzania on behalf of the President of Tanzania who serves as the trustee of all land.

The Mortgage Finance (Special Provisions) Act was passed in 2008, creating momentum in government for the development of housing finance. The Act amended certain written laws with a view to providing further provisions for mortgage financing and enables estate developers to access long-term loans from the banks to build houses and sell to buyers. The Act also intended to help to provide funds for acquisition of low-cost housing and not only for mansions and skyscrapers. Formerly the procedure for transfer of mortgaged property was long and cumbersome. Under this Act, this process involves only three parties, the mortgagor, the bank and the Registrar of Titles. All other interested parties, including the Commissioner for Lands are notified by the Registrar after the completion of the mortgage process. Under this Act, the bank and the borrower enter into a contract and if the borrower breaches the contract, they are given a notice of 60 days to pay, after which his/her property are sold (to pay back the loan) without involving the court.

The Unit Titles Act (Act No. 16 /2008) was enacted in 2008 and has significantly improved the prospects for mass housing production, as well as the demand for mortgages. The Act enables estate developers to construct high-rise and buildings, and multi-face structures with multiple units, and sell to as many buyers, with each unit buyer eligible for a title deed after completing the sales agreement.

The Urban Planning Act (Act No. 8/2007), enacted in 2007, provides power for creating plans in advance of development, providing a comprehensive system of development control. General planning schemes created under this Act, which have come to be known popularly as master plans, continue to be the primary planning and management tool for guiding urban development in Tanzania. These have provided for overall planning and facilitate the preparation of detailed schemes and project plans.²⁶

Opportunities

Tanzania's rapidly growing population, coupled with relatively high economic growth, presents an excellent opportunity for both investors and other stakeholders investing in housing. These opportunities can be reflected in the various housing projects that are undertaken by institutions such as the NHC and WHC. But a significant housing deficit still exists.²⁷

Many housing developments are being undertaken by the private sector in the country. Avic International has continued implementing the Avic Town project in Kigamboni, with the first phase nearing completion. First Housing Finance (Tanzania) Limited (previously known as M Mortgage Finance), a greenfield mortgage finance bank set up in partnership with the International Finance Corporation (IFC), Bank M Tanzania Limited, HDFC Bank India and prominent investors have been officially licensed to carry out mortgage finance business in Tanzania by BOT. There is great potential for more investors to be involved in the mortgage and housing finance sector.

The government recently initiated the development of a housing information centre with the purpose of collecting, storing and analysing housing data for forecasting housing demand, supply and price levels in the country. This will hopefully lead to a better understanding and monitoring of housing needs for delivery of effective solutions.

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Togo

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Overview

Togo in West Africa covers 56 785km² and shares borders with Benin, Burkina Faso and Ghana. It is classified as a developing country. The annual population growth in 2018 was estimated at 2.4 percent¹ and the population at 7 889 094 inhabitants. Real GDP growth was positive, with an average of 5.2 percent a year over the 2013 to 2016 period, peaking at 6.1 percent in 2014. This was achieved through significant investments in transport infrastructure (a new airport and port terminal in Lomé, and roads) as well as better agricultural productivity, especially the cotton sector revival. The 2019 inflation rate is estimated at 1.7 percent versus 0.9 percent in 2018.² The Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO) lending rate was 4.5 percent, according to its last report in August 2019.³

Togo's housing sector can't cope with increasing population growth in the urban areas with urbanisation being especially strong in Lomé, the capital.

For the past few years, Lomé's population has grown by 5 percent a year reaching a total of 2 000 000 people.⁴ By 2035, the demand for new homes could reach 47 000 units a year as result of population growth and influx of people looking for work.⁵ Togo's urbanisation rate is estimated at 43.4 percent in 2019 which is 5.8 percentage points more than 2011.⁶ The Human Development Index score for Togo stands at 0.503 according to the last UNDP report which is below the sub-Saharan Africa average of 0.536.

The Togolese government has started a series of reforms of the land sector; due to demographic pressure. The country's first land code was adopted in June 2018. In addition, local authorities began the modernisation of cadastral services and land conservation. The objectives are to digitise land titles and reduce the time of each registration procedure. As result, Togo has gone from 182nd to the 127th place on the indicator for registering a property in the World Bank Ease of Doing Business 2019 report.⁷

According to the African Development Bank, Togo's real GDP growth is estimated at 5.0 percent in 2019 and 5.3 percent in 2020, with the political situation back to normal after the 2017 political crisis and sharp fiscal adjustment.⁸ During December 2018, Parliamentary elections were held, followed by local elections in

KEY FIGURES

Main urban centres	Lomé, Kpalimé, Attakpamey, Sokodé, Kara, Dapaong, Tsevié, Aneho
Exchange rate: 1 US\$ = [a] 1 July 2019	580.15 CFA Franc
1 PPP\$ = [b]	211.80 CFA Franc
Inflation 2018 [c] Inflation 2019 [c]	0.7 1.8
Population [b]	7 889 094
Population growth rate [b] Urbanisation rate [b]	2.4% 3.8%
Percentage of the total population below National Poverty Line (2017) [d]	28.2%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	1.8%
Proportion of the adult population that borrowed formally (2017) [b]	7.5%
GDP (Current US\$) (2018) [b]	US\$5 300 million
GDP growth rate annual [b]	4.9%
GDP per capita (Current US\$) (2018) [b]	US\$672
Gini co-efficient (2017) [b]	43.10
HDI global ranking (2017) [d] HD country index score (2017) [d]	165 0.503
Lending interest rate (2017) [b]	5.1%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$)	n/a
Number of mortgage providers [f] Prevailing mortgage rate [f]	n/a 7.1%
Average mortgage term in years [f] Downpayment	15 n/a
Ratio of mortgages to GDP	n/a
What form is the deeds registry? [e]	Computer - Scanner
Total number of residential properties with a title deed [g]	47 326
Number of houses completed	n/a
Number of formal private developers/contractors	6
Number of formal estate agents [h]	1 000
Cost of a standard 50kg bag of cement	4 050 XOF (US\$6.98)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [i]	7 000 000 XOF
Size of cheapest, newly built house by a formal developer or contractor in an urban area	n/a
Average rental price for this unit in an urban area (local currency units) [h]	45 252 XOF
Number of microfinance loans outstanding	n/a
Number of microfinance providers [j]	76
Number of housing construction loans outstanding	n/a
Number of providers of construction finance [h]	5
World bank Ease of Doing Business Rank [e]	137
Number of procedures to register property [e]	5
Time (in days) from application to completion for residential units in the main urban city [h]	90

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[f] Fonds Spécial pour le Développement de l'Habitat
[b] World Bank World Development Indicators	[g] Land Registry Office
[c] IMF World Economic Outlook Database	[h] Togolese Real Estate Federation
[d] UNDP: Human Development Reports	[i] Ministry of Urban Planning and Housing
[e] World Bank Doing Business 2018	[j] The Central Bank of West African States (BCEAO)

June 2019. These recent political developments should allow the government to focus on the Plan National de développement (PND) launched in April 2019. This five-year development programme covering 2018-2022 is built around:

- investment in a logistic hub of excellence and modern business centre with the latest technological innovations;
- industrial development of value-added and export-oriented products (agribusiness); and
- strengthening social development.

Social development also means affordable solutions for housing demand. Several projects are in the pipeline, covering housing finance and affordable housing access for ordinary Togolese.

Access to finance

According to a 2016 Finscope study, 60 percent of Togolese adults have access to financial services.⁹ Togo's banking system consists of 13 banks of which 11 are international bank subsidiaries. Two financial intermediaries also operate in the country. The Regional Mortgage Refinancing Fund or Caisse Régionale de Refinancement Hypothécaire (CRRH) and the Fonds Africain de Garantie des Investissements Privés En Afrique de l'ouest (Fonds GARI). The two local banks, Union Togolaise de Banque (UTB) and Banque Togolaise pour le Commerce et l'Industrie (BTCI), are currently owned by the Togolese state, which is looking to privatise them. The five largest banks hold 75 percent of the market.¹⁰

Of the Togolese population 23.8 percent was banked in 2018 according to BCEAO reports, meaning that many remain unbanked. As per the latest BCEAO reports, Togo has 227 bank counters and 284 ATMs.¹¹

Togolese have different levels of access to financial service depending on whether they live in urban or rural areas. Overall, 18 percent of Togolese adults have access to bank services; in urban areas, 20 percent have access to financial services versus 10 percent in rural areas. Savings and credit products are the main two financial services. According to FinScope Togo 2016, the most common reason for borrowing is to start or expand a business. Housing finance is ranked fourth, after medical or emergency needs. Mortgages are hard to obtain. Only some banks, under strict conditions, including proof of regular income, land titles, and a housing construction plan, offer mortgages. The mortgage duration is usually 10 to 15 years. Interest rates are between 6.5 percent and 10 percent.

Microfinance institutions do not offer construction loans or mortgages. As of 31 March 2019 microfinance institutions had 526 service points for 2 615 380 customers with a total of CFA198 009 million (US\$341.30 million) in deposits and outstanding loans value of CFA161 834 million (US\$278.95 million).² With approximately 60 percent market share, The Fatière des Unités Coopératives d'Épargne et de Crédit (FUCEC) remains the leading microfinance institution in Togo.¹³ Microfinance institutions are still focusing on urban areas and customers with regular incomes. FUCEC does not offer home construction loans.

The Government is playing a key role in improving access to finance. One of its main initiatives, The Fond National de la Finance Inclusive (FNFI) was launched in 2014. The FNFI offers three core credit products targeted at the poor, farmers and youth. In 2018, The FNFI was able to lend more than CFA80 billion (US\$278.95 million)¹⁴ to 926 000 registered beneficiaries. The credit repayment rate is estimated at over 95 percent, a strong performance.

Mobile banking is developing fast, with Ecobank Togo the leading company in this sector. In 2019, Orabank also launched a mobile application to digitise its services. The mobile money sector is also growing fast with two service providers Togocel (public), through its T-money service, and Moov (private), through its service called Flooz. The number of users was estimated at 1.68 million in 2018.¹⁵

Insurance is the least popular financial product in Togo. Only 17 percent of the adult population subscribe to insurance, according to Finscope 2016. Users are frequently formal employees who subscribe mostly to medical or automobile insurance. The sector is dominated by two insurance companies: Saham and Nsia. Insurance used to be seen as a service for people with high income.

Affordability

In a country where owning a property is a sign of social success, housing affordability is a key issue for the government. Concerns to be tackled to improve housing affordability include security of land ownership, access to housing finance, effective planning and sustainable development of urban areas. Effective water and electricity networks for domestic use are also needed.

The minimum land parcel size is 150m² for a residential property. The cheapest newly built house is estimated at CFA7 million (US\$12 065). This cost is prohibitive for ordinary Togolese as the minimum salary in Togo is CFA35 000 (US\$60.32). The monthly cost would be CFA83 824 (US\$144.44) using standard mortgage terms to buy a CFA7 million house.

Availability of data on housing finance

Access to data is a significant challenge in Togo especially on housing finance or mortgage statistics. At a national level, up-to-date data from official sources is lacking. For example, information from the Fonds Spécial pour le Développement de l'Habitat (FSDH), which is a special fund for housing development set up by the government, is difficult to access. No existing database for formal real estate agents exists. Furthermore it is difficult to track mortgage statistics from local banks on a single database. The national statistics institution website is not regularly updated. Information on household structure in the country is available, and information on strategic development plans for government departments are available on the official website of the Republic of Togo. The OTR website is almost up-to-date with information on land title and mortgages, laws and tax information. Regular updates about the Togo banking sector are available on the BCEAO website.

Commercial banks offering mortgage credit ask for land title or a certain percentage of savings. Land prices do not follow clear rules or policy and depend largely on area and owner's expectation.

Cement prices are stable due to government control but costs slightly more than in neighbouring countries. A 50kg bag of cement costs CFA4 000 (US\$6.89) in Lomé while in Cotonou, Benin, the same bag will cost approximately CFA3 400 (US\$5.86). The market for essential house building materials is developing fast but prices put them out of reach of most of the population. Cement blocks are used to build most houses in urban areas; clay blocks, informally produced, are still common in rural areas.

Housing supply

The ambitious PND programme developed by the Togolese authorities aims to deeply transform the local economy. The programme is targeting GDP growth of 7.6 percent a year, the creation of 500 000 jobs or a GINI index measuring economic inequality of 0.357 in 2022. These goals, if successful, should have positive impact on the housing sector.

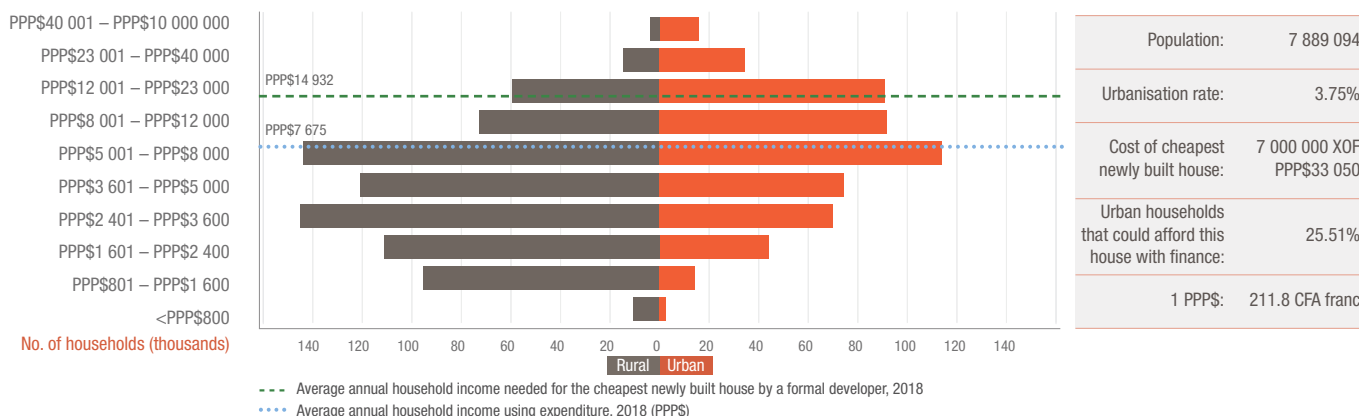
Another thrust of the PND is related to social development and inclusion. This includes several projects for housing access for people with low incomes. For example, the development of 400 to 1 200 villas and apartments in various areas, including Lama Attéda (Kara region), Kponvémé - Dalavé-Tonoukouti, and Dalavé-Tonoukouti. The total cost of the project is around CFA33 125 million (US\$57 097 302). Projects related to urban development cover 10 secondary cities, Aného, Tsévié, Tabligbo, Amlamé, Badou, Bassar, Mango, Kanté, Tchamba and Pagouda, at a total estimated cost of CFA56 360 530 000 (US\$97 148 203). Financing these investments is planned to be done by a yet-to-be-finalised private public partnership (PPP).

Some housing projects are already in progress, but they are still expensive for citizens. Cité MonkpoKpo, launched by the government and being built by a real estate company from Ivory Coast, Société Ivoirienne de Promotion Immobilière (SIPIM) has been under development since 2016, with the first houses being delivered in 2019. The project was developed in Adidogome in the north western part of Lomé, 30 minutes' drive from central Lomé. Since 1961 only 16, mostly private, housing projects have been initiated in Togo.¹⁶

Wellcity is being developed in Adeticopé in the northern outskirts of Lomé. The project is supported by banks, including Coris. On a total area of 55ha, the Renaissance Residence, a project of the Caisse Nationale de Sécurité Sociale (CNSS, the Togo National Social Security Fund) has 394 villas classified as Chic, Executive, Luxurios, Privilège, and 205 apartments. It has a commercial centre and includes offices, shops and apartment hotels. Construction has started, with the first villas to be delivered in 2020.

TOGO

Annual income profile for rural and urban households based on consumption (PPP\$)

Source <https://www.cgidd.com/C-GIDD>, 2019

Other projects are in progress, such as Cite des Anges¹⁷ in Lankouvi, another project on the outskirts of Lomé. The project consists of a set of 162 housing units on plots between 300 m² to 1 000 m² in size, and 40 apartments, each with a living area of 70 m². Between 2015 and 2017, the government built 540 social housing units.

