HOUSING FINANCE IN AFRICA
A review of Africa’s housing finance markets
Published by the Centre for Affordable Housing Finance in Africa
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 Agence Française de Développement (AFD) and FSD Africa. In addition, we are grateful to the advertisers listed at the back of the book for their support of this publication.

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Thanks to our team of 45 authors who worked hard to collect data on the indicators showcased in each profile. The authors are acknowledged at the front of the respective profiles. When our originally-appointed authors were unable to deliver, the researching and writing of profiles was reassigned to our CAHF staff who managed to pull together excellent pieces in a short period of time.

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2020 will forever be remembered as the year we all stayed at home. In the face of the COVID-19 pandemic, governments across the continent implemented stringent lockdown regulations. Aside from the economic impact, the COVID-19 pandemic has exposed and exacerbated the persistent state of disaster in which a majority of urban households across the continent live, whether in informal settlements, tenement blocks, inner city buildings, lower-income townships, or suburbs; and whether they rent, or own, or share their homes.

Our first challenge is to address the risks that households face, whether in the face of COVID-19 or any other emergency. There are significant opportunities to drive incremental home improvement products and finance. These interventions will also have a direct impact on the progress of the Sustainable Development Goals. Good housing drives access to basic services and impacts profoundly on the health and well-being of low income households.

Our second challenge is to address the effects on the economy caused by the lockdown, and to stimulate economic recovery at the domestic level. The construction, maintenance and transacting of housing contributes substantially to economic growth and job creation, which can have very tangible local impacts. Governments should seek to champion affordable housing as a key part of their economic recovery strategies.

Our third challenge in a post-COVID environment is to build resilience against future shocks. Housing sits at the centre of a household’s experience of global emergencies such as the pandemic, or events which arise as a result of climate change. While we build for structural resilience, the performance of the housing asset is also critical to a household’s ability to withstand stresses. Land regularization measures can be ably supported with recent innovations, such as blockchain technology.

Data is fundamental to our ability to act, and it is the transparency of information that really creates potential. But when practitioners compete in how they access data, rather than in how they use it, we are wasting resources. An open source approach can contribute towards an overall cost savings in the actual product, as well as the time taken to achieve its delivery.

The housing strategy across Africa must work to address risk, stimulate recovery, and ensure resilience. Quality, affordable housing becomes all the more important in a post-COVID world, while we need to do much more with much less. This may just be the opportunity that Africa’s affordable housing sector needs to truly grow and develop to the demands of the continent.
Foreword

Targeted at housing finance practitioners, investors, developers, researchers and government officials, this 2020 Yearbook – our 11th edition – 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. We are extremely proud that the Yearbook has built a significant reputation in the sector, as a credible and unique source of valuable information on country housing markets.

Throughout its eleven-year history, 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 households at the bottom of the income pyramid, 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.

In this respect, the Yearbook is one of the cornerstones 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. With its breadth of data, the Yearbook enables cross-country comparison and benchmarking, and highlights ideas, alternative approaches and products suggested by other country’s experiences.

However the strength of the Yearbook is not its comprehensiveness, although it has grown from just 15 countries in 2010, to all 55 countries in 2019. Nor is it the publication’s accessibility, although it is published in both French and English and is available online, as a full document as well as separate country profiles. The real strength and uniqueness of the Yearbook is its collaborative nature, and the process of primary, decentralised data collection that underpins it. Individual country profiles are researched and authored by 45 different housing and housing finance experts – where possible, we team up with in-country experts, while in some instances the authors are based elsewhere.

Our intention in pulling together a broad team of contributors is to recognise a diversity of expertise and perspective, and to prioritise in-country knowledge. We aim to build the capacity of the sector by fostering a community of practice of housing finance experts. We nurtured this community of practice through two virtual engagements, and in this spirit, we will continue to bring together stakeholders and authors through planned webinars throughout the year, to disseminate the Yearbook’s rich content.

This year, the production of this publication faced unforeseen challenges, as we all have in an unprecedented year. As we write this, the number of COVID-19 infections has surpassed 37.5 million globally, with over 1.08 million deaths recorded. Africa confronts 1.23 million confirmed cases. Our team of authors themselves confronted the loss of friends and family during this process, and some were forced to withdraw. On-the-ground data collection – already a challenge in many countries – was all the more difficult during lockdown, and when various organisations we tried to contact were short-staffed, temporarily closed, or simply consumed with urgent matters related to the pandemic and its response. We are grateful for the hard work and persistence of our authors, delivering to tight deadlines in a period of incredible uncertainty.

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.

As Africa begins to emerge from the worst of the pandemic, we are aware that the long-term effects and economic impact is still before us. Indeed, the negative economic growth rates reflected in the country profiles point to a period of hardship and difficult recovery before us. The housing and housing finance sector will be part of this. But as we are aware that economic downturns may reduce affordability of housing for impacted households, research also tells us that investment in the housing sector can itself be a lever for stimulating the economy. As we look toward 2021, we hope the Yearbook will continue to be a critical source of market intelligence to boost the affordable housing and housing finance markets in our path towards recovery.