According to the Questionnaire Unifiée des Indicateurs de Base du Bien être, (QUIBB TOGO 2015), more households own their homes in rural than in urban areas. Five out of ten households (48.7 percent) own their homes in rural areas compared to 18.1 percent in urban areas.¹⁸ Generally, people build their houses themselves after spending time in rental houses.

Property markets

Togo's real estate market is embryonic. However, attempts are being made to regulate the sector. On 10 May 2019, the Fédération Togolaise de L'immobilier, which brings together real estate professionals and housing brokers, was created. The objective is to organise the sector, train people, create a National Order of Real Estate Agents, and help Togolese access affordable housing.

In Togo, land ownership is vested in the local communities. It is easy to buy land without title but these transactions are unsecure.

The government is taking the lead with major reforms to improve the sector. For example, registration fees, stamp duties and land transfer duties are now set at CFA35 000 (US\$60.32). Previously these fees and taxes accounted for 4 percent of the land value.

The government has also established a digital database for almost all land titles. This database allows for a quick search of property titles. Nearly all existing land titles have been scanned since 1 June 2018.¹⁹ From the same source, it is also possible to check transferred land titles or mortgages signed. An office exclusively dedicated to property transfers has been created.²⁰

In the Doing Business 2019 Report, Togo scores a 9.5 on the land administration index, an increase of 3.5 points above the 2018 score. Togo is now ranked 127nd for the Registering Property indicator, scoring 54.88 points, which is above the average score of 52.62 in Sub-Saharan Africa. To register a property, it takes 84 days on average through five procedures at an estimated cost of 5.9 percent of the property value. To get a construction permit in Togo it takes 163 days with 11 procedures to complete.

Rental markets exist around the main urban areas of Lomé, Aneho, Sokode, Kara, Dapaong and Kpalime and the landlords are mostly private individuals renting single units. These landlords build and rent out houses. Rental prices do not follow a defined rule. This situation leads to strong speculation in the rental market. Often the landlord asks the tenant for one year's rent in advance. According to a 2010 study, the cities of Togo have 52 percent of rental tenants.²¹

Estate agents exist but most are informal and without a professional background related to the real estate market. Some formal agents do operate in Togo, such as Confortis International SA, 2M Immobilier, IGOE immobilier or Elom & Kekeli. Since 2015, Elom & Kekeli has been sponsoring an annual real estate and housing fair in Togo, called, "FESTIMMO: Salon de l'habitat et de l'immobilier." The 2019 event was held from 10-12 May and attracted 10 124 visitors during the three days.

According to a market study from Togolese housing brokers Association Nationale des Agents immobiliers du TOGO (ANAIT), in 2018, an apartment in Lomé cost between CFA1 000/m² (US\$1.72/m²) and CFA6 000/m² (US\$10.34/m²). For a plot with land title, apartments fetch between CFA36 000/m² (US\$62.05/m²) and CFA480 000/m² (US\$827.37/m²). Without a land title, they command between CFA30 000/m² (US\$51.71) and CFA40 000/m² (US\$68.94/m²). Those prices highly depend on the distance from central Lomé.

Policy and regulation

Local authorities are updating current policies and laws which were enacted in the 1950s and 1970s. On 14 June 2018, a new land code Loi n° 2018-005 du 14 juin 2018 portant Code foncier et domanial was approved by the Parliament. The new law aims to better secure land rights, and resist speculation, expropriation or selling off rural land. In July 2019, the Office Togolais des Recettes (OTR) announced the reintroduction of property taxes, starting August 2019.

In 2017, property taxes were estimated at 0.04 percent of GDP, low compared to other countries in West Africa.

Some international institutions support the Togolese state in land reforms. Kadaster; the Dutch Land Registry Office, has drawn up a roadmap for the reform of the cadastre and land registry for the period 2018/20. The Millennium Challenge Corporation continues to support land reform in Togo. In February 2019, this US programme donated US\$35 000 000 for the same purpose.²²

Opportunities

Few government-supported projects are being implemented in the housing sector. However, various agreements have been signed or are being discussed with private operators to build affordable houses. This includes the Chinese company Poly Group China delivering 10 000 houses and German company TKW building affordable houses with concrete technology. These initiatives will not be sufficient to cater for Togo's housing need. The challenge is to offer housing solutions that people can afford.

Ongoing economic and fiscal reforms by the government will likely improve the business environment and attract foreign investment in the country. Financing affordable houses is also an opportunity for private investors as the market is still open.

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Tunisia

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Overview

Tunisia, a country of 163 610 km², is in North Africa on the Mediterranean coast and on the edge of the Sahara Desert. Its population is 11 551 448.¹ Its currency is the Tunisian dinar and the official language is Tunisian Arabic. Tourism is its main source of income.

In December 2010, a revolution started that led to the President (who had been in power for more than 20 years) leaving in January 2011. The adoption of a new Constitution, a new parliament in 2014, and the first democratic elections in 2015 led to the election of President Beji Caïd Essebsi. He unfortunately died on 25 July 2019. New elections are under way, consolidating the democratic process.

With a growth rate of 2.51 percent in 2018,² the country is 80th in terms of the World Bank Doing Business ranking.³ The poverty rate is 15.2 percent of the population in 2015.⁴ Future forecasts predict an inflation rate of 6.7 percent for 2020.⁵

Analysis of the components of gross domestic product (GDP) shows a slow evolution. Investment remained limited at 18.5 percent of GDP in 2018 with a savings rate of nine percent. Compared to the Middle East and North Africa (MENA) region, these rates fall behind in both savings and investment. By 2018, the MENA region had investment and savings rates of about 30 percent.⁶

Housing was the second largest household expenditure item in 2018. This was already the case in 2017.⁷ Supply is significant, but the costs are high, and it is increasingly difficult for new households to afford housing. On 5 December 2018, the government approved a draft order on the revision of the conditions of access to the Programme Premier Logement (First Housing Programme). In its initial form, this programme has had difficulties, particularly because only a small number of citizens have benefited from it. The new conditions allow for single people without housing to acquire a house. The recipients of this project will be financed to a maximum of 20 percent of the total cost of acquiring the property.

Access to finance

The housing finance system is based on a banking sector regulated by the central bank. In 2019, this sector consisted of 42 financial institutions, including 23 resident banks and six non-resident banks.⁸ Financing is based on mortgage loans. Housing credit increased from TD10 395 000 (US\$3 618 771) in 2017 to TD11 044 000 (US\$3 844 705) in 2018.⁹

KEY FIGURES

Main urban centres	Tunis, Sfax, Sousse
Exchange rate: 1 US\$ = [a] 1 July 2019	2.83 Tunisian Dinar (TND)
1 PPP\$ = [b]	0.73 Tunisian Dinar (TND)
Inflation 2018 [c] Inflation 2019 [c]	7.3/7.5
Population [b]	11 565 204
Population growth rate [b] Urbanisation rate [b]	1.1% 1.6%
Percentage of the total population below National Poverty Line (2017) [d]	55.1%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	15.2%
Proportion of the adult population that borrowed formally (2017) [b]	8.5%
GDP (Current US\$) (2018) [b]	US\$39 861 million
GDP growth rate annual [b]	2.5%
GDP per capita (Current US\$) (2018) [b]	US\$3 447
Gini co-efficient (2017) [b]	35.80
HDI global ranking (2017) [d] HD country index score (2017) [d]	95 0.735
Lending interest rate	7.78%
Yield on 2-year government bonds [f]	13.30%
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$)	US\$3 927 million
Number of mortgage providers [f] Prevailing mortgage rate [f]	23 8%
Average mortgage term in years [g] Downpayment [g]	25 20%
Ratio of mortgages to GDP	9.9%
What form is the deeds registry? [e]	Computer - Scanner
Total number of residential properties with a title deed	n/a
Number of houses completed [h]	3 289 900
Number of formal private developers contractors	3 114
Number of formal estate agents [h]	4 465
Cost of a standard 50kg bag of cement	11 TND (US\$3.89)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units)	140 000 TND
Size of cheapest, newly built house by a formal developer or contractor in an urban area	71m ²
Average rental price for this unit in an urban area (local currency units)	300 TND
Number of microfinance loans outstanding [i]	820 569
Number of microfinance providers	289
Number of housing construction loans outstanding	n/a
Number of providers of construction finance [f]	23
World Bank Ease of Doing Business Rank [e]	80
Number of procedures to register property [e]	4
Time (in days) from application to completion for residential units in the main urban city	45

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[f] Central Bank Tunisia
[b] World Bank World Development Indicators	[g] Tunisia Habitat Bank
[c] IMF World Economic Outlook Database	[h] National Statistical Institute
[d] UNDP: Human Development Reports	[i] Tunisian Bank of Solidarity
[e] World Bank Doing Business 2018	

La Banque de l'Habitat (the housing bank) was the main bank for housing finance until the opening of the banking sector in 2001 (Law No. 2001-65 on credit institutions). The opening to competition was due to poor performance. Its share of the home purchase savings collection market fell from more than 80 percent in 2003 to less than 60 percent in 2014. Opening up the banking market would also allow households to diversify their sources of access to finance.

La Banque Tunisienne de Solidarité (Tunisian Solidarity Bank) is the main microfinance institution in the country. It operates in various sectors, such as agriculture and information and communication technologies, but it does not operate in housing finance.

Although housing is an important sector, the product offering remains undifferentiated. Banks offer the same conditions for obtaining loans. As part of its direct credit, la Banque de l'Habitat offers a required self-financing rate of 20

percent and a repayment period of up to 20 years. La Société Tunisienne de Banque offers exactly the same conditions with only a variation of the credit rate. It depends on additional conditions relating to credit applicants. In 2019, the rate is based on the central bank's key rate (7.83 percent).¹⁰ Access to housing depends on income. Applicants must be employed, have regular income and guarantees as to their ability to repay the loan. For example, the El Jedid product of the Banque de l'Habitat offers households a home savings plan in the form of four schemes with a minimum of TD5 000 dinars of savings. For a monthly savings of TD4 000 (US\$1 392) the repayment period is 10 years with the possibility of obtaining a credit of TD51 000 (US\$17 754), while for the same repayment period and a savings capacity of TD800 (US\$278) the maximum credit is TD21 000 (US\$7 310).

Private loans are generally intended for low income employees in the formal sector. The government offers programmes with the Banque de l'Habitat intended exclusively for this type of household. The programme also allows middle-income households to benefit from it, i.e. with a salary up to 4.5 times the minimum wage of TD403 (US\$142).¹¹

In February 2017, the Tunisian government launched the First Housing Programme with a special account of TD200 million or US\$80 million.¹² It targets middle income households wishing to buy their first home. The government lends self-financing to the buyer up to 20 percent of the total price of a property chosen from a government list of available houses. The loan can finance houses, with a maximum price of TD200 000 (US\$80 000), over a 12-year period with no repayment during the first five years.¹³

The country has a stock exchange (BVMT) that also facilitates access to housing finance, but this exchange is not successful, mainly because of the government's lack of communication about it. Only two transactions of TD5 million each, or US\$1 million, were carried out by the International Arab Bank of Tunisia.¹⁴ Tunisia also has a market for equity securities for companies that cannot be listed on the main market.

Affordability

There are 2 713 000 households in Tunisia of which 78 percent own their homes.¹⁵ Ninety-six percent do not have a mortgage¹⁶ with only the remaining four percent having a mortgage.¹⁷ Total household consumption increased from TD82 885 000 (US\$28 937 500) in 2016 to TD97 854 000 (US\$34 166 158) in 2018.¹⁸ At the same time, housing loans increased by 6.2 percent, from US\$3 628 900 in 2017 to US\$3 855 908 in 2018.¹⁹

Annual gross national disposable income per capita increased from TD8 602 (US\$3 000) in 2017 to TD9 308 (US\$3 245) in 2018.²⁰ The government is pursuing a policy focused on access to housing but is struggling to keep inflation low. The consumer price index, expressed in the 2015 base, was 109.1 in 2017 and 117.1 in 2018, a total increase of 1.13 percent.²¹ As a result, inflation has risen since January 2018, reaching a record 7.8 percent in June 2018 compared to 6.4 percent in December 2017.²² The middle class now represents 50 percent of the population compared to 70 percent in 2010. It has 1.9 million people divided between the public sector, the liberal professions and the private sector. Sixty percent earn less than TD1 000 a month and 33 percent earn less than TD500 a month.²³

With an unemployment rate of 15.5 percent of the labour force in 2018, some households cannot even afford modest housing or benefit from existing programmes, which do not include unemployed people.²⁴ To be housed, a household must on average pay a rent of TD300 (US\$104) a month or pay TD140 000 (US\$48 800) to buy a new apartment with a minimum of two bedrooms and a maximum of 70m². This seems impossible in view of the average salary in Tunisia of TD813 (US\$283).

In view of these difficulties, in 1970 the government set up the Fond pour la Promotion des Logements aux Salariés (the fund for the promotion of housing for employees, FOPROLOS). It is intended for employees who have been members of the social security system for at least two years. People who meet certain criteria can obtain a bank loan to build their home. It is available in three variants according to these conditions:²⁵

Availability of data on housing finance

Data in Tunisia is not updated regularly, so it is difficult to obtain recent figures. In addition, the complexity of the administration's procedures is a major obstacle when collecting data.

The Institut National de la Statistique (national institute of statistics, www.ins.tn) provides data such as population size and prices by sector. All this data is accessible to the public and on the Internet. Data are collected annually but are not immediately updated. The last update for most of the data was in 2017.

The Ministry of Public Works, Housing and Spatial Planning (www.mehat.gov.tn) provides information on housing regulations and statistics related to the housing sector. It serves as an observatory on land. The frequency of data collection is not known, but the data are available to the public and via the Internet.

The Central Bank of Tunisia (www.bct.gov.tn) has data for all sectors. They concern the currency, interest rates, the external sector, and the economy in general. These data are updated annually and available to the public and via the Internet.

- FOPROLOS 1 for households earning at most 2.5 times the minimum wage for the purchase of an individual home of 50m², a credit amount of 90 percent of the purchase price without exceeding 250 times the minimum wage at the rate of one percent, and a duration of 25 years;
- FOPROLOS 2 for households earning at most 3.5 times the minimum wage for the purchase of collective housing not exceeding 120m², a credit amount of 90 percent of the cost of the property without exceeding 250 times the minimum wage at the rate of three percent, and a duration of 25 years; and
- FOPROLOS 3 for households earning at most 4.5 times the minimum wage for the purchase of a collective housing not exceeding 120m² with a credit amount of 90 percent of the cost of the property without exceeding 250 times the minimum wage at the rate of five percent, and a duration of 25 years.

Despite government efforts, the cost of a FOPROLOS house remains high compared to the price per square metre of land, which is at the lowest price of US\$558, given that the criteria for access to FOPROLOS excludes households with irregular incomes. The government has begun a series of reflections on how to modify this programme.

Housing supply

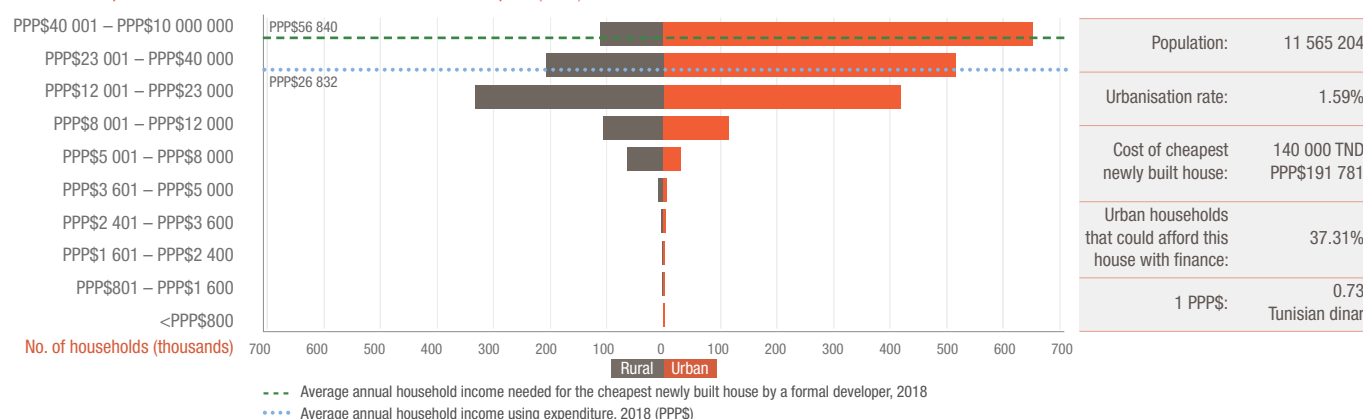
Tunisia has 3 289 900 units built.²⁶ However, it is easier to rent accommodation. High construction costs are holding back households, and the supply of housing for rent is greater than for sale. A total of 79.2 percent of Tunisians own their homes and 17.7 percent of these homes are vacant. These vacant dwellings are expensive dwellings purchased as second homes, luxury rental properties or speculative investment properties.

Tunisian developers are focused on developing housing for medium to upper range segments, with the cost of construction exceeding the ceilings of social housing property prices.²⁷ In the case of FOPROLOS, the acquisition cost of the property may not exceed 250 times the minimum wage. This does not allow sufficient profitability. The official minimum wage of TD403, this would amount to building housing for TD100 000 (US\$34 870), while low prices on the market are for TD140 000.

Annual demand is estimated at 77 000 units. Forty percent of these dwellings are informally built on almost formally subdivided land. The land is purchased and acquired by notarial deed.²⁸ In 2017, a total of 23 529 building permits, regardless of housing category, were granted by the Ministry of Housing to property developers.

TUNISIA

Annual income profile for rural and urban households based on consumption (PPP\$)



Source <https://www.cgidd.com/C-GIDD, 2019>

Property markets

According to the World Bank's Doing Business 2019 report, Tunisia ranks 80 out of 190 countries for the ease of doing business. The cost of registering the property as a percentage of its value is 6.1 percent.²⁹ There are several steps to registering a property:³⁰

- The property court where a registration judgment is rendered;
- L'Office de la Topographie et du Cadastre (office of topography and cadastre) for the marking of boundaries and allotment;
- La Conservation de la propriété Foncière (conservation of land ownership) for issuing, updating and maintaining title deeds.

The real estate sector is an important part of the national GDP and contributes significantly to employment. It represents three percent of the state's income through taxes, construction VAT and local property taxes. Real estate prices, on the other hand, have risen sharply, especially after 2011. In 2009, the price per square meter in Tunis Ariana was between TD1 000 and TD1 500 (US\$349 and US\$523). In 2012 it was between TD1 100 and 2 200 (US\$384 and US\$767).³¹ Nowadays, the price is above TD2 200.

Rental prices have increased due to Libyans and Algerians immigrants settling in Tunisia to escape the socio-political situation in their country. They have a much higher purchasing power than Tunisians and can find housing easily, sometimes at exorbitant prices for the average Tunisian.

The number of real estate developers is increasing, with 2 771 in 2014 and 3 114 at the end of 2017.³² This, however, does not mean an increase in housing production. In 2016 and 2017, 798 and 1 049 housing units financed through FOPROLOS were authorised for construction, but 102 and 79 new developers were licensed respectively.³³ Some investors register as promoters for tax benefits only. These benefits include, among others, the payment by the government of the employer's contribution to the statutory social security scheme for the salaries paid to Tunisian nationals during the first five years of actual employment.

Policy and regulation

The budget of the Ministry of Housing was TD1 641 million (US\$662 million) in 2018. In 2019 it was TD1 202 million (US\$421 million), a decrease of 24.6 percent.

Assistance to the real estate sector is provided through subsidies with low interest rates and a tax exemption for home saving accounts.

The Fonds National pour l'Amélioration de l'Habitat (national fund for housing improvement, FNAH) offers grants to people who earn less than the minimum wage. There are also land subsidies through various agencies whose objective is to reduce land speculation. For example, the FNAH finances programmes and projects relating to the eradication of rudimentary housing, rehabilitation and urban renewal operations carried out by local authorities in the form of loans and grants.

Additional mechanisms were put in place in the 1980s in the form of slum upgrading programmes managed by the Agence de Réhabilitation et de Rénovation Urbaine (urban rehabilitation and renovation agency, ARRU). The ARRU is responsible for identifying national rehabilitation needs, classifying them and proposing financing methods. Up to now, ARRU has completed several programmes, such as the Programme National de Réhabilitation des Quartiers Populaires (national programme for the rehabilitation of poor areas (in three stages), whose results are encouraging.³⁴

Opportunities

The government has recently lifted restrictions on the right to own a property for foreigners. The aim is to enable foreigners, particularly Algerians, to own property in Tunisia. An amendment of the Investment Act, such as the governor's authorisation for the acquisition of land by foreign investors, could also be effective.³⁵

Real estate agents, through the creation of their federation, the Tunisian Federation of Real Estate Agents, whose constituent assembly took place on 1 April 2019, intend to contribute to the consolidation of the sector through structuring the profession and new legislative proposals.

Banks, by offering products that are more suited to the realities of households will be able to help with better access to housing.

Maintaining inflation below that of 2018 (6.5 percent in August 2019 compared to an average of 7.3 percent) should also help create an enabling environment.³⁶

The housing sector in Tunisia is dynamic and has huge potential, but this is eroded by many issues. The population tend to find housing outside the regulatory framework due to the high cost of living and the inadequate housing supply. The government must rethink the whole sector so that every household can access decent housing.

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Uganda

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Overview

Uganda is a landlocked country in East-Central Africa. The capital city Kampala, the only urban centre in the country with more than one million inhabitants, borders the largest lake in Africa, Lake Victoria. The country's population of 44.3 million¹ is predominantly rural, representing 78 percent² of the population, and therefore the economy is heavily reliant on the agricultural sector which accounts for approximately 25 percent of gross domestic product (GDP).³ However, the country has one of the highest rate of urbanisation in the world, requiring significant planning and infrastructure investment but also presenting massive opportunity in the housing market.

Uganda's economy expanded by 6.1 percent over the financial year to June 2019, up from 5.2 percent in the 2017/2018 financial year. This strong performance has been achieved partly as a result of strong household sector demand. As a result, private sector credit grew by 13 percent to US\$15.09 trillion⁴ (US\$14.08 billion) in June 2019 from US\$13.4 trillion (US\$3.63 billion) in June 2018, spurring business development and expansion. This positive trajectory is expected to continue over the next financial year to June 2020, with an anticipated 6.3 percent⁵ growth rate on account of stronger private sector activity and increased public infrastructure developments, partly supported out of the US\$40.48 trillion (US\$10.96 billion) national budget for the financial year 2019/20.⁶

The 2019/20 national budget earmarked significant investments for the recapitalisation of the government-owned Uganda Development Bank to the tune of US\$103.5 billion (US\$28.01 million) to enhance its financing capacity for projects in agriculture, industry, real estate and tourism. Additionally, in its budget statement,⁷ the government highlighted its commitment to the Security Interest in Movable Property Act to facilitate use of movable assets as loan collateral and the operationalisation of an electronic chattels register to ease access to credit in the financial year 2019/2020. These initiatives are likely to boost developments in the real estate sector and improve access to credit facilities, particularly for the majority of Ugandans (over 65 percent) who have persistently been excluded on account of collateral limitations.

On the market side, Uganda's inflation rate has been relatively stable at an average of 3.1 percent over the one-year period to June 2019, rising from 2.1 percent in June 2018.⁸ This marginal increment in general prices translated into a relatively higher rise in property prices with implications for housing affordability. The Residential Property Price Index (RPPI) for the Greater Kampala Metropolitan

KEY FIGURES

Main urban centres	Entebbe, Kampala
Exchange rate: 1 US\$ = [a] 1 July 2019	3 707.07 Ugandan Shilling (UGX)
1 PPP\$ = [b]	1 157.27 Ugandan Shilling (UGX)
Inflation 2018 [c] Inflation 2019 [c]	2.6 3.6
Population [b]	42 723 139
Population growth rate [b] Urbanisation rate [b]	3.7% 6.2%
Percentage of the total population below National Poverty Line (2017) [d]	15.2%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	2.1%
Proportion of the adult population that borrowed formally (2017) [b]	13.7%
GDP (Current US\$) (2018) [b]	US\$27 477 million
GDP growth rate annual [b]	6.1%
GDP per capita (Current US\$) (2018) [b]	US\$643
Gini co-efficient (2017) [b]	42.8
HDI global ranking (2017)[d] HD country index score (2017) [d]	162 0.516
Lending interest rate (2017) [b]	19.9%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$)	n/a
Number of mortgage providers [f] Prevailing mortgage rate [f]	5 20%
Average mortgage term in years [g] Downpayment [g]	20 20%
Ratio of mortgages to GDP	n/a
What form is the deeds registry? [e]	Computer - Scanner
Total number of residential properties with a title deed	n/a
Number of houses completed [h]	120
Number of formal private developers/contractors [i]	12
Number of formal estate agents [j]	45
Cost of a standard 50kg bag of cement [k]	28 000 UGX (US\$7.58)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units)	125 000 000 UGX
Size of cheapest, newly built house by a formal developer or contractor in an urban area [h]	85m ²
Average rental price for this unit in an urban area (local currency units) [g]	500 000 UGX
Number of microfinance loans outstanding [g]	7 100
Number of microfinance providers [f]	4
Number of housing construction loans outstanding [g]	6 200
Number of providers of construction finance [f]	4
World Bank Ease of Doing Business Rank [e]	127
Number of procedures to register property [e]	10
Time (in days) from application to completion for residential units in the main urban city [g]	240

NB: Figures are for 2019 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF):
Housing Finance Bank Ltd

[a] Coinmill	[g] Housing Finance Bank
[b] World Bank World Development Indicators	[h] Comfort Homes Uganda
[c] IMF World Economic Outlook Database	[i] Association of Real Estate Agents
[d] UNDP: Human Development Reports	[j] Ecoland Property Services
[e] World Bank Doing Business 2018	[k] CemNet.com
[f] Bank of Uganda	

Area rose by 2.5 percent in real terms over the 2018/19 financial year.⁹ The recorded rise in the index is attributed to increments in property prices (see section on Affordability for more details) across most parts of Uganda's central region. This price increase is driven by demand due to the high urbanisation rate of 5.2 percent in Uganda.¹⁰

Overall, the rising inflationary trend is projected to continue, deviating from the previously sustained five-year trend of a record low rate, averaging 4.4 percent, which has been well below the inflation target of the East African Community criteria of five percent. The relatively low inflation is mainly attributed to lower food and utilities' prices coupled with astute monetary policy management. Projections, however, indicate that the inflation rate will rise to about five percent in 2019/2020 and peak at about 6.4 percent over the next two-to-three years because of rising consumer demand and weather-dependant food crop production.¹¹

The external sector has generally been supportive of the exchange rate, translating into stability of the Uganda shilling to average at USh3 728 against the US dollar, and reflecting low levels of volatility with the US dollar exchange rate changing by less than 0.1 percent if measured year-on-year.¹² Investments in the oil and gas sector are expected to yield results from 2023 as Uganda commences commercial oil production.¹³ This is likely to boost developments in the real estate sector as the country prepares to accommodate an increasing number of foreign experts in the oil-rich Albertine region. The government has begun construction of Hoima International Airport in this region to facilitate mobilisation of equipment for construction of oil production infrastructure. However, such heavy infrastructure developments have led to an escalation of the national debt to unprecedented levels.

Although not yet worryingly high, Uganda's national debt to GDP ratio increased from 33 percent in 2017 to 41 percent in 2018,¹⁴ which is still safely below the guideline ceiling of 50 percent. The country's Business Tendency Index, which measures the level of optimism that executives have about current and expected outlook for the economy, reflected a growing optimism increasing moderately by 1.65 percent over 2018/19 as of June. Overall, the economic outlook is expected to remain stable as per the June 2019 Fitch rating of B+. This was mainly driven by the country's relative macroeconomic stability, supported by a comparatively high degree of exchange rate flexibility and central bank independence that operates under an inflation targeting framework.¹⁵ This favorable investment climate provides a timely opportunity for large-scale investments across several sectors including real estate.

Access to finance

Uganda's financial sector remains strong with over 90 percent of financial institutions posting improved results during 2018 and the first half of 2019. The country's domestic financing conditions have improved over the 2018/19 period despite tightened global financial conditions that challenged emerging markets.

The Central Bank Rate, a policy benchmark rate, was maintained at 10 percent¹⁶ over the nine months to June 2019, having raised this benchmark rate from nine percent in September 2018. This stability in the rate echoed through the range of interest rates including commercial banks' deposit and lending rates. This stability, in part, accounts for the increase in commercial banks' lending. Private sector credit from commercial banks has grown by 9.3 percent or USh 1.19 trillion (US\$322.06 million) to USh 13.97 trillion (US\$3.78 billion) over the year ending June 2019.¹⁷ Although the noted expansion in credit to the private sector is commendable, government borrowing was much more significant over the same period with credit to government through commercial banks' purchase of government securities growing by 29.5 percent. The higher level of lending to government compared to private sector lending is attributed to increased government investment in infrastructural projects. Overall, the key sectors in Uganda's economy posted increased borrowing during the year, with the building, construction and real estate sector, which accounts for the largest share of banks' credit, rising to record a 10.1 percent growth rate in March 2019 from 7.5 percent in March 2018.

As of June 2018, real estate continued to lead private sector credit allocation with 20.6 percent¹⁸ of total followed by trade at 19.2 percent, personal loans at 17.8 percent, manufacturing at 14.3 percent, and agriculture at 12.4 percent. From the housing sector perspective, the 20.6 percentage allocation is largely for property development (6.9), residential mortgages (5.5), commercial mortgages (3.5), general construction companies (3.3) and other real estate-related finance (1.5). Credit growth to the sector recorded an annual growth of 10.1 percent in March 2019, compared to 7.5 percent for March 2018. This notable rise in credit to housing and real estate sector activities is, in part, attributed to the recovery in property prices during the period July to December 2018. As such, the RPPI for the Greater Kampala Metropolitan Area (GKMA) comprising of Kampala, Wakiso, Mukono and Mpigi districts registered a growth of 9.4 percent for the year ending March 2019 (third quarter 2018/19) compared to 7.1 percent registered for the year ended December 2018.¹⁹ GKMA is an economic and administrative hub, and a major investment destination for Uganda, since 10 percent of Uganda's population lives in the area; 70 percent of the country's manufacturing plants are in the area and a third of Uganda's GDP is generated from this area.²⁰

Uganda's banking industry comprises 24 Tier 1 commercial banks and other relatively mid-sized credit institutions classified under Tier 2 and Tier 3 by the regulator. Housing Finance Bank (HFB) leads the mortgage financing market

Availability of data on housing finance

Information on housing finance is compiled and shared by Uganda's central bank (Bank of Uganda) under its supervisory oversight function for the banking industry. The Bank of Uganda produces an Annual Report which includes a summary of economic developments and prospects, financial inclusion and financial markets. Such data is, however, quite general in nature and relates to private sector credit.

Additional pricing information on the housing sector is compiled and released quarterly by the Uganda Bureau of Statistics (UBOS). In addition, UBOS produces a Statistical Abstract annually, which includes statistics from the latest surveys, censuses and administrative records of Ministries, Departments and Agencies. It is used to track outcomes of policies as well as for decision-making. The 2018 Statistical Abstract covers statistics on the environmental, demographic, socio-economic, production and macroeconomic sectors. This document is publicly available for collection at UBOS in Kampala and on the official UBOS website www.ubos.org.

The key challenges in collecting information include high levels of privacy by financial institutions, making it virtually impossible to obtain data on the size of their mortgage book and key housing-related projects financed over the period. Current data on new housing units constructed can be found in several institutions (some private) but is not easily accessible. Overall, the research relies on key data from government ministries and bodies mandated to collect and publish data on a regular basis, as well as key private sector players including financial institutions, property developers and international development finance institutions.

segment in Uganda with about 55 percent of the total mortgage portfolio in the country. Other banks involved in housing related finance include Bank of Africa, Standard Chartered Bank, dfcu Bank, Stanbic Bank and Centenary Bank.