Susan Carey and Alison Tshangana, Co-Editors
Centre for Affordable Housing Finance in Africa
November 2020
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Finance in Africa: Central to a Post COVID-19 Resilience and Recovery Strategy</td>
<td>1</td>
</tr>
<tr>
<td>Explaining the Indicators</td>
<td>29</td>
</tr>
<tr>
<td>Data Overviews by Region</td>
<td>34</td>
</tr>
<tr>
<td>Central Africa</td>
<td>34</td>
</tr>
<tr>
<td>East Africa</td>
<td>35</td>
</tr>
<tr>
<td>North Africa</td>
<td>36</td>
</tr>
<tr>
<td>Southern Africa</td>
<td>37</td>
</tr>
<tr>
<td>West Africa</td>
<td>38</td>
</tr>
<tr>
<td>Country profiles</td>
<td>39</td>
</tr>
<tr>
<td>Algeria</td>
<td>39</td>
</tr>
<tr>
<td>Angola</td>
<td>43</td>
</tr>
<tr>
<td>Benin</td>
<td>47</td>
</tr>
<tr>
<td>Botswana</td>
<td>51</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>55</td>
</tr>
<tr>
<td>Burundi</td>
<td>59</td>
</tr>
<tr>
<td>Cabo Verde (Cape Verde)</td>
<td>63</td>
</tr>
<tr>
<td>Cameroon</td>
<td>67</td>
</tr>
<tr>
<td>Central African Republic</td>
<td>71</td>
</tr>
<tr>
<td>Chad</td>
<td>75</td>
</tr>
<tr>
<td>Comoros</td>
<td>79</td>
</tr>
<tr>
<td>Congo, Republic of the</td>
<td>83</td>
</tr>
<tr>
<td>Côte d’Ivoire</td>
<td>87</td>
</tr>
<tr>
<td>Democratic Republic of Congo</td>
<td>91</td>
</tr>
<tr>
<td>Djibouti</td>
<td>95</td>
</tr>
<tr>
<td>Egypt</td>
<td>99</td>
</tr>
<tr>
<td>Equatorial Guinea</td>
<td>103</td>
</tr>
<tr>
<td>Eritrea</td>
<td>107</td>
</tr>
<tr>
<td>Eswatini</td>
<td>111</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>115</td>
</tr>
<tr>
<td>Gabon</td>
<td>119</td>
</tr>
<tr>
<td>Gambia, The</td>
<td>123</td>
</tr>
<tr>
<td>Ghana</td>
<td>127</td>
</tr>
<tr>
<td>Guinea</td>
<td>131</td>
</tr>
<tr>
<td>Guinea-Bissau</td>
<td>135</td>
</tr>
<tr>
<td>Kenya</td>
<td>139</td>
</tr>
<tr>
<td>Lesotho</td>
<td>143</td>
</tr>
<tr>
<td>Liberia</td>
<td>147</td>
</tr>
<tr>
<td>Libya</td>
<td>151</td>
</tr>
<tr>
<td>Madagascar</td>
<td>155</td>
</tr>
<tr>
<td>Malawi</td>
<td>159</td>
</tr>
<tr>
<td>Mali</td>
<td>163</td>
</tr>
<tr>
<td>Mauritania</td>
<td>167</td>
</tr>
<tr>
<td>Mauritius</td>
<td>171</td>
</tr>
<tr>
<td>Morocco</td>
<td>175</td>
</tr>
<tr>
<td>Mozambique</td>
<td>179</td>
</tr>
<tr>
<td>Namibia</td>
<td>183</td>
</tr>
<tr>
<td>Niger</td>
<td>187</td>
</tr>
<tr>
<td>Nigeria</td>
<td>191</td>
</tr>
<tr>
<td>Rwanda</td>
<td>195</td>
</tr>
<tr>
<td>São Tomé and Príncipe</td>
<td>199</td>
</tr>
<tr>
<td>Senegal</td>
<td>203</td>
</tr>
<tr>
<td>Seychelles</td>
<td>207</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>211</td>
</tr>
<tr>
<td>Somalia</td>
<td>215</td>
</tr>
<tr>
<td>South Africa</td>
<td>219</td>
</tr>
<tr>
<td>South Sudan</td>
<td>223</td>
</tr>
<tr>
<td>Sudan</td>
<td>227</td>
</tr>
<tr>
<td>Tanzania</td>
<td>231</td>
</tr>
<tr>
<td>Togo</td>
<td>235</td>
</tr>
<tr>
<td>Tunisia</td>
<td>239</td>
</tr>
<tr>
<td>Uganda</td>
<td>243</td>
</tr>
<tr>
<td>Western Sahara</td>
<td>247</td>
</tr>
<tr>
<td>Zambia</td>
<td>249</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>253</td>
</tr>
</tbody>
</table>
Abbreviations