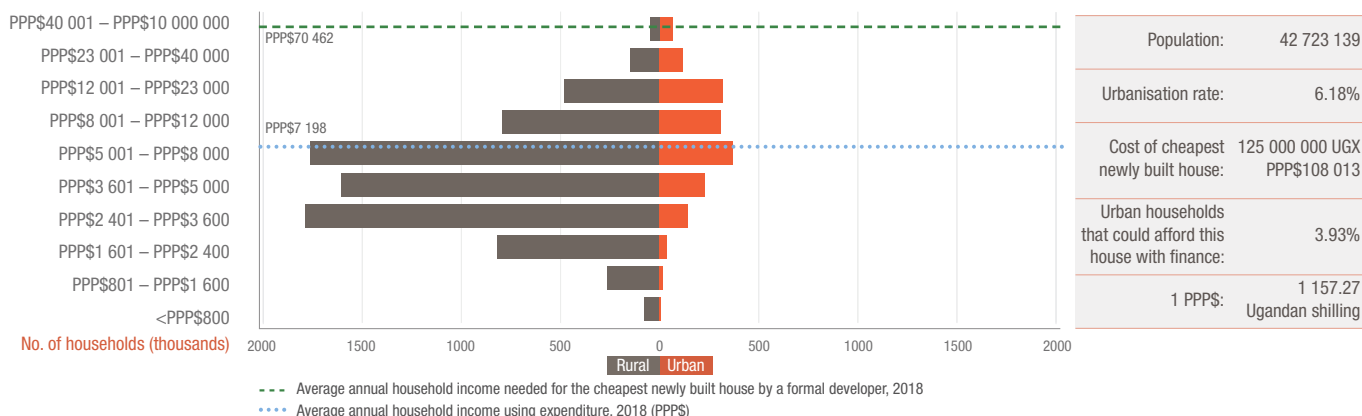
The total mortgage portfolio, comprising both residential and commercial mortgages, increased by 10 percent to USh2.92 trillion (US\$790.3 million) in June 2019. The growth is largely attributed to a stability in bank interest lending rates and economic recovery that supports investments across most sectors. Average mortgage lending rates have marginally declined to 17 percent as of June 2019, from 17.5 the previous year and 19.5 percent in 2017. The decline in mortgage interest rates is largely attributed to increasing levels of competition among lenders and a low inflation rate. Although the decline in lending interest rates is notable across the last two years, the cost of borrowing remains a major constraint to accessing credit in the country, mainly due to a low-level supply of long-term finance to support mortgage lending and high levels of provisioning for defaults as required by the regulator.

Additionally, the savings' culture in Uganda is relatively underdeveloped, with only about 54 percent of the adult population saving regularly. This is due to low income levels, averaging US\$647 GDP per capita, and a relatively high cost of living.²¹ However, with the recent increase in bank agent outlets and expansion of microcredit, the level of financial inclusion has improved significantly to 78 percent in March 2018 from less than 50 percent over 10 years ago.²² The National Social Security Fund (NSSF) records the country's saving rate at 11 percent, a large impediment to long-term development. However, the new NSSF Amendment Bill (2019) seeks to achieve a saving rate of 40 percent over the next 30 years. This is to be achieved through a combination of sustained high growth rates, relaxation of corporate contribution regulations, and up to 30 percent tax-free savings allowances for workers.

Lenders must factor provisions for expected loan losses into their loan pricing, and this risk affects the cost of borrowing. However, with a notable improvement in asset quality, as measured by the ratio of non-performing loans to total outstanding loans (NPL ratio), to 3.8 percent in March 2019 from 5.3 percent in March 2018, the lending interest rates across most business segments have recorded a downward trend and translated into the 9.3 percentage expansion in credit to the private sector.²³

UGANDA

Annual income profile for rural and urban households based on consumption (PPP\$)

Source <https://www.cgidd.com/C-GIDD, 2019>**Affordability**

Affordability of housing is still a major challenge for most households. Approximately 20 percent of households in the Kampala area live in their own houses, with 80 percent living in rented apartments.²⁴ For other urban areas, the ratio of owner-occupation increases to 44 percent and reaches a high of 83 percent in rural areas. The key constraints to housing affordability include the high cost of completed housing units and the high cost of borrowing for housing finance. Over the one-year period to January 2019, rising land and input prices have driven residential property prices upwards by 2.5 percent highlighted in the Retail Property Price Index movement. Additionally, the Construction Sector Indices highlight a 2.0 percentage rise in construction sector input prices for the same period.²⁵

This rise in input prices translates into high prices for completed housing units and further suppresses housing affordability for the majority workers dependent on employment in the agriculture value chain.

Uganda's agriculture sector is characterised by low income levels but still occupies a lion's share in employing the country's population. Although employment in agriculture accounted for 71 percent of employment in 2018, the sector did not offer sufficient income for its workforce to afford decent accommodation.

On average, a newly completed two-bedroom house sells for about USh 50 million, (US\$13 532), which is beyond the reach of most Ugandans. Using formal income levels, only 4.4 percent of Uganda's urban population have the purchasing power to afford the cheapest newly built three-bedroom house valued at US\$20 000 (USh74 million).²⁶ More specifically, housing units priced within the range of USh50 million and USh70 million are outside the main GKMA urban areas and normally require prospective homeowners to combine both formal and informal income sources to afford such units.

On the financing side, most lenders only offer up to 80 percent financing for residential mortgages. This makes it impossible for the bulk of prospective homeowners to raise the remaining 20 percent to qualify for home financing, given the low level of savings among the population. In addition, borrowing interest rates have remained relatively high at 17 percent per annum across most lenders. To overcome this affordability challenge, some banks, including HFB and Bank of Africa, have introduced 100 percent financing for residential mortgages under which borrowers may be fully financed without downpayments to acquire residential property. HFB has also introduced incremental housing finance under which a client can take small loans to build a house in phases, thereby reducing the burden of a large mortgage.

Housing supply

According to the Uganda Bureau of Statistics, Uganda has a deficit of 2.1 million housing units, growing at a rate of 200 000 units a year.²⁷ In 2030, the deficit is expected to reach three million units. This is on account of the rapid urbanisation rate and a high population growth rate of 3.2 percent per annum. This rate of

growth means theoretically the total population doubles every 20 years, a situation that continues to seriously impact the country's housing sector. While more housing units are needed, construction costs are still high, as reflected by the rising Construction Sector Indices discussed in the Affordability section.

The NSSF, with an asset base of USh11 trillion (US\$2.98 billion), though passionate about the sector, has failed to construct a residential unit below USh100 million (US\$27 063). The high cost of construction makes delivering at an affordable price point challenging. The cost of land is also high, estimated at USh880 000 (US\$239) per square meter in urban areas. While labour to construct a house might be relatively affordable at approximately USh3 700 (US\$1) per square meter, this is eroded by the high cost of land and infrastructure.²⁸ For affordable housing, where the threshold is considered USh100 million (US\$27 063),²⁹ a developer like NSSF would need free urban land and already existing supporting infrastructure. Small-scale developers have delivered housing units within this pricing range outside of the GKMA area. Prefabricated houses, which the NSSF has experimented with in a bid to lower housing costs, met low levels of acceptability. This indicates a preference for brick and mortar homes by the general population.

On the supply side, the country has registered progress in expanding the delivery of housing units for the rapidly rising population. Less than 15 mid-sized property developers are cumulatively delivering close to 700 housing units (typically freehold condominium) in the GKMA area annually.

In 2018 and 2019, the government differed from the norm of leaving housing development to private sector market participants, delivering 101 housing units to families evacuated from the landslide prone Mount Elgon region in the East of the country. The two-bedroom housing units were constructed by the national army and police under the first phase completed in March 2019.³⁰ The second and third phases will focus on delivery of 400 and 900 houses respectively for occupation by 6 300 people affected by landslides in the region.

In October 2018, HFB, partnered with Habitat for Humanity and the Buganda Kingdom to champion the Decent Living Campaign. This initiative is aimed at improving lives through decent shelter; better livelihoods, access to safe and clean water; and better hygiene and sanitation, with an overall goal of supporting close to 400 individuals by 2030. Social housing will be needed to eliminate housing poverty in Uganda.

Property markets

Uganda's property market is dominated by a handful of property developers with capacity to deliver over 100 units per annum each. Currently, this space has been taken up by National Housing and Construction Company, Comfort Homes, Universal Multipurpose Enterprises and Waves Limited. These tend to set benchmark market prices for housing units within the Greater Kampala Metropolitan Area. A few other small-scale developers, delivering under 20 units per annum,

deliver the units at prices close to market rates. Beyond delivery of new houses, several transactions do take place on the secondary housing market. The key driver of the secondary housing market tends to be loan recovery for borrowers who have had difficulties meeting their loan installments on mortgage property.³¹

On the rental market side, approximately 22 percent of urban dwellers live in rented apartments in areas within and around Uganda's capital city.³² The percentage of owner-occupation improves with areas further away from the city to reach 91 percent in rural northern Uganda. On the property registration side, the World Bank ranks Uganda at 126 out of 190 countries, with 42 days required to complete a 10-step process costing 3.1 percent of the land value.³³

Property rights are an additional barrier to providing affordable housing. About 80 percent of land in Uganda is under a customary land tenure system, making it difficult for an individual to pledge such communal land as collateral for personal mortgage-related borrowing.³⁴ Land fragmentation in densely populated areas also affects housing delivery. Challenges also arise from the small, untradeable land parcels and large undeveloped land, especially crown land. The solution is to either develop or tax the land. The property market is significantly affected by the increase in lending interest rates, resulting from the banks' high cost of funding and operating costs. Creation of alternative funding structures to support long-term bank lending would be an appropriate solution for the sector. Uganda's Ministry of Finance, Planning and Economic Development has established committees to finalise arrangements for setting up a mortgage refinance company and to operationalise the regulations for pension-backed mortgages. In 2012, Uganda's land registry introduced a computerised land title recording and issuance system, aimed at easing the titling of property, registration of land and generally improving land administration. The initiative is likely to improve the proportion of titled land earlier recorded at 20 percent across the country.

Policy and regulation

Since the business of real estate engages multiple stakeholders such as banks, landlords, property managers and tenants, action by one party inevitably impacts on the performance of another stakeholder. Several regulatory changes affecting the housing and real estate sector have therefore taken effect in 2019. In June 2019, Uganda's Parliament passed the Landlord and Tenant Bill of 2018 that seeks to, among other things, regulate the relationship between landlords and tenants. This Bill, awaiting the president's consent, has several amendments on rights and duties of landlords and tenants in rented commercial and residential premises. A key provision of the Bill includes the legal requirement for the two parties to

execute a contract for all rent transactions above value of US\$500 000 (US\$135) with clear terms and conditions. Additionally, it is now illegal for landlords to evict defaulting tenants without securing court orders to do so.

The Financial Institutions (Capital Adequacy Requirements) Regulation, 2018 took effect in September 2018. This enhanced the capital requirements for financial institutions, with the aim of improving commercial bank's resilience to market and operational risks. With this amendment, financial institutions are now required to hold additional capital as a cushion for market risk. The minimum on-going Tier 1 capital/risk weighted assets (RWA) requirement was increased to 10 percent.³⁵ This will affect the banks' ability to offer large-scale loans to clients including property developers.

Opportunities

Uganda has an immense market potential for housing delivery in the affordable market segment. With the widening gap in annual housing supply compared to the established demand, developers could exploit the significant opportunity in the affordable housing segment. There is insufficient supply of housing units for most low income earners. Additionally, stability in market lending interest rates has encouraged an upsurge in mortgage finance for the past two years and further availability of low-cost finance may increase uptake further. The 2019/20 national budget highlights key opportunities towards easing limitations to accessing loans through the proposed enactment of Security Interest in Movable Property Act. This will allow the use of movable assets as loan collateral. Once enacted, finance providers, mainly in the micro-mortgage space, are likely to see an increase in the number of loan applicants who are currently restricted by lack of suitable collateral. Ultimately the increasing access to finance, coupled with significant housing demand, should present ample opportunity for housing delivery in the affordable segment of the market.

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Western Sahara



Overview

Western Sahara is not officially recognised as a country and is included on the United Nations list of non-self-governing territories. Its domestic legal status is disputed.¹ Located in Northern Africa, the Western Sahara borders the North Atlantic Ocean between Mauritania and Morocco. Algeria borders it to the northeast. Comprising 266 000 sq. km, Western Sahara is mostly desert and is one of the most sparsely populated areas in the world. Its population is over 578 536, half of whom live in the largest city, Laayoune or El Asuiun.²

Western Sahara is divided due to conflicting views on how this region should be governed and administered. Spain gave up colonial control of the territory in 1975 to a joint administration of Morocco and Mauritania by negating the right to self-determination by the Sahrawis. Following the withdrawal of Mauritania from the conflict, an unresolved dispute remained between Morocco and Western Sahara represented by the Polisario Front (the self-declared government in exile in Algeria). Today, Morocco controls 80 per cent of the disputed territory while the remaining portion, SADR (Sahrawi Arab Democratic Republic), is controlled by the Polisario Front. In terms of an international court ruling, Western Sahara remains a territory in limbo with extremely limited access to information mainly due to consolidation of information by the Moroccan government.³

Western Sahara has a small market-based economy whose main industries are fishing, phosphate mining, tourism, and pastoral nomadism. The territory's arid desert climate makes sedentary agriculture difficult, and Western Sahara imports much of its food. The Moroccan Government administers Western Sahara's economy and is a key source of employment, infrastructure development, and social spending in the territory.⁴

The housing and urban planning sector in Western Sahara has gone through tremendous change since it regained independence from Spain, particularly after the notable success of the various housing programmes and projects led by Morocco, which resulted in several residential complexes that have effectively integrated the urban areas.

The Moroccan plans for the housing and urban planning sector of the Southern provinces aim at increasing the number of houses that are in conformity with the Moroccan social and urban requirements.

KEY FIGURES

Main urban centres	Laayoune
Exchange rate: 1 US\$ = [a] 1 July 2019	9.61 Moroccan Dirham (MAD)
1 PPP\$ = [b]	3.54 Moroccan Dirham (MAD)
Inflation 2018 Inflation 2019	n/a
Population [c]	619 551
Population growth rate [c] Urbanisation rate [c]	2.6% 2.6%
Percentage of the total population below National Poverty Line	n/a
Unemployment rate (% of total labour force, national estimate)	n/a
Proportion of the adult population that borrowed formally	n/a
GDP (PPP\$) (2007) [c]	\$906.5 million
GDP growth rate annual	n/a
GDP per capita (PPP\$) (2007) [c]	US\$2500
Gini co-efficient	n/a
HDI global ranking HD country index score	n/a n/a
Lending interest rate	n/a
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$)	n/a
Number of mortgage providers Prevailing mortgage rate	n/a n/a
Average mortgage term in years Downpayment	n/a n/a
Ratio of mortgages to GDP	n/a
What form is the deeds registry?	n/a
Total number of residential properties with a title deed	n/a
Number of houses completed	n/a
Number of formal private developers/contractors	n/a
Number of formal estate agents	n/a
Cost of a standard 50kg bag of cement	n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units)	n/a
Size of cheapest, newly built house by a formal developer or contractor in an urban area	n/a
Average rental price for this unit in an urban area (local currency units)	n/a
Number of microfinance loans outstanding	n/a
Number of microfinance providers	n/a
Number of housing construction loans outstanding	n/a
Number of providers of construction finance	n/a
World Bank Ease of Doing Business Rank	n/a
Number of procedures to register property	n/a
Time (in days) from application to completion for residential units in the main urban city	n/a

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill.com

NB: In the 80% of the Western Sahara which is controlled by the Moroccan government, the Moroccan Dirham is used as currency. In the remaining 20% of Western Sahara, currencies circulating are the Moroccan Dirham, Algerian Dinar, and Mauritanian Ouguiya, alongside the Sahrawi peseta. However the peseta Sahrawi is not an official currency and therefore exchange rates are not available.

[b] World Bank World Development Indicators

[c] Central Intelligence Agency (CIA) World Factbook

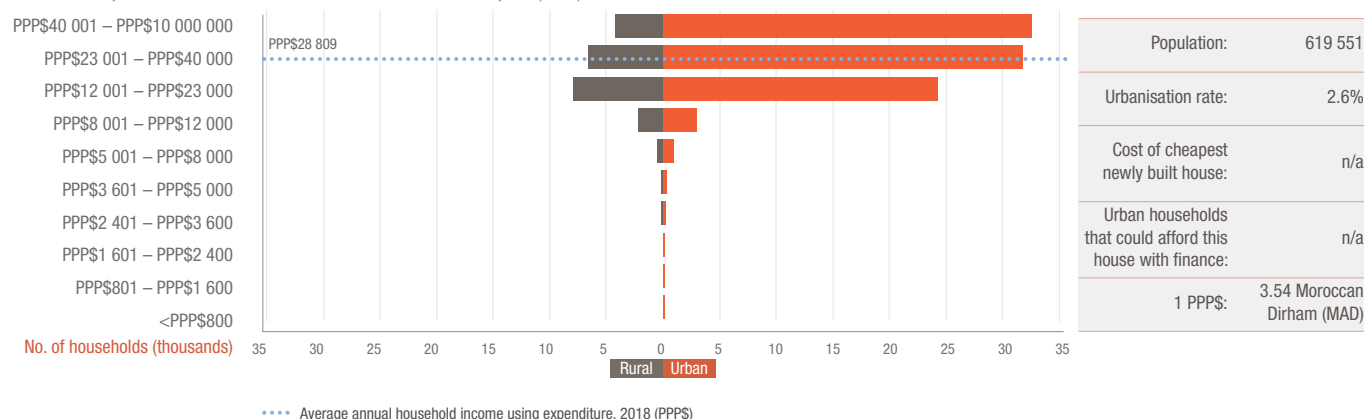
Availability of data on housing finance

With the last census conducted in 2004, and the ongoing dispute in the region, accurate data relevant to housing and urban development is now virtually non-existent. Apart from the CIA World Factbook, none of the established international data sources include Western Sahara. The resolution of the dispute in this region would certainly positively support the development of a functioning housing and housing finance sector, as well as increased availability of data on the sector.

According to the official 2004 census, the population of Laayoune Province was 210 203 in that year. Urban areas accommodate the majority of the population (93.81 percent or 164 807 people in 2004) - this appears to reflect significant

WESTERN SAHARA

Annual income profile for rural and urban households based on consumption (PPP\$)



Source <https://www.cgidd.com/C-GIDD, 2019>

urbanisation in the ten years since 1994, when only 51.4 percent of the population was urbanised.⁵

An emergency programme lead by Morocco was implemented in 2014 to build 2 847 decent urban houses, and 2 305 housing lots. The first section of the 'return residential development' housing programme has produced approximately 1 450 houses in the city of Laayoune, while the second section is expected to offer around 1 550 houses in the territory of the commune of Laayoune.

In addition, there are other programmes underway relating to the first section of the governmental programme of the city of union, which provides 2 144 residential developments, in addition to the 'National Reconciliation' Development Project, which is expected to offer 1 500 modern urban houses.

The Province of Smara is characterized by relative stability, with a population of 60 426 in 2004. The majority of Smara's population is centred in the urban centre, due to availability of housing in these areas. Some development projects have also been launched in the rural areas, including infrastructure programmes and the provision of basic facilities such as schools, roads, and clinics. The population of Oued Eddahab-Lagouira Region was estimated by the Demographic Research and Studies Centre to be about 54 000 in 2003, up from 36 751 in 1994. Eighty-five percent of this population resided in urban areas.⁵

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Zambia

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Overview

Zambia is lower middle income country in Southern Africa with eight neighbours and excellent water, agricultural and mineral resources. It is historically known as one of the world's largest copper producers. In 1969 it was producing 12 percent of the world's copper; today this is down to three percent. Zambia is ranked highly in Africa in ease of doing business and real estate market transparency and is generally seen as a business-friendly country. It has a population of 18.23 million,¹ a gross domestic product (GDP) per capita of ZMW9 779 (US\$1 539) and Purchasing Power Parity (PPP) GDP of ZMW54 185 (US\$4 216)² per capita. The country has one of the highest urbanisation rates in Africa with 43 percent of households living in urban areas as of 2015.³ The urban population growth rate is four percent per annum and the general population growth is 2.9 percent per annum.

The strong urbanisation and population growth drive a high level of housing construction and more than 150 000 households are formed every year.⁴ Most of these new homes are self-built, free-standing houses, creating significant urban sprawl. The geographic coverage of Lusaka has been growing 10 percent a year over the last 10 years.⁵ Economic activity is concentrated in the Lusaka and Copperbelt provinces.

Zambia is facing a number of macroeconomic challenges. While inflation remains relatively stable, interest rates of close to 30 percent are putting a significant strain on economic activity. Inflation in August 2019 was running at 9.3 percent, above the Bank of Zambia's (BOZ) six percent to eight percent target. With government five-year bonds trading at a yield of 32 percent,⁶ private investment has been crowded out by the government's funding requirements.⁷ In addition, a significant reduction in foreign reserves from 2.9 to 1.6 months' import cover is making further currency depreciation and an increase in inflation likely. In May 2019, the BOZ increased the policy interest rate for the first time since November 2015, to 10.25 percent, up from 9.75 percent.

The Zambian US Dollar denominated Euro-bonds are trading at yields of over 22 percent,⁸ pointing to reduced investor confidence in Zambia. No other country that is not in default has a yield as high.⁹ Zambia has also had multiple credit downgrades by rating agencies over the last year.¹⁰ The main drivers of this uncertainty are the government's debt-to-GDP ratio of more than 73 percent at the end of 2018¹¹ and continued government deficits of more than seven percent per annum for the foreseeable future.¹² Over the last 12 months, the kwacha has also depreciated by more than 30 percent against the US Dollar.¹³

KEY FIGURES

Main urban centres	Lusaka, Litwe, Ndola, Livingstone
Exchange rate: 1 US\$ = [a] 1 July 2019 1 PPP\$ = [b]	12.85 Zambian Kwacha (ZMW) 3.82 Zambian Kwacha (ZMW)
Inflation 2018 [c] Inflation 2019 [c]	7.0 10.8
Population [b]	17 351 822
Population growth rate [b] Urbanisation rate [b]	2.9% 4.2%
Percentage of the total population below National Poverty Line (2017) [d]	19.7%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	7.8%
Proportion of the adult population that borrowed formally (2017) [b]	8.8%
GDP (Current US\$) (2018) [b]	US\$26 720 million
GDP growth rate annual [b]	3.80%
GDP per capita (Current US\$) (2018) [b]	US\$1 540
Gini co-efficient (2016) [b]	69
HDI global ranking (2017) [d] HD country index score (2017) [d]	144 0.588
Lending interest rate (2017) [b]	9.79%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding [f]	8 000
Value of residential mortgages outstanding (US\$) [f]	US\$263.35 million
Number of mortgage providers [f] Prevailing mortgage rate [f]	9 28.5%
Average mortgage term in years [g] Downpayment [g]	15 10%
Ratio of mortgages to GDP	0.98%
What form is the deeds registry? [d]	Paper
Total number of residential properties with a title deed [h]	200 000
Number of houses completed	n/a
Number of formal private developers/contractors [j]	5 134
Number of formal estate agents [k]	300
Cost of a standard 50kg bag of cement [l]	69 ZMW (US\$5.37)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [m]	950 000 ZMW
Size of cheapest, newly built house by a formal developer or contractor in an urban area [n]	84m ²
Average rental price for this unit in an urban area (local currency units) [o]	7 500 ZMW
Number of microfinance loans outstanding [e]	572 173
Number of microfinance providers [e]	35
Number of housing construction loans outstanding [e]	27 298
Number of providers of construction finance [e]	48
World Bank Ease of Doing Business Rank [e]	87
Number of procedures to register property [d]	6
Time (in days) from application to completion for residential units in the main urban city	n/a

NB: Figures are for 2019 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF):

Zambian Home Loans
Zambia National Building Society

[a] Coinmill	[i] Habitat for Humanity
[b] World Bank World Development Indicators	[j] National Council for Construction
[c] IMF World Economic Outlook Database	[k] Zambia Institute of Estate Agents
[d] UNDP: Human Development Reports	[l] Zambia Central Statistical Office
[e] World Bank Doing Business 2018	[m] Pam Golding Zambia
[f] Bank of Zambia	[n] Zambia Development Agency
[g] Zambia National Building Society	[o] Dawn Realty Zambia
[h] Land Links	

In 2018, Zambia's GDP growth rate was 3.7 percent per annum, and it was 4.1 percent in 2017. The growth rate contracted slightly towards the end of the year due to falling consumer and business confidence. Credit growth was also subdued. Zambia's economy in 2018 was buoyed by a strong performance in the mining, manufacturing and construction sectors. Unfortunately, 2019 has been a tougher year as the lower-than-expected rainfalls have resulted in a failed harvest in Southern Zambia as well as low water levels for hydro-power production, leading to blackouts starting in June 2019. Consequently, the International Monetary Fund (IMF) recently revised Zambia's growth forecast for 2019 down to two percent.¹⁴

The high interest rates have made mortgages much less affordable. The number of outstanding mortgages has reduced by 40 percent over the past three years. However, there has been a 75 percent increase in unsecured loans for home improvement and incremental home construction (HILs) over the same period, driven to a large extent by microloans granted over mobile networks.¹⁵

Access to finance

The ability to access finance in Zambia is still low but mobile money is increasing the coverage. In 2015, 59 percent of the population were financially included.¹⁶ There are 18 banks in Zambia of which nine offer mortgages.¹⁷ The 18 banks have 372 branches; of these banks, eight are subsidiaries of foreign banks, seven are privately Zambian-owned and three are partially government-owned. Foreign banks control about 70 percent of the market.¹⁸

The assets of the 18 banks in Zambia are generally low risk and are constituted as follows: 32 percent are loans, 24.9 percent are investments in government securities and 23.8 percent are loans to financial institutions abroad. Banking assets grew by 14.5 percent to ZMW82 billion (US\$6 380 million) during 2018. Seventy-five percent of the funding for the banks comes from customer deposits and 12 percent from equity. The non-banking financial sector covers 129 institutions; of these, three are building societies, and 35 are microfinance institutions as of the end of 2018. Pan-African Building Society was taken over by BOZ in July 2019, leaving only two building societies operating. The building societies had assets of ZMW1 230 million (US\$96 million) at the end of 2018, of which approximately 57 percent were loans; of these, 21.3 percent were non-performing loans (NPLs). The building societies represent about 2.5 percent of the loan disbursement by value in Zambia.¹⁹

Consumer lending microfinance institutions (MFIs) performed well in 2018 and grew assets by 33 percent to ZMW5 187 million (US\$404 million) of which loans were 88.3 percent. Even though their asset base is largely unsecured, the MFIs only had approximately 10 percent NPLs and a return on assets of 14.7 percent a year.²⁰

The number of mobile money transactions increased by 76 percent in 2018 to over 300 million transactions, with the value of those transactions increasing by 187 percent to ZMW22.5 billion (US\$1 751 million).²¹ According to BOZ, this increase in mobile money transactions was partly driven by second-generation products like microloans developed collaboratively by mobile operators, microfinance and banking institutions. Consequently, the percentage of unsecured loans as a percentage of value has grown from 29.6 percent in 2016 to 46.9 percent in 2018. Most of this has gone to households as the value of loans to households in 2018 was 42.5 percent of the total, up from 26.5 percent in 2016.²¹ As of June 2019, the average interest on personal loans was 29 percent.²³

The number of credit files submitted to TransUnion, the Zambian credit bureau, fell by 37 percent to about 3.5 million, while credit reports searched fell by 48 percent to about 309 000 during 2017. This is likely a result of the credit providers not living up to the requirement to submit and search credit files and the resultant lapse in underwriting standards. The credit bureau now covers about 3.3 million records and 1.6 million legal persons.²⁴ The percentage of household loans that were credit approved stayed constant from 2016 to 2018 at 43 percent.²⁵

Fifty-one percent of Zambian loans were underwritten based on loan payments being deducted directly from payroll by the borrower's employer, while another 36 percent of loans required payments to be automatically deducted from the borrower's salary-receiving bank account. This means that potential lenders generally require a high level of security and that the approximately two-thirds of the Zambian workforce employed in the informal economy are unlikely to be able to access loans of any meaningful size.

The level of NPLs in the Zambian banking industry was 11.8 percent at the end of 2018. Households are among the lowest at only 6.3 percent, thus seemingly still an attractive segment for lenders. Mortgages had a high NPL ratio at 14.9 percent at the end of 2018, a less attractive product for the lenders. As at the end of 2018 there were 8 000 mortgages outstanding in Zambia, covering both commercial and home loans. The value of the total mortgage book was ZMW8.7 billion (US\$677 million), or 17.8 percent of the total bank loan book. Of the

Availability of data on housing finance

Data on Zambia's banking and finance sectors is readily available because of the data collected by the BOZ. The 2017 Credit Market Monitoring Report provided data on lending by type, the health of the financial institutions and NPLs, among others. The 2018 Credit Market Monitoring Report will provide updated information on the 2017 report. The 2015 Living Conditions and 2017 Labour Force surveys also provide much relevant data. The next Living Conditions Survey will be undertaken in 2020.

There is currently no information emanating from the Ministry of Lands on land titles and housing transactions. There is also no data on the investments of NAPSAs which could be a big driver of housing in Zambia. The Zambia Property Owners Association has been working on a house price index for some time, but the index has yet to be published.

mortgages disbursed in the years 2016 to 2018, approximately 38 percent by number (3 543) were to individuals while by value they were approximately 10 percent. The average home mortgage in 2018 was ZMW323 000 (US\$25 132) and 1 154 home mortgages were issued.²⁶ With the high interest rates and only about 200 000 land titles in Zambia (and a significant portion of those land titles being commercial land), it is not surprising that mortgages are not a strong product. Other factors making mortgages a difficult product include that the banks are mostly funded by short-term deposits, which makes it difficult to match assets and liabilities.

From the beginning of 2016 to the end of 2018 the number of mortgages outstanding in Zambia reduced by 40 percent. The value of mortgages disbursed to households increased from ZMW220 million (US\$17.2 million) in 2016 to ZMW372 million (US\$28.9 million) in 2018; the number of mortgages issued over the comparable period only grew to five percent, from 1 104 to 1 154.²⁷ Mortgage interest rates in June 2019 ranged from 20.75 percent to 28.50 percent with an average of 23.7 percent.²⁸ Mortgage tenors are generally 15 to 20 years with loan length influenced by the borrower's time to pensionable age, among others. Loan-to-value ratios are generally in the 75 percent to 80 percent range but can go as high as 90 percent. Several upfront statutory and banking fees add substantially to the cost.

Unsecured HILs are a much stronger product in Zambia than mortgage loans; 27 300 HILs were issued in 2018, up from 17 800 in 2016. From a value perspective, these loans have seen a 385 percent increase over the last two years, from ZMW536 million (US\$41.7 million) in the first quarter of 2016 to ZMW2 067 million (US\$160.8 million) in the fourth quarter of 2018. This is clearly a better loan for both lender and borrower due not only to a 2018 average size of ZMW27 000 (US\$2 101) and easier, low-cost underwriting, but also because the high interest rates married to a shorter tenor make the loan more manageable for the borrower. The average HIL size remained unchanged from 2016 to 2018. Fifty-two percent of the banking sector's unsecured loans by value go to "other purposes" of which a substantial portion are home construction-related.