AADL National Agency for Housing Improvement and Development, Algeria
AAHDE Addis Ababa Housing Development Enterprise
ABC Brazilian Cooperation Agency
ACB Anti-Corruption Bureau, Malawi
AGF African Capitalisation Fund, Malawi
ACPH Central African Housing Promotion Agency
ACSI Amhara Credit & Savings Institution, Ethiopia
ACTB A Call To Business, Sierra Leone
ADA Support for Microfinance Development
ADB African Development Bank
AOFTA African Continental Free Trade Area Agreement
AFD Agence Française de Développement (French Development Agency)
AFDB African Development Bank
AFH Agence Foncière d’Habitation’, Tunisia
AFRICOM Africa Command, Djibouti
AFT Agenda for Transformation, Liberia
AGOA African Growth and Opportunity Act
AH Amisticus Horizon company, The Gambia
AHP Affordable Housing Programme, Kenya
AIB African Investment Bank
ALCB African Local Currency Bond Fund
AMU Arab Maghreb Union
AMT Akiba Mashinani Trust
ANADB Association des Agents Immobiliers du Bénin
ANALOGH Agence Nationale d’Appui au Logement et a l’Habitat, Madagascar
ANAMIF Central Bank of the Republic of Guinea (BCRG) and the National Agency for Microfinance
ANAPI Investment Promotion Agency, Burundi
ANAT National Land Development Agency, Mauritania
ANC African National Congress, South Africa
ANDF Agence Nationale du Domaine et du Foncier, Benin
ANSD National Agency for Statistics and Demography, Senegal
APIMA Angloian Association of Property Developers
ARCA Autorité de Régulation et de Contrôle des Assurances, DRC.
ARCEP Electronic Communications and Post Regulatory Authority, Benin
ARRU Agency for Urban Rehabilitation, Tunisia
ASCAs Accumulated Savings and Credit Associations
ASODEV Action pour la Solidarité et le Développement, DRC
ASSOAL Solidarity Actions of Support to Organisations Supporting Freedom, Cameroon
ATM Automated Teller Machine
AU African Union
AUHF African Union for Housing Finance
BAD Algerian Bank of Development
BaDeX Bonds and Derivatives Exchange
BADR Banque de l’Agriculture et du Développement Rural, Algeria
BAI Banco Africano de Investimento
BAIC Banque Africaine pour l’Investissement et le Commerce
BANCOBU Commercial Bank of Burundi
BANGE National Bank of Equatorial Guinea
BASA Banking Association of South Africa
BAU Unique Service Counter (Balcão de Atendimento Único)
BBCI Burundi Bank for Commerce and Investment
BBD Benin Development Bank
BBS Botswana Building Society
BCA Banco Comercial do Atlântico
BCB Bank Credit Bujumbura, Burundi
BCC Central Bank of Comoros
BCC Congolese Central Bank
BCDC Banque Commerciale du Congo
BCDF Bureau Communale du Domaine et du Foncier (Communal Domain and Land Bureaus)
BCEAO Banque Centrale des États de l’Afrique de l’Ouest (Central Bank of West African States)
BCH Banque Congolaise de l’Habitat
BCI Commercial and Investment Bank
BCM Central Bank of Mauritania
BCR Bank Commerciale du Rwanda
BCRG Central Bank of the Republic of Guinea
BCS Bureau of Central Statistics, Libya
BCSTP Central Bank of Sao Tome and Principe
BCWIS Botswana Core Welfare Indicators Survey
BCV Banco de Cabo Verde
BDM Banque de Development du Mali
BEA Banque El Ammane pour le Développement de l’Habitat
BEA Banque Exterieure d’Algerie
BEASA Banco Espirito Santo Angola
BFA Banco de Fomento, Angola
BFSABSA Banking and Financial Services Act
BR Banks and Financial Institutions
BGD Gabonese Development Bank
BGF Bank Financing and Management, Burundi
BGFIBank Banque Gabonaise et Française Internationale
BHB Benin Housing Bank
BHBF Housing Bank of Burkina Faso (Banque de l’Habitat du Burkina Faso)
BHC Banque de l’Habitat en Centrafricaine
BHC Botswana Housing Corporation
BHC Bank for Housing and Construction, Ghana
BHCI Housing Bank of Côte d’Ivoire
BHM Banque de l’Habitat du Mali (Mali Housing Bank)
BNH La Banque De l’Habitat Du Niger
BHR Bank de l’Habitat du Rwanda (Rwanda Housing Bank)
BHS Banque de l’Habitat du Senegal
BHT Banque de l’Habitat du Tchad
BIAC Banque Internationale pour l’Afrique au Congo
BIAT Arab Bank of Tunisia
BIC Banco Internacional de Crédito
BICEC International Bank of Cameroon for Savings and Credit