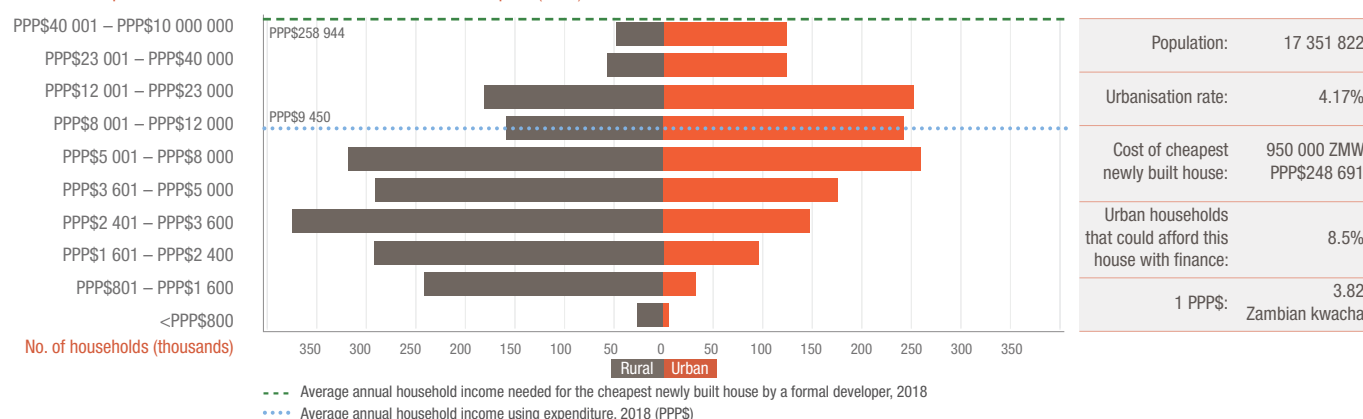
Affordability

Creating affordable homes remains a problem in Zambia, primarily due to the low average household incomes of ZMW1 801 (US\$140) a month, which is exacerbated by the high interest rates. Urban household incomes at ZMW3 152 (US\$245) a month were almost three times higher than rural ones at ZMW810 (US\$63). In addition, the top 10 percent of Zambian households earn 56 percent of the income. In urban areas, this is even more pronounced as the top 10 percent of the population have 66 percent of the income.²⁹ Consequently, segments of the Zambian population should be able to afford newly built, professionally developed homes.

The high interest rates diminish housing affordability. The cheapest newly built house by a professional developer costs ZMW950 000 (US\$73 918). Assuming a 20-year mortgage with an interest rate of 24 percent and a 20 percent down payment, a house would cost ZMW15 332 (US\$1 193) a month in mortgage payments. If one third of household income is spent on mortgage payments, a

ZAMBIA

Annual income profile for rural and urban households based on consumption (PPP\$)

Source <https://www.cgidd.com/C-GIDD, 2019>

monthly income of ZMW45 000 (US\$3 501) is required, which is well out of the affordability range of most Zambian households. On the other hand, rent for a ZMW950 000 home would be ZMW7 500 (US\$584) a month, that is about 50 percent of the cost of owning. This could possibly correlate to the fact that approximately 60 percent of urban households in Zambia rent and 40 percent own the homes they live in. Urban households average approximately 30 percent of their household income on housing; with lower cost and higher cost households spending 27 percent and 36 percent, respectively, of their income on housing.

When households build their own homes, they will often do so on a highly incremental basis, initially often buying the land on a three to five year payment plan and then building the house for the following five to 10 years as and when money is available. Financing can be from short-term housing construction loans, family help, or other cash events. The lack of title and incremental nature of construction is the likely reason why lenders are seeing a high level of unsecured housing construction loans and a low level of mortgages. There is also little doubt that individuals can build cheaper than professional developers for several reasons, including lower land costs. It is more palatable for individuals to build on land without full title. Individuals also use cheaper contractors from the informal economy.

The converse of the rich urban population is a high level of poverty, especially in the rural areas. Rural poverty was estimated at 76.6 percent while urban poverty was estimated at 23.4 percent with an overall poverty level of 54.4 percent.³⁰ The poorer segments of the population are not targetable by professional developers or mortgage providers.

Housing supply

In 2017 there were 3.382 million Zambian households, up from 3.015 million in 2015.³¹ In Lusaka and the Copperbelt provinces 87 percent and 83 percent of households, respectively, were in urban areas; the average across Zambia was 43 percent. The average household size was 4.9 for both rural and urban areas.

In 2015, 53.5 percent of Zambian households were either traditional huts or improved traditional huts; in rural areas this number was 82.8 percent. Seventy-eight percent of households have access to improved water sources (89.2 percent in urban areas). And 77 percent of households use a pit latrine as a toilet facility (own or shared) (64.9 percent in the urban areas). Charcoal is still the most common source of energy in urban households at 59.1 percent.³²

The top end of the residential rental market has seen significant rental reductions over the last year. The relatively large increase in supply of units at this end of the market over the last decade has translated into lower yields and placed downward pressure on selling prices. The middle and lower ends of the rental market are keeping stable and rents are likely to increase in the lower end of the market.

The institutional investor community in Zambia was historically large investors in for-rent residential property, whether apartment buildings or free-standing houses. In Zambia, the pension fund industry is still at nascent stage as it covers only 109 000 members out of a total population of 18.23 million.³³ The combined pension fund assets, excluding the National Pension Scheme Authority (NAPSA) and Workers' Compensation Fund Control Board (WCFCB), was ZMW7.823 billion (US\$608.7 million) at the end of 2017, of which property investments were ZMW1.499 billion (US\$116.6 million) equal to 19.2 percent of assets. NAPSA's assets are not reported but are estimated to be above ZMW51.4 billion (US\$4 billion).³⁴ WCFCB had assets of ZMW1.7 billion (US\$132.3 million).³⁵ While pension assets increased by 17.5 percent in 2017, the increase in property was only 3.4 percent, indicating almost no property investments were undertaken in the year. Zambian institutional investors have generally not been active in housing development in recent years but have significant exposure to legacy portfolios of apartment buildings and houses for rental.

There have been some large housing investment programmes for public sector employees, especially the military. This includes a 5 000-home development programme for the Zambian Air Force in Kabwe and the Twin Palms area of Lusaka, among others, and a 2 000-home development in Luapula for the army. Except for these, the government seemingly sees its role as creating the enabling infrastructure rather than taking a more direct role in housing development for the general public. One notable exception is the public-private partnership between the government and Sun-Share for the 3 000 home Kingsland development in the Twin Palms suburb of Lusaka, with the government's input being changing the zoning of an existing forest reserve to housing.

Property markets

Zambia is rated as the fourth most transparent property market in Africa.³⁶ Zambia has attracted more than ZMW8 billion (US\$1.4 billion) in property investment and development since 2014, about half of which has been from international investors.³⁷ However, very little of this has gone into residential property.

The Zambian residential market undoubtedly represents the largest part of the Zambian property market. Most housing ownership is informal as only approximately 200 000 land titles had been issued in Zambia by 2018.³⁸ Of these land titles, half are estimated to relate to commercial property. It should be noted that the Minister of Lands has said that 60 000 new land titles were issued in the last quarter of 2018 alone.³⁹ Only six percent of land in Zambia is on title with the remaining 94 percent under the control of chiefs or zoned as national parks.⁴⁰ All land in Zambia is owned by the government and what is defined as land title is a 99-year land lease with the government; this is freely transferable. Getting a mortgage on a land title is reasonably easy.

In addition to trading in titled units, the property market also trades units in semi-formal ownership and even on customary land. Buying land is common, but buying a completed house is relatively rare. There are more than 175 registered estate agents in Zambia.⁴¹ Getting land title to a plot that is not in the cadastral system can take as much as 10 years, but is often worth it due to lower acquisition costs. A serviced plot can cost from ZMW15 000 (US\$1 167) to more than ZMW1 million (US\$77 808) based on size and location, while unregistered plots can often be had for free. Completed homes can be bought for as low as ZMW350 000 (US\$27 233) and up to ZMW20 million (US\$1 556 163).

Land titles are issued and transferred by the Ministry of Lands (MoL) based in Lusaka and in the MoL's provincial offices. The country does not have a digital register. The cost of transferring a property, including property transfer tax, averages 9.7 percent and takes 45 days in a best-case scenario. The World Bank rates Zambia's quality of land administration as 7 on a scale of 0 to 30,⁴² below the Sub-Saharan Africa average score of 8.8; consequently, Zambia is only ranked 150 out of 190 countries in quality of land administration.

Policy and regulation

The government has over implemented additional policies and laws over the past year to support the banking and housing finance industries. First, Zambia made enforcing contracts easier by making judgments rendered in commercial matters at the Appellate and Supreme Court levels available to the general public online.⁴³ Second, the Banking and Financial Services Act (BFSA) No. 7 of 2017 became effective in 2018. Revisions to the BFSA include enhanced consumer protection and corporate governance provisions. Consequently, the BOZ has been empowered to adequately enforce consumer protection.

Of more concern to investors were the proposed substantial revisions mooted to the Lands Act which included giving only 25-year land leases to international investors. Substantial pushback was received from most sectors of society on this Bill during 2018 and the Bill has made little progress since.

Opportunities

Opportunities in the for-sale housing and mortgage markets in Zambia are limited, although there might be instances of demand in the ZMW400 000-ZMW600 000 (US\$31 123-US\$46 685) range.

Three major opportunities are open in the wider housing development and housing finance space. For local institutional investors, multi-family rental housing

(i.e., apartment buildings), whether for families or students, will provide attractive returns for many years. Rental collections remain a challenge in the existing portfolio but lessons from other markets can be applied to handle these issues. Demand for serviced plots is strong, as illustrated by the numerous successful master-planned schemes across Lusaka such as Meanwood, Roma Park, Nkwashi, Chelston, Roan and Lilayi, with more than 30 000 plots having been sold over the last 10 years.⁴⁴ Given the strong focus on self-build in Zambia, housing microfinance using mobile money platforms could, for experienced, tech-savvy lenders, be a highly attractive opportunity. Finally, development finance institutions should consider funding smaller projects in incremental housing and back-yard housing as these areas show great promise; once proven, commercial developers will push these products strongly.

International investors worry about the currency depreciation that will dent returns and the potential need for lower rents as the economy weakens. According to the BOZ: "addressing the large fiscal deficits, elevated debt and debt service levels, high domestic arrears and liquidity challenges remains critical for overall macroeconomic stability and economic growth."⁴⁵ However, in the medium and long term, Zambia's strength in its institutional frameworks and relative ease of doing business will create significant opportunities.

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Zimbabwe

Author: Ambrose Matika



Overview

Zimbabwe had a population of 15.1 million in December 2018.¹ Following rapid rural to urban migration in recent years, 32.21 percent of the population now live in urban areas.² The country's Gross Domestic Product (GDP) expanded by four percent in 2018 from the previous year;³ up from 2.9 percent in the previous year: GDP per capita was stated as Z\$9 586.68 (US\$1 322.30), up from Z\$9 158.93 (US\$1 263.30) in 2017.

Over the past two decades, political relationships with Western countries have not been cordial due to accusations of a breakdown of the rule of law and human rights abuses in the country. These were triggered mainly by a widely criticised land redistribution exercise that started in 2001, during which white farmers were dispossessed of land and movable property.⁴ The conduct of national elections has also been viewed in some sectors as lacking transparency, giving rise to credibility of the outcomes. The country is therefore under trade sanctions imposed by the European Union⁵ and the United States of America.⁶ Financial and development co-operation programmes are suspended and access to the World Bank,⁷ the International Monetary Fund and other international funding agencies is also inhibited as the country is not in good standing due to poor performance on facilities previously granted.

Following a period of hyperinflation during which inflation rose to 231 million percent,⁸ Zimbabwe discarded its own currency in 2009 and adopted a multi-currency system with the US\$ as its principal currency. In 2016, when deposits in Foreign Currency Accounts (FCA) in the banking system totalled Z\$42.8 billion (US\$5.9 billion),⁹ banks started to experience a shortage of US dollars. The Reserve Bank of Zimbabwe (RBZ) encouraged the transacting public to embrace the use of electronic payment methods, to reduce reliance on physical cash as a mode of payment.¹⁰

As demand for cash persisted, the RBZ introduced a surrogate currency termed "bond notes" which was deemed to be equivalent to the US\$. Bond coins were also introduced to facilitate change on small transactions. Although parity was officially assumed between the US dollar and the bond note, unofficial trading gradually emerged with the US\$ exchanging at escalating premiums. In a Monetary Policy Statement (MPS) issued in October 2018,¹¹ the RBZ Governor announced that, while balances in FCA accounts remained at par with US\$, these were now Zimbabwe dollars and only usable locally through electronic payment methods and bond notes and coins. The Zimbabwe dollar is also referred to locally as the

KEY FIGURES

Main urban centres	Harare, Bulawayo, Gweru, Mutare, Masvingo
Exchange rate: 1 US\$ = [a] 1 July 2019	7.25 Zimbabwe Dollars (ZWD)
1 PPP\$ = [b]	0.71 Zimbabwe Dollars (ZWD)
Inflation 2018 [c] Inflation 2019 [c]	5.16 n/a
Population [b]	14 439 018
Population growth rate [b] Urbanisation rate [b]	1.4% 1.3%
Percentage of the total population below National Poverty Line (2017) [d]	54.4%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	5.2%
Proportion of the adult population that borrowed formally (2017) [b]	4.0%
GDP (Current US\$) (2018) [b]	US\$31 000 million
GDP growth rate annual [b]	6.20%
GDP per capita (Current US\$) (2018) [b]	US\$2 147
Gini co-efficient	n/a
HDI global ranking (2017) [d] HD country index score (2017) [d]	156 0.535
Lending interest rate (2017) [b]	7.1%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding [e]	12 550
Value of residential mortgages outstanding (US\$) [e]	US\$530 million
Number of mortgage providers [f] Prevailing mortgage rate [f]	15 12%
Average mortgage term in years [f] Downpayment [g]	16 20%
Ratio of mortgages to GDP	1.71%
What form is the deeds registry? [d]	Paper
Total number of residential properties with a title deed [h]	256 780
Number of houses completed	n/a
Number of formal private developers/contractors [i]	521
Number of formal estate agents [j]	239
Cost of a standard 50kg bag of cement [k]	88 ZWD (US\$12.14)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [l]	201 840 ZWD
Size of cheapest, newly built house by a formal developer or contractor in an urban area [l]	27m ²
Average rental price for this in unit an urban area (local currency units) [l]	435 ZWD
Number of microfinance loans outstanding [f]	402 295
Number of microfinance providers [f]	210
Number of housing construction loans outstanding [e]	2 197
Number of providers of construction finance [f]	20
World Bank Ease of Doing Business Rank [d]	155
Number of procedures to register property [d]	5
Time (in days) from application to completion for residential units in the main urban city [m]	72

NB: Figures are for 2019 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF):

FBC Building Society	NMB Bank
Steward Bank Limited	CBZ Bank
Central Africa Building Society - CABS	ZB Bank Limited

[a] Coinmill	[h] Zimbabwe National Statistics Agency
[b] World Bank World Development Indicators	[i] Construction Industry Federation of Zimbabwe
[c] UNDP: Human Development Reports	[j] Estate Agents Council of Zimbabwe
[d] World Bank Doing Business 2018	[k] Halsteds Builders Express
[e] Zimbabwe Association for Housing Finance	[l] Old Mutual Zimbabwe
[f] Reserve Bank of Zimbabwe	[m] Bulawayo City Council
[g] Central African Building Society (CABS)	

Real Time Gross Settlement (RTGS) dollar: A new class of account, called the Nostro account, was introduced for deposits and withdrawals in US\$ only. In a subsequent MPS issued in February 2019,¹² the RBZ Governor announced that balances in the FCA accounts were no longer at par with the US\$ and introduced an official exchange rate of US\$1 to Z\$2.50. On 24 June 2019, the government outlawed the use of the US\$ for transactions in the country and stated that only the Zimbabwe dollar was legal tender. In essence, to transact on the local market, holders of foreign currencies had to convert their money to Zimbabwe dollars at the official interbank rate through banks or bureaux de change.¹³ Although use of the US dollar was outlawed, providers of goods and services continued to set prices in terms of US\$ and expressed them in Z\$ figures arrived at using the exchange rates applicable on the day.

Inflation which had remained stable at an average 6.48 percent from 2009 up to Q3 of 2018 started to rise in Q4 of 2018 following the October MPS. By December 2018, inflation had risen to 42.1 percent and continued upwards to 75.86 percent in May 2019 and further soaring to 175.6 percent in June 2019.¹⁴ Prices of goods and services rapidly escalated to unaffordable levels while incomes remained unchanged. Property development projects in progress suddenly faced significant risks of failure to complete as the prices of building materials rose sharply, influencing some developers to compromise on quality. On completion, the revised prices of the houses were projected to be beyond the affordability of the target buyers making uptake doubtful.

These uncertainties over currency values have disrupted smooth operation of the property market. Sellers were reluctant to accept Zimbabwe dollar payments. In an interview on 15 July 2019, John White, a senior property consultant at Keenan Properties in Harare, produced a list with nearly 300 properties originally assigned to his firm to sell but the sellers had temporarily withdrawn them until the dust raised by the policymakers has settled.¹⁵ A developer who completed a project comprising 24 three-bedroomed cluster homes in a gated community in the Greendale area of Harare in July 2019 was not selling pending currency stabilisation.

Demand for mortgage finance unsurprisingly fell, partly because sales were not happening and partly because lenders were unwilling to create Z\$ debts that were likely to lose value as happened in 2008. A further risk for lenders and potential borrowers alike was posed by a hike in the RBZ overnight accommodation rate from 15 percent to 50 percent with effect from 24 June 2019,¹⁶ which was anticipated to induce increases in all other interest rates including mortgages.

Extreme complexities and market volatility driven by regulatory interventions therefore characterised the Zimbabwean economy from Q4 2018 into 2019 and may, in the short term, adversely affect the country's World Bank Ease of Doing Business ranking that stood at 155 out of 187 in May 2018.¹⁷

Access to finance

Five building societies, six commercial banks and a special purpose subsidiary of the RBZ¹⁸ provide housing finance and are members of the Zimbabwe Association for Housing Finance (ZAHF). Four other banks have been approved by the RBZ to offer mortgage loans but are not yet actively lending and are still to join ZAHF.

The 12 members of ZAHF constitute the core of the housing finance sector in Zimbabwe and had mortgage loans for a consolidated amount of Z\$3 890.4 billion (US\$536.6 million) spread over 12 799 borrowers as at 31 December 2018.

The high-density segment, so termed because of close proximity of the properties to each other, is where affordable low cost housing in Zimbabwe is most needed and is therefore the focal area of the government and other stakeholders in housing delivery. As at 31 December 2018, 46.4 percent of the total number of borrowers were in this segment. Loans are secured by mortgages over small stands, not exceeding 300 square meters in extent and most of the dwellings are of basic uniform design produced under mass unit projects. The borrowers are mainly low income earning working class and the informally employed.

The medium density segment had 6.2 percent of the total number of mortgage accounts as at 31 December 2018. Supervisory and clerical level staff in government, commerce and industry, who qualify for higher value loans are the typical borrowers in this segment. The loans are secured by mortgages over stands ranging from 300 square metres up to 1 000 square meters with modest stand-alone houses. This segment has been shrinking in recent times though due to low levels of formal employment.

Properties on stands of more than 2 000 square meters make up the low density segment, which had 47.4 percent of total mortgages as at 31 December 2018. Homeowners in this segment are high income earning professionals and businesspeople.¹⁹

The underwriting procedures of housing finance providers in Zimbabwe are not uniform but generally, down payments ranging from zero to 25 percent of the purchase price of a property to be purchased or constructed are required, depending on the risk perception of the lender. Ability to repay must be proved through production of credible proof of earnings, which is a major inhibition for

Availability of data on housing finance

Municipalities: No credible data exists to verify the size of the housing backlog in Zimbabwe with a comfortable degree of certainty. Figures sourced from waiting lists of municipalities are far from reflecting demand as most homeseekers are not on the lists due to ignorance of the system, inability to qualify and frustration. Access to basic data like the number of rated properties in the main city is a cumbersome process.

Data from lenders: Lenders do not sufficiently analyse the composition of their borrowers and the purposes for which funds are advanced. It is not possible to indicate the spread of loans by demographic groupings or whether loans were advanced for property acquisition or improvement.

Deeds Registry: Important data like the number of title deeds on urban or all immovable properties in the country is not readily available in the Deeds Registry. URL icons on the website <http://www.dcip.gov.zw/> are not populated with data.

Reserve Bank of Zimbabwe: RBZ data on lending does not yet take into account that non-building society institutions are also providing mortgage loans.

Zimbabwe National Statistics Agency: Effort should be made to collect data on titled properties, preferably when they compile the data on "tenure status".

the informally employed. The principal security to be mortgaged must be valued and the proposed loan must be within the limits set in terms of the institution's policy. In 2017 the RBZ established a Credit Registry that lenders can refer to and obtain, among other reports, prospective borrowers' credit histories, including current and paid-up credit facilities.²⁰ An independent credit clearing bureau also provides lenders with information on civil judgments registered against loan applicants due to default.²¹

A good loan servicing culture exists in the country, particularly on loans secured by residential houses. As at 31 December 2018 balances on loans classified as non performing were 6.68 percent of the consolidated loan balances.²²

Because of the political isolation of Zimbabwe, housing finance institutions in the country do not have access to lines of credit from international funders apart from Shelter Afrique which extended a total of Z\$304.5 million (US\$42 million) in 10-year loans to four Zimbabwean institutions in 2014. Although Shelter Afrique has indicated willingness to consider further advances, local institutions have been reluctant to access the facility. In a meeting with the Managing Director of Shelter Afrique, the ZAHF Chairman raised concern over the 12 percent interest rate on Shelter Afrique funds in view of a capping of 12 percent on lending rates imposed locally by the RBZ. The 10-year tenure of the facility, which did not match local mortgage repayment periods that run up to 25 years, was also raised as an issue of concern. The currency issue raised yet another concern in that, if the loans are accessed in US dollars, they have to be repaid in that currency, which could not be guaranteed given the uncertainties in the local market.²³

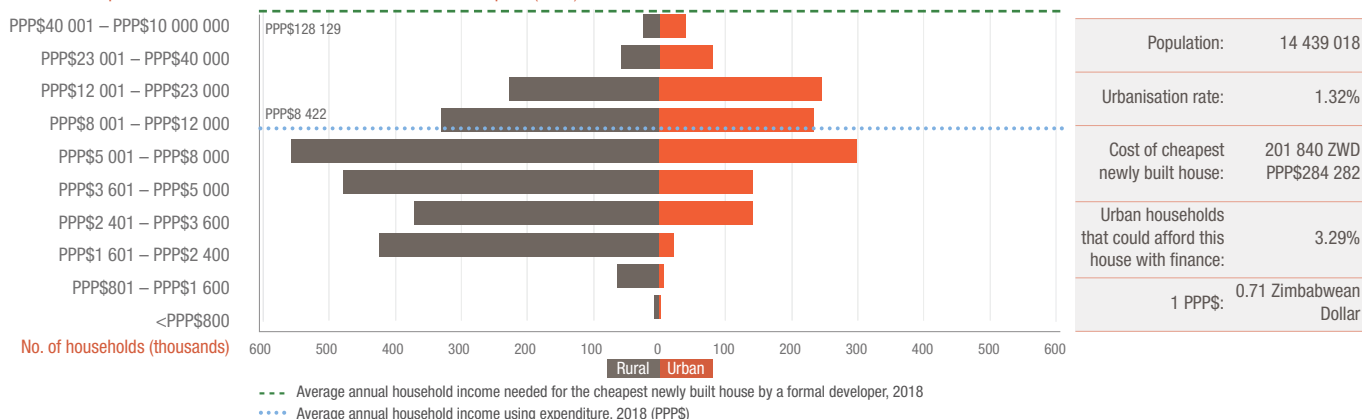
There is no secondary mortgage market in Zimbabwe. Housing finance institutions therefore do not have access to capital markets and rely mainly on retail deposits which are short term in nature. To improve availability of housing finance, the government formed the Insurance and Pensions Housing Fund in January 2013. Insurance companies and pension funds were to contribute 2.5 percent of the market value of their liquid and semi-liquid assets to the fund, proceeds of which were to be on-lent to housing finance institutions. Administration structures were set up, however, the concept was not operationalised.

There are 205 microfinance institutions operating in Zimbabwe providing loans mainly for school and university fees and other consumption purposes.²⁴ High interest rates apply, and the loans are repayable over short periods not exceeding two years. Housing microfinance models that provide funds for incremental house construction in high density areas have been tried over the past five years, but the product is yet to be widely embraced by the borrowing public.

A government run infrastructure development bank finances off-site infrastructure projects such as sewer processors, bulk water and major access roads.

ZIMBABWE

Annual income profile for rural and urban households based on consumption (PPP\$)



Source <https://www.cgidd.com/C-GIDD, 2019>

Affordability

The official unemployment rate in Zimbabwe was stated by the Zimbabwe National Statistics Agency (ZIMSTAT) as 4.9 percent in 2018.²⁵ Despite closures of formal businesses in agriculture, commerce and industry, the ZIMSTAT assessment method takes account of the drift of economic activity to the informal sector where people earn incomes from various activities such as fruit and vegetable vending, and buying and selling commodities sourced from neighbouring countries and abroad. Skilled people are also engaged in activities such as furniture making and metal fabrication. The informal economy, however, is mainly characterised by low and inconsistent wages, poor working conditions, and little or no social security and representation.²⁶ Houses built under various projects undertaken by financial institutions and municipalities with low income earners in mind have proved to be unaffordable for people in this sub-sector of the economy.

When mortgage lending resumed under the multi-currency system in 2010, mortgage interest rates ranged from 18 percent to 25 percent per annum. The RBZ capped all lending rates at 18 percent with effect from 1 October 2015²⁷ and the mortgage interest rate decreased to the range between 15 percent to 18 percent. Against strong protestations by banks, the RBZ further reduced the cap to 12 percent with effect from 1 April 2017,²⁸ resulting in a decrease in the mortgage interest rate range to between nine percent and 12 percent. Although the lowest mortgage rates applied on loans to the high density segment, most low income earners in that segment still could not afford to borrow. Current economic circumstances now point to unavoidable increases in interest rates, which will further make mortgage loans unaffordable.

The alternative for the affordability challenge for some has been to purchase small pieces of land of an average 100 square meters sold illegally by land barons on the outskirts of municipal areas like Epworth, Stoneridge, Hopley and Caledonia in Harare. The pieces of land have neither recognisable boundaries nor documentation conferring tenure status. Basic farm-brick structures are constructed very close to each other, and water is sourced from shallow wells dug near the houses in close proximity to pit toilets, creating high risks of infectious diseases like cholera and typhoid.

Housing supply

Estimates of housing demand in Zimbabwe range from 1.3 million to 1.5 million housing units.²⁹ Verification of the estimates is difficult as no credible data exists. Although the Zimbabwe property market has always been characterised by high demand and correspondingly low supply in all three density segments,³⁰ it is evident that demand for affordable housing is most acute at the lower end of the market where the need for accommodation space has been exacerbated by rural to urban migration which averaged 4.3 percent per annum in recent years.³¹

Historically, low cost housing development was undertaken by municipalities that serviced stands and constructed small but liveable two-to-four-roomed core houses. In recent years, most municipalities in Zimbabwe have not been able to provide new low cost housing stock due to financial constraints.³² Property

developers have not been keen to undertake projects in the high density areas, due mainly to some politically influenced concessions that have to be made to make the stands and houses affordable to low income earners. Along with a drive for financial inclusion by the RBZ, the government has persuaded large housing financiers to act as developers and undertake multiple unit projects in partnership with local authorities in some of the major urban centres. The institutions have responded positively and invested substantially in housing development projects. Notable recent projects that added to the housing stock in 2018 and 2019 were done by CABS, which undertook a 2 797 unit project in the Budiriro suburb of Harare and a 1 080 unit project in the Pumula/Nkulumane suburb of Bulawayo.³³ CBZ Bank serviced 1 174 stands in Victoria Falls³⁴ and the National Building Society (NBS) developed 600 houses in the Dzivaresekwa suburb of Harare.³⁵ ShelterSol commenced a housing project in Victoria Ranch Masvingo, and the first 10 units have been completed. The housing project will cater for varied family sizes with 2 roomed, 3 roomed and 4 roomed units on offer. ShelterSol has also acquired land in Lower Rangemore (Bulawayo), and development of the land is scheduled to commence in 2019. The land will be subdivided into 727 residential stands and an additional 10 for social amenities.

Property markets

Housing in Zimbabwean urban centres falls into three main segments, classified by the stand sizes and therefore density of the properties. The high density segment in which properties are on small stands not exceeding 300 square meters caters for the bottom end of the property market and mostly houses the low income earning working class, the informally employed and the poor. The medium density segment in which stand sizes range from 301 square metres up to 1 000 square meters caters for the more financially able, mainly formally employed middle level and supervisory workers and government employees. Houses in this segment are designed for comfortable occupation by single families and comprise two to three bedrooms, lounge, dining room and kitchen. Modest townhouses, some in gated communities, also fall into this segment. The sparsely populated low density areas are sought after by the well-to-do affluent and professional people in high-paying formal jobs or in business. Dwellings range from modest single storey family homes to rambling multi-storey palatial structures.

Over the years Zimbabwe has had an active property market in the major urban areas with the central players being estate agents who are mandated by sellers to sell and by buyers to search for existing properties in the high, medium and low density suburbs. Prior to the RBZ October 2018 MPS, entry level prices for four-roomed houses in the high density areas were Z\$181 250 (US\$25 000); Z\$580 000 (US\$80 000) for average medium density properties; Z\$942 500 (US\$130 000) for cluster homes in gated communities; and Z\$1 812 500 (US\$250 000) for modest properties in low density suburbs. According to estate agents, some sellers are people upgrading and moving to superior localities, deceased estates and people emigrating. Buyers in recent sales were local and diaspora-based Zimbabweans with mortgage finance or with own resources, along with nationals of neighbouring countries, Nigerians and Chinese.

Policy and regulation

Provision of Housing in Zimbabwe falls under the Ministry of Local Government Public Works and National Housing (MLGPWNH). The ministry formulates housing strategies and policies and administers all spatial planning functions through its Department of Physical Planning. When deemed necessary for the expansion of urban residential space, the ministry takes necessary steps to convert land on the periphery of cities under other uses like agricultural to residential. All municipalities in the country fall under the ministry, which oversees their operations. The ministry also champions allocation of resources such as funds from the national budget for housing and related infrastructure.

Zimbabwe has a set of laws that are meant to enable the orderly and efficient establishment of human settlements. The principal statute is the Regional, Town and Country Planning Act (Chapter 29:12), provisions of which are administered by the MLGPWNH along with the Urban Councils Act of 2015 (Chapter 29:15), which sets out legislation for municipalities. The municipalities further have by-laws that apply within their areas of jurisdiction.

The Ministry of Lands Agriculture and Rural Settlement administers survey functions set out in the Land Survey Act (Chapter 27:06), and the Ministry of Justice Legal and Parliamentary Affairs administers title registration and related functions in the Deeds Registries Amendment Act No. 8 of 2017 (Chapter 20:05).

A National Housing Policy was put in place in 2012, aimed at addressing the challenges of housing developers in the country and widening the housing implementation base by taking on board other players like multi-national companies, community-based organisations and employers.³⁶ The 2012 policy is still in force but is in the process of being replaced. The new draft document, the Zimbabwe National Human Settlements Policy, seeks to incorporate rural and business centred settlements like mining communities within its scope. Approval by the President and launch of the new policy is anticipated to take place before the end of 2019.

Magistrate's Court (Civil) Rules of 2018 and High Court (Civil Procedures) Rules of 2005 set out procedures for foreclosure in the event of default. The rules protect the interests of both lenders and defaulters.

The Law Society of Zimbabwe (LSZ) sets standards of professional responsibility for lawyers and upholds regulations through a complaints and discipline process.³⁷ The LSZ is a firm watchdog and, in relation to property transactions, has de-registered and put out of practice lawyers found guilty for misuse of funds held in trust pending transfer. Similarly, the Estate Agents Council of Zimbabwe watches over the conduct of estate agents and de-registers non-compliant operators.³⁸

Opportunities

Opportunity exists for establishing a secondary mortgage market in Zimbabwe when the national economy stabilises. Exemption of stamp duty on cession of mortgage bonds is already in place through earlier efforts which resulted in the government agreeing to the concession in January 2015, although further progress was frustrated by high interest rates.

According to the Registrar of Deeds, there are 256 780 titled properties in Zimbabwean urban areas. The ZAHF portfolio of 12 532 mortgage accounts therefore leaves enormous value in unencumbered properties which can be unlocked to stimulate economic activity.

Zimbabwe survey practices and title registration procedures have lagged, and central records are still mainly hard-copy documents. Modern technologies offer tremendous opportunities for upgrading the survey and titling procedures through systems that satisfy the current standards set in existing legislation and enable easy access to data.