BICIA-B Banque Internationale pour le Commerce, l’Industrie et l’Agriculture du Burkina, Burkina Faso
BICIG Banque internationale pour le commerce et l’industrie du Gabon
BICIGUI Banque Internationale pour le Commerce et l’Industrie du Guinea
BID Banque Islamique de Développement
BIM Mozambique International Bank
BIM Banque Internationale du Mali
BIMR Banque Indosuez Mer Rouge
BIP Bank for Innovation and Partnership, BIP
BISTP Banco Internacional de São Tomé e Principe
BNA Banco Nacional de Angola / National Bank of Angola
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>BNA</td>
<td>National Bank of Algeria / Banque Nationale d’Algerie</td>
</tr>
<tr>
<td>BNDA</td>
<td>Banque Nationale de Developpement Agricole</td>
</tr>
<tr>
<td>BNDE</td>
<td>National Bank for Economic Development, Burundi</td>
</tr>
<tr>
<td>BNG</td>
<td>Breaking New Ground, South African housing programme</td>
</tr>
<tr>
<td>BNI</td>
<td>National Investment Bank, Core d’ Ivoire</td>
</tr>
<tr>
<td>BNR</td>
<td>National Bank of Rwanda</td>
</tr>
<tr>
<td>BOA</td>
<td>Bank of Africa</td>
</tr>
<tr>
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</tr>
<tr>
<td>BOB</td>
<td>Bank of Botswana</td>
</tr>
<tr>
<td>BoG</td>
<td>Bank of Ghana</td>
</tr>
<tr>
<td>BoM</td>
<td>Bank of Mauritius</td>
</tr>
<tr>
<td>BON</td>
<td>Bank of Namibia</td>
</tr>
<tr>
<td>BOS</td>
<td>Bureau of Statistics</td>
</tr>
<tr>
<td>BOT</td>
<td>Build, Operate and Transfer model</td>
</tr>
<tr>
<td>BoT</td>
<td>Bank of Tanzania</td>
</tr>
<tr>
<td>BoZ</td>
<td>Bank of Zambia</td>
</tr>
<tr>
<td>Bpd</td>
<td>Barrels-per-day</td>
</tr>
<tr>
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</tr>
<tr>
<td>BRB</td>
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</tr>
<tr>
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</tr>
<tr>
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</tr>
<tr>
<td>BSCA</td>
<td>Sino-Congolese Bank for Africa</td>
</tr>
<tr>
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<td>Sahelo-Saharan Bank for Commerce and Investment</td>
</tr>
<tr>
<td>BSL</td>
<td>Bank of Sierra Leone</td>
</tr>
<tr>
<td>BSS</td>
<td>Bank of South Sudan</td>
</tr>
<tr>
<td>BTCGA</td>
<td>Banco Totta Caixa General Angola</td>
</tr>
<tr>
<td>BTD</td>
<td>Togolease Development Bank</td>
</tr>
<tr>
<td>BTCI</td>
<td>Banque Togolaise pour le Commerce et l’industrie</td>
</tr>
<tr>
<td>BVMT</td>
<td>Tunisian Stock Exchange</td>
</tr>
<tr>
<td>BVN</td>
<td>Bank Verification Number</td>
</tr>
<tr>
<td>CABS</td>
<td>Central African Building Society, Zimbabwe</td>
</tr>
<tr>
<td>CAGR</td>
<td>Compound Annual Growth Rate</td>
</tr>
<tr>
<td>CAHF</td>
<td>Centre for Affordable Housing Finance in Africa</td>
</tr>
<tr>
<td>CAMCUCUL</td>
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</tr>
<tr>
<td>CAPEC</td>
<td>Savings and Cooperative Union / Caisses Populaires d’Epargne et de Crédit, Mauritania</td>
</tr>
<tr>
<td>CAPMAS</td>
<td>Central Agency for Public Mobilization and Statistics, Egypt</td>
</tr>
<tr>
<td>CAPOD</td>
<td>Centre d’Analyses des Politiques de Developpement -</td>
</tr>
<tr>
<td>CAR</td>
<td>Central African Republic</td>
</tr>
<tr>
<td>CBB</td>
<td>Construction and Business Bank, Ethiopia</td>
</tr>
<tr>
<td>CBE</td>
<td>Central Bank of Egypt</td>
</tr>
<tr>
<td>CBE</td>
<td>Commercial Bank of Eritrea</td>
</tr>
<tr>
<td>CBE</td>
<td>Commercial Bank of Ethiopia</td>
</tr>
<tr>
<td>CBG</td>
<td>Central Bank of The Gambia</td>
</tr>
<tr>
<td>CBK</td>
<td>Central Bank of Kenya</td>
</tr>
<tr>
<td>CBL</td>
<td>Central Bank of Lesotho</td>
</tr>
<tr>
<td>CBL</td>
<td>Central Bank of Liberia</td>
</tr>
<tr>
<td>CBL</td>
<td>Central Bank of Libya</td>
</tr>
<tr>
<td>CBN</td>
<td>Central Bank of Nigeria</td>
</tr>
<tr>
<td>CBS</td>
<td>Central Bank of Sudan</td>
</tr>
<tr>
<td>CBR</td>
<td>Correspondent Banking Relationships</td>
</tr>
<tr>
<td>CBS</td>
<td>Central Bank of the Seychelles</td>
</tr>
<tr>
<td>CBS</td>
<td>Central Bank of Somalia</td>
</tr>
<tr>
<td>CCI</td>
<td>Centre for Community Initiatives, Tanzania</td>
</tr>
<tr>
<td>CCL</td>
<td>Centre for Housing Construction (Centre de la Construction et du Logement), Togo</td>
</tr>
<tr>
<td>CCODE</td>
<td>Centre for Community Organisation and Development, Malawi</td>
</tr>
<tr>
<td>CEDA</td>
<td>Citizen Entrepreneurial Development Agency, Botswana</td>
</tr>
<tr>
<td>CEMAC</td>
<td>Central African Economic and Monetary Community</td>
</tr>
<tr>
<td>CDMH</td>
<td>Housing Mobilisation Account / Compte de Mobilisation pour l’Habitat, Cote d’Ivoire</td>
</tr>
<tr>
<td>CDN</td>
<td>Crédit du Niger (commercial bank in Niger)</td>
</tr>
<tr>
<td>CDS</td>
<td>City Development Strategy</td>
</tr>
<tr>
<td>CEGECI</td>
<td>Centre for the Management of Cities (Le Centre de Gestion des Cités)</td>
</tr>
<tr>
<td>CEMAC</td>
<td>Central African Economic and Monetary Community</td>
</tr>
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<td>Centre for Financial Regulation and Inclusion</td>
</tr>
<tr>
<td>CFA francs</td>
<td>Communauté Financière Africaine (currency in West Africa)</td>
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<tr>
<td>CFC</td>
<td>Crédit Foncier du Cameroun</td>
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<td>CFM</td>
<td>Construction Finance Mortgage, Sierra Leone</td>
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<tr>
<td>C-GIDD</td>
<td>Canback Global Income Distribution Database</td>
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<tr>
<td>CGAP</td>
<td>Consultative Group to Assist the Poor</td>
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<td>CHF</td>
<td>Common Humanitarian Fund</td>
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<td>CIA</td>
<td>Central Intelligence Agency</td>
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<td>CIASA</td>
<td>Microfinance Unit, Credit and Information Scoring Agency</td>
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<td>CIF</td>
<td>Climate Investment Fund, Madagascar</td>
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<td>CIF</td>
<td>Land registration certificate, Djibouti</td>
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<td>CIS</td>
<td>Collective Investment Schemes</td>
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<td>CLIFF</td>
<td>Community Led Infrastructure Funding Facility</td>
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<td>CMA</td>
<td>Common Monetary Area</td>
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<td>CMCA</td>
<td>Crédit Mutuel de Centrafrique</td>
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<td>CMH</td>
<td>Companhia Mocambicana de Hidrocarbonetos</td>
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<td>CMP</td>
<td>Common Market Protocol</td>
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<td>CMU</td>
<td>Couverture Maladie Universelle (universal health coverage)</td>
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<td>CMS</td>
<td>Credit Mutuel du Senegal</td>
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<td>Caisse Nationale d’Epargne et de Crédit de Djibouti</td>
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<td>CNEL</td>
<td>Savings and Loans Bank, Tunisia</td>
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<td>CNEP</td>
<td>Caisse National d’Épargne de Prévoyance (National Savings and Providience Fund – one of the state-owned banks), Algeria</td>
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<td>CNL</td>
<td>Caisse Nationale Du Logement, Algeria</td>
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<td>CNSS</td>
<td>National Social Security Fund</td>
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<td>CNT</td>
<td>Confederation Nigerienne du Travail</td>
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<tr>
<td>CNTB</td>
<td>National Commission on Land and Other Assets</td>
</tr>
<tr>
<td>CNTG</td>
<td>National Confederation of Guinea Workers</td>
</tr>
<tr>
<td>COBAC</td>
<td>Commission Bancaire d’Afrique Centrale (Central African Banking Commission)</td>
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<tr>
<td>C of O</td>
<td>Certificate of Occupancy</td>
</tr>
<tr>
<td>CODHISAPA</td>
<td>Centre of Dialogue on Human Settlement and Poverty Alleviation</td>
</tr>
<tr>
<td>CoK</td>
<td>City of Kigali</td>
</tr>
<tr>
<td>CoO</td>
<td>Certificate of Occupancy, Nigeria</td>
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<td>COMESA</td>
<td>Common Market for Eastern and Southern Africa</td>
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<tr>
<td>COMIFAC</td>
<td>Central African Forest Commission</td>
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<tr>
<td>COOPEC</td>
<td>Coopératives d’Epargne et de Crédit</td>
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<tr>
<td>COSUMAF</td>
<td>Commission de Surveillance du Marché Financier de l’Afrique Centrale</td>
</tr>
<tr>
<td>COVID-19</td>
<td>Coronavirus Disease 2019</td>
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<td>CPA</td>
<td>Comprehensive Peace Agreement, South Sudan</td>
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</table>
International Financial Reporting Standards
IGAD Intergovernmental Authority on Development
IGC International Growth Centre
IHDP Integrated Housing Development Programme, Ethiopia
IHP Institutional Housing Project, Swaziland
IHPS Integrated Household Panel Survey, Malawi
IHS International Housing Solutions
IIED International Institute for Economic Development
ILMIS Integrated Land Management Information System
IMF International Monetary Fund
INE National Statistics Institute, Angola
INPS National Institute of Social Welfare, Mali
INS Institut National de la Statistique du Niger
INSS National Institute of Statistics and Economic Analysis, Benin
INSEED National Institute for Statistics in Economics, Demographic and Geographic Studies, Chad
INSS National Social Security Institute, DRC
INSS National Social Security Institution, Burundi
INSTAT Institut National de la Statistique / National Institute of Statistics
IOM International Organization for Migration
IOR-ARC Indian Ocean Rim Association for Regional Cooperation
IOSCO International Organisation of Securities Commissions
IPS Instalment Purchase Scheme
IRS Integrated Resort Scheme, Mauritius
ISKAN National Land Development, Housing Development and Real Estate Promotion and Management Corporation, Mauritania
KBA Kenya Bankers Association
KBA-HPI Kenya Bankers Association’s Housing Price Index
KBRR Kenya Banks’ Reference Rate
KCB Kenya Commercial Bank
KFW Kreditanstalt für Wiederaufbau (German Reconstruction Loan Corporation)
KMRC Kenya Mortgage Refinancing Company
KNBS Kenya National Bureau of Statistics
KSHDF Khartoum State Housing Development Fund
KYC Know Your Customer
LAA Land Administration Authority
LAP Land Administration Project, Ghana
LAPCAS Land Administration, Procedures and Systems, Botswana
LASRERA Lagos State Real Estate Regulatory Agency
LAVIMS Land Administration Valuation and Information Management System
LBDI Liberian Bank for Development and Investment
LDC Least Developed Country
LEDAC Liberia Enterprises Development Finance Company
LFS Labour Force Survey, Liberia
LHLDC Lesotho Housing and Land Development Corporation
LIC Low Income Country
LIS Lands Information System
LISTS Institute of Statistics and Geo-Information Services, Liberia
LLA Liberia Land Authority
LLO Local Land Offices, Madagascar
LNA Libyan National Army
LNBP National Laboratory and Public Works, Gabon
LNDCA Lesotho National Development Corporation
LNG Liquified Natural Gas
LPA Commercial Housing, Algeria
LPB Lesotho Post Bank
LPL Public rental housing, Algeria
LSC Land, Services and Citizenship, Ghana
LT Land Title
LSZ Law Society of Zimbabwe
LTV Loan-To-Value (ratio)
LUA Land Use Act No. 6 of 1978, Nigeria
LUSE Lusaka Stock Exchange
LWF Lutheran World Federation
M Lesotho Loti
MASEWE Maseru South West
MATDHU Ministère de l’Aménagement du Territoire, du Développement de l’Habitat et de l’Urbanisme, Chad
MBL Micro Business Loan
MCIB Public Credit Bureau, Mauritius
MBA Millennium Challenge Account
MCB Mauritius Commercial Bank
MCC Millennium Challenge Corporation
MDG Millennium Development Goal
MDGS Malawi Growth and Development Strategy
MDI Microfinance Deposit-taking Institution
MENA Middle East and North Africa Region
MFB Microfinance Banking
MFC Mortgage Finance Company
ME Microfinance Establishments
MFF Mortgage Finance Fund
MFF Millard Fuller Foundation
MFI Microfinance Institution
MFSDS Financial Sector Development Strategy 2013–2022
MGC Matake Group of Companies
MHC Malawi Housing Corporation
MHC Mauritius Housing Company
MHDPM Mass Housing Development Programme
MHL Ministry of Housing, CAR
MHIF Ministry for Housing and Infrastructure Development, Zambia
MHI Ministry of Housing and Urban Development, Algeria
MHI Ministry of Housing and Utilities, Libya
MIDF Mortgage Interest Draw Back Fund
MIH Ministry of Infrastructure and Housing
MINDAF Ministry of State Property and Land Tenure, Cameroon
MINDUH Ministry of Urban Development and Housing, Cameroon
MININFRA Rwanda Ministry of Infrastructure
MINURSO United Nations Mission for the Referendum in Western Sahara
MINUSCA United Nations Mission for the Referendum in Western Sahara
MINUSCA United Nations Dimensional Integrated Stabilization Mission in the Central African Republic
MIX Microfinance Information Exchange
MLF Mortgage Liquid Facility
MLSP Mass Land Servicing Programme
MLWE Ministry of Lands, Water and the Environment, Eritrea
MM Mobile Money
MMA Mobile Money Agent
MMC Maseru Municipal Council
MMF Money Market Fund
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>VAT</td>
<td>Value Added Tax</td>
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<tr>
<td>VC-MAP</td>
<td>Value Chain Mortgage Affordability Platform</td>
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<tr>
<td>VEFA</td>
<td>Vente en l’Etat Futur d’Achevement, Republic of the Congo</td>
</tr>
<tr>
<td>WAEMU</td>
<td>West African Economic and Monetary Union</td>
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<tr>
<td>WALR</td>
<td>Weighted Average Lending Rates</td>
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<td>WAMZ</td>
<td>West African Monetary Zone</td>
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<td>WB</td>
<td>World Bank</td>
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<td>WCF</td>
<td>Workmen’s Compensation Fund</td>
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<td>WCFCB</td>
<td>Workers’ Compensation Fund Control Board</td>
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<td>WFP</td>
<td>World Food Programme</td>
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<tr>
<td>WHC</td>
<td>Watumishi Housing Company</td>
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<tr>
<td>WHO</td>
<td>World Health Organisation</td>
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<tr>
<td>WHPI</td>
<td>Women’s Housing Plan Initiative, Nigeria</td>
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<td>ZAHF</td>
<td>Zimbabwe Association for Housing Finance</td>
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<tr>
<td>ZAMFI</td>
<td>Zimbabwe Association of Microfinance Institutions</td>
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<tr>
<td>ZAMCO</td>
<td>Zimbabwe Asset Management Corporation</td>
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<tr>
<td>ZAR</td>
<td>South African Rand</td>
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<tr>
<td>ZHPFF</td>
<td>Zimbabwe Homeless and Poor People’s Federation</td>
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<tr>
<td>ZIMASSET</td>
<td>Zimbabwe Agenda for Sustainable Socio-Economic transformation</td>
</tr>
<tr>
<td>ZIMSTAT</td>
<td>Zimbabwe National Statistics Agency</td>
</tr>
<tr>
<td>ZINAHCO</td>
<td>Zimbabwe National Association of Housing Cooperatives</td>
</tr>
<tr>
<td>ZNBS</td>
<td>Zambia National Building Society</td>
</tr>
<tr>
<td>ZSIC</td>
<td>Zambia State Insurance Corporation</td>
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</tbody>
</table>
2020 will forever be remembered as the one when we all stayed at home. In the face of the COVID-19 pandemic, governments across the continent implemented stringent lockdown regulations that closed businesses and schools and enforced curfews. Aside from the economic impact which was both immediately and significantly palpable, the lockdown brought the state of housing into sharp focus: many households across Africa do not have a home they can comfortably stay in.

This is not new information. Indeed, the COVID-19 pandemic has simply exposed and exacerbated the persistent state of disaster in which a majority of urban households across the continent live, whether in informal settlements, tenement blocks, inner city buildings, lower-income townships, or suburbs and whether they rent, or own, or share their homes. What is different, however, is the recognition that the impact of this extends beyond the household to the wider community, the city, and the nation as a whole. Whether it is a commentary on the risks that households face, an assessment of household resilience to further emergencies, or an anticipation of the measures needed to stimulate recovery from this period, housing is and must be at the centre of the discussion. In 2020, we all came home to understand the significance of housing as a key, real economy issue, highlighting both responsibility and opportunity for government and the private sector for the development community and for households themselves.

Understanding the impact of COVID-19

As of 25 October 2020, there were 1.7 million confirmed cases across the continent, with 40 961 deaths and 1.4 million recoveries.1 South Africa has been the hardest hit in Africa, followed by Morocco, Egypt and Ethiopia. While the number of confirmed cases in Africa are less than five percent of those registered worldwide, the future trajectory remains unclear. A second wave in Europe and North America suggests the same will follow in this continent, putting pressure on governments to carefully consider the degree of lockdown they impose on their economies.

Quite clearly, the risk of infection is exacerbated by poor housing conditions. Overcrowding, poor access to water and sanitation services, and high densities especially in inner city buildings and informal settlements all militate against effective management of the risk of infection. Limited access to healthcare compounds these risks as the sick stay home in inadequate conditions.2

At the same time, the lockdown measures imposed have created an (un)virtuous economic cycle that starts with declining revenues which put pressure on businesses such that they lay off workers, leading to declining household affordability for goods and services, putting further pressure on businesses, and so on. This impacts, of course, on the taxation framework such that, at the very moment when government needs greater resources to address the effects of the pandemic, it has less to meet even its most basic responsibilities. An UNCTAD report estimates that economic activity in African economies will contract by 1.4 percent in 2020, with smaller economies contracting by as much as 7.8 percent.3 The World Bank expects that up to 40 million people will be pushed into extreme poverty. Post COVID-19 is uncertain – depending on the progress of the pandemic, a slow, 2.1 percent rate of growth is predicted for 2021, rising to 3.2 percent for Sub-Saharan Africa in 2022.4

While the explicit impact on the housing sector – residential construction and rental, as well as housing services – has not been explicitly or comprehensively quantified, it can be imagined. As households have a declining capacity to pay their rental and other housing costs, their savings are also being depleted, challenging their resilience to other economic shocks. This challenges the sustainability of housing businesses, many of which already exist on the margin. There is a serious risk that many will go out of business, depleting the housing supply and management sector just when it has slowly been building up capacity. In particular, given the already low margins, this is likely to have an impact on the delivery and management of affordable housing, and therefore also on the viability of low-income neighbourhoods where these businesses have operated. In the financial sector, rising NPLs are putting mortgage books at risk just as they are growing. In Kenya, for example, the Kenya Mortgage Refinance Company’s (KMRC) CEO Johnstone Oltetia reported that some banks’ mortgage portfolios poised for refinancing had to be re-evaluated as some of their collateral was no longer sufficient.5 This has led the just-licensed6 KMRC to rethink some of their growth projections, and to focus on alternative strategies to assist lenders to weather the downturn.

With housing central to our experience of the pandemic, the housing strategy across Africa must work to address risk, stimulate recovery, and ensure resilience. Quality, affordable housing becomes all the more important in a post-COVID world, while we need to do much more with much less.

Ironically, this may just be the opportunity that Africa’s affordable housing sector needs to truly grow and develop to the demands of the continent.

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Addressing risk

Our first challenge is to address the risks that households face, whether in the face of COVID-19 or any other emergency. These are substantially influenced by both the quality of housing and the financial capacity of the household. According to UN Habitat, over 60 percent of African urban households, or 238 million people, live in slum conditions — and this population comprises about 23 percent of all households who live in slum conditions worldwide. The most recent data for this is for 2018. It is collected every two years by UN Habitat as part of their monitoring of Target 11 of the Sustainable Development Goals (SDGs).

In many African countries, more than half the urban population is living in slums. In the Central African Republic, Chad, the Democratic Republic of the Congo (DRC), Mozambique, São Tomé and Príncipe, and Sudan, over 75 percent of urban populations live in slums. We can see that in most situations, the situation has improved since 2010. In some cases, improvements have been significant: Angola went from 65 percent of the population living in slums in 2010 to about 47 percent in 2018; Ethiopia went from 75 percent to 62 percent; Madagascar from 75 percent to 60 percent; Niger from 80 percent to 57 percent; Rwanda from 65 percent to 42 percent; and Tanzania from 62 percent to 40 percent. The situation has deteriorated in Zambia which went from 24 percent to 33 percent; and the DRC, from 60 percent to 76 percent. Only Egypt (5 percent), Morocco (10 percent) and Tunisia (8 percent) have a significant minority of their urban populations living in slums in 2018.

According to the UN, the definition of indicator 11.1.1 “proportion of urban population living in slums” is “the proportion of urban population lacking at least one of the following five housing conditions: access to improved water; access to improved sanitation facilities; sufficient living area and not overcrowded; structural quality / durability of dwellings; and security of tenure.”

Crafting a response to the challenge of slums, therefore, requires a more careful analysis of the data. It is in the nuance, that market opportunity can also be found.

For example, looking at the percentage of the bottom 40th urban population living in three countries, Nigeria, Cameroon and Zambia, virtually all households are living in inadequate conditions, as classified under the SDG 11 definition.

### INADEQUATE URBAN HOUSING

(Urban households in the bottom 40th percentile)

<table>
<thead>
<tr>
<th>Country</th>
<th>Urban B40</th>
<th>Percentage of Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nigeria</td>
<td>52%</td>
<td></td>
</tr>
<tr>
<td>Cameroon</td>
<td>52%</td>
<td></td>
</tr>
<tr>
<td>Zambia</td>
<td>52%</td>
<td></td>
</tr>
</tbody>
</table>

**Notes:** A dwelling is considered informal if one of the materials used in its construction is not finished. Households without access to flush sanitation have no waterborne sewage disposal. A