Opportunity exists for reorganisation of government ministries to vest oversight over the entire housing delivery value chain, from land administration, surveying and mapping to physical planning title registration and housing development under one ministry.

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13%

Return on investment (2019)

Current loan book

R3,192 billion



12% Average loan book growth

Backing ordinary people,
doing extraordinary things.

5

branches nation wide

13%

Growth average over 5 years



128

unique inner city areas financed

16 years
in operation

R1bn
DMTN
Programme
on JSE

38 771
Units

300
Entrepreneurs
assisted

63%

of whom are previously disadvantaged
individuals (PDIs)

608
buildings

186 years

of property finance experience
in our executive team, 20 years
average per person.

136 011 m2

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1

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Eclairer & électrifier
l'Afrique



4

Integrate Africa
Intégrer l'Afrique



2

Feed Africa
Nourrir l'Afrique



5

**Improve
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3

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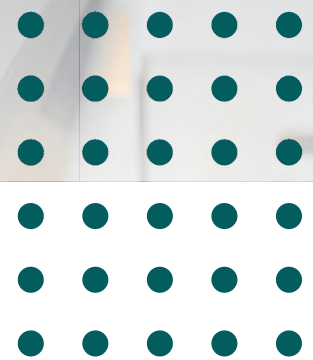
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Filling in the Gap

"It is essential to map out actors, their assets and gaps in knowledge, tools, policy and other means of implementation, and to strengthen the capacity of actors to address the gaps between urban and rural areas is also required."

**ISSUE PAPERS AND POLICY UNITS OF THE
HABITAT III CONFERENCE - United Nations**

"Shelter Afrique's Centre for Excellence is borne out of the fact that there are visible gaps in the knowledge for the delivery of large-scale development on the content. Additionally, we realised there was work to be in the policy environment for housing; the CoE is designed to deepen capacity in the industry"

Centre of Excellence Strategy Paper

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Making Decent Shelter Possible for Millions of Families

The challenge

Despite burgeoning demand for affordable housing, low-income families across the world are largely underserved by housing markets. Shut out by the income requirements of the mortgage sector and unable to afford high-quality building materials and services they build their home sporadically, often with poor advice and substandard materials. While philanthropic efforts may help alleviate the pressing housing needs of some the immensity of the shortage, which is ballooning because of rapid urbanization, requires radical changes in housing markets.

Our approach

There is tremendous untapped potential – within both the demand and supply sides of housing markets – that if addressed could substantially improve housing availability and quality for low-income households. As an instigator of change, Habitat for Humanity's Terwilliger Center for Innovation in Shelter comes into some of the pivotal yet uncharted intervention points in housing markets, piloting new approaches and making a business case where none exists. As businesses are awakened to the possibility of profit while addressing the needs of low-income builders, markets begin to change and thrive.

Individuals served by FS and by products and services w/o FS	1,261,770
Capital Mobilized - FS	\$203.7M

Figure 1: Above for EMEA Region



Figure 2: Build Assets, Unlocking Access in Uganda and Kenya



Figure 3: ShelterTech accelerator for housing Kenya

Pioneering New Models

The Terwilliger Center pioneered housing micro-finance (small unsecured loans for construction and home improvement) from end to end, persuading small banks to adopt it as a financially viable offering. Starting in 2012, we established and drew co-investors to MicroBuild, the first Impact investing fund dedicated to providing source capital for housing microfinance.

In 2017 we set up ShelterTech Accelerator, the first shelter-related business accelerator, in Mexico to nurture innovation, and in 2018 we established accelerators in Kenya and India. Through our accelerators, startup business with groundbreaking new products and services are receiving the business support and mentoring they need to succeed. Other startups and entrepreneurs receive funding through Shelter Venture Fund, a venture capital fund targeting companies disrupting the housing market to improve housing affordability and quality. Crucially, these entrepreneurs show it is possible to think beyond concrete and mortar to the many ways shelter can be reimagined and improved, particularly for low-income families.

In India, Mexico, the Philippines, Peru and Kenya, we are using our Shelter Venture Labs to test new ways of working with businesses to design and market their products and services fit for the low-income market segment.

CAHF team. Congratulations on the 10 year anniversary, a milestone to be celebrated

Habitat for Humanity formally launched the Terwilliger Center for Innovation in Shelter in 2016. The Terwilliger Center, previously known as the Center for Innovation in Shelter and Finance, consolidates more than a decade of experience in developing market-based solutions for housing. Through the Terwilliger Center, Habitat will catalyze housing markets, helping them to thrive and be more inclusive. By 2020, we expect Terwilliger Center efforts alone will help more than 8 million people improve their shelter.

Habitat's Terwilliger Center by the numbers

In fiscal year 2018, we served 4.8 million people!

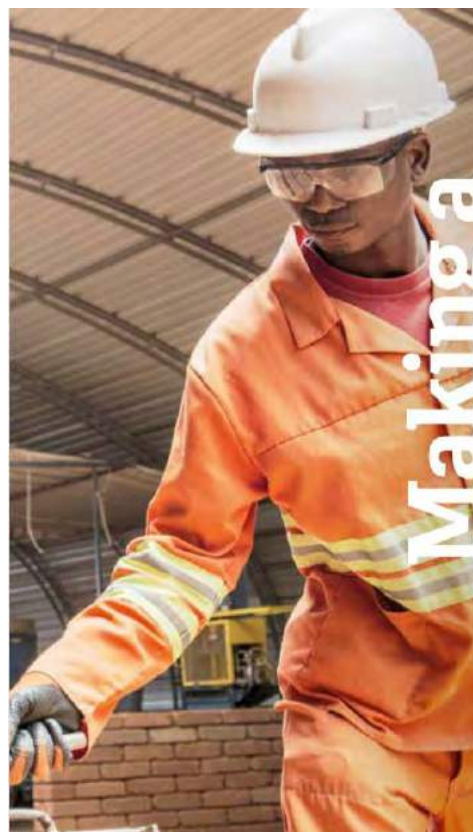


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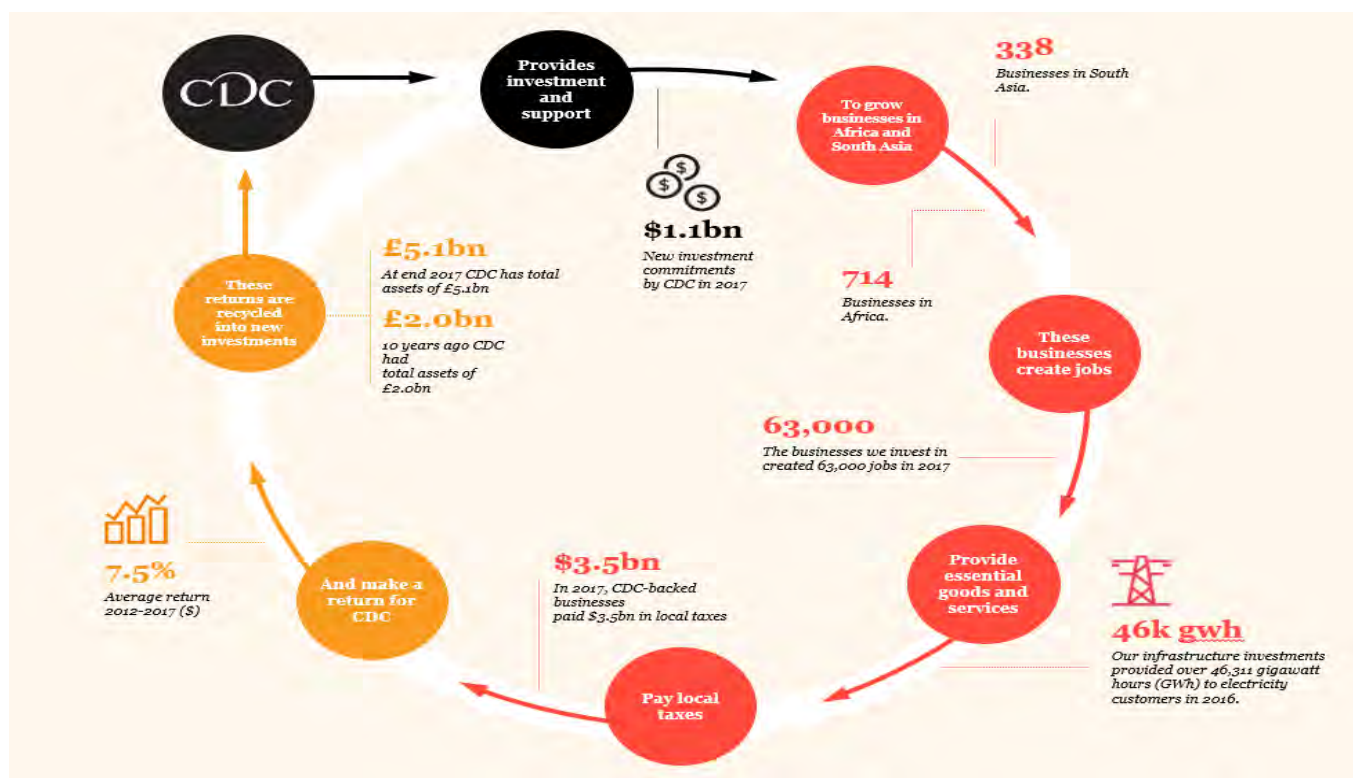
We have a dual objective: to support growth and jobs that lift people out of poverty, and to make a financial return which we reinvest into more business.

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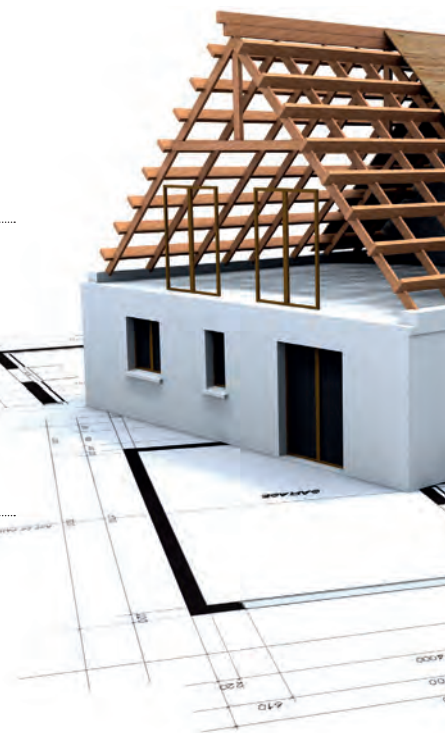
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Established in 1914, the International Union for Housing Finance (IUHF) is a worldwide housing finance network organisation. Today, the Union comprises of 108 members from 49 different countries. The members of the Union range from national banking associations or mortgage lending institutions to independent consultants, academics, government agencies and international institutions specialised in housing finance.

Membership in the Union offers several benefits:

- Being affiliated with the oldest and largest international network of housing finance specialists and professionals
- Exclusive access to the quarterly journal "Housing Finance International"
- Exclusive access to special reports/portfolios on particular topic
- Reduced participation fees for IUHF events and events of our partners
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For joining the International Union for Housing Finance please contact us at info@housingfinance.org or visit our website www.housingfinance.org.

Mobilising funds for shelter and housing in Africa

The African Union for Housing Finance (AUHF) was established as a member-based body of housing lenders in 1984. Today, the AUHF comprises of 46 members from 17 countries across the continent. Members include commercial and mortgage banks, building societies, microfinance banks/institutions, housing development corporations,

and other institutions involved in the mobilization of funds for shelter and housing. As an industry body, the AUHF promotes the development of effective housing finance markets, and delivery of affordable housing across Africa, working in the interests of both the members and the industry.



VISION

An enabled and productive housing finance sector across Africa where governments and the private sector work together to develop and maintain efficient and effective housing markets and access to adequate and affordable housing for all.










MISSION

To support its members in realising their vision through networking and deal facilitation, information collection and dissemination, lobbying and advocacy, capacity building and training, and showcasing members to the wider public and investment community.

Join us today, and contribute to growing the housing sector in Africa!

For more information visit:

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The AUHF would like to congratulate its Secretariat CAHF for producing the 10th Edition of the Housing Finance in Africa Yearbook.

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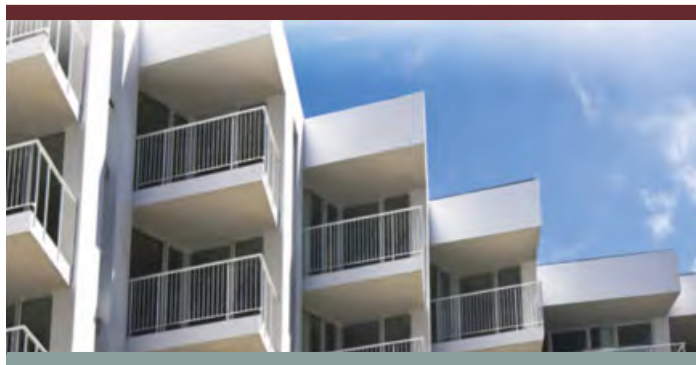
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- It collects and updates standardized statistical data until 2016 on **countries' housing finance systems** – currently for **140 countries** – and provides country reports and links to legal and statistical country resources.
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HOUSING FINANCE COURSE FOR SUB-SAHARAN AFRICA

OCTOBER 2020

"The course offers a comprehensive overview of the elements of housing finance systems and identifies the issues and constraints that prevent most housing finance systems from reaching their potential"

Sub-Saharan Africa faces a major housing challenge related to rapid urbanization and new urban household formation. Formal housing construction has not kept up with urban growth, resulting in deteriorating conditions of the existing housing stock and growth in informal settlements. In order to scale up new formal construction, housing finance systems need to expand and innovate urgently. As a result, the course aims to provide senior policy makers, investors, developers and housing professionals with the necessary analytical tools and understanding to become constructive partners in improving and expanding housing finance systems in their countries.

The course is run in a partnership between the UCT Nedbank Urban Real Estate Research Unit at the University of Cape Town and the Wharton School at the University of Pennsylvania and is supported by the Centre for Affordable Housing Finance in Africa.

Course Content

- The Role of Housing and Housing Finance in a Country
- Building Blocks of a Housing Finance System
- The Business of Housing Finance - Profitability & Risk
- Funding Housing Finance - Sources, Valuation and Securitisation
- Safety & Soundness of Financial Institutions - Cycles, Bubbles and Regulation
- Housing Finance Products - Development Finance to End-user Finance
- The State of Housing Finance in Sub-Saharan Africa
- Extending Housing Finance to Lower Income Groups
- How to Subsidize Housing Finance

Course Location

The course will be run at the beautiful University of Cape Town

Course Director

Rob McGaffin, UREURU

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A Data Agenda for Africa

We believe market intelligence & data is **fundamental market infrastructure** for the housing finance sector.

A key constraint undermining private sector participation and good policy engagement in affordable housing finance is the availability of data and market intelligence to facilitate risk-taking and decision-making.

By providing market intelligence that makes the case for investment in underserved markets, we can support a better policy environment and increased private sector activity in affordable housing markets.

In this way, we catalyse scale interventions.



Centre for Affordable
Housing Finance
in Africa

Our data mission:

To catalyse the provision and dissemination of this data and to support the development of a community of in-country housing and housing finance practitioners who promote the importance of accurate data and who actively engage with data to generate relevant insights.

Our data vision:

The development of a housing and housing finance data universe in Africa that provides regulators, policymakers, developers and housing financiers with accurate, relevant and current data.

Our objectives:

- **Collect, assess and curate available data** (public, private and deal-specific) relevant to increased investment in affordable housing across Africa.
- **Identify data gaps** that inhibit market activity **and close key data gaps** by:
 - Encouraging data owners to make existing data available or improve quality /coverage of data they collect
 - Commissioning partners to gather additional data (primary data)
- **Integrate, optimise and expand our set of knowledge products & data tools** to produce a set of key data outputs that are widely used
- **Build the capacity of partner institutions** to analyse data and engage with data-driven outputs
- Promote the importance of accessible, **credible data as a catalyst** in the affordable housing market



The following organisations are committed to CAHF's Data Agenda for Africa. Join us today to form a regional movement in support of increased investment in affordable housing in Africa!

For more information, contact Alison Tshangana on Alison@housingfinanceafrica.org



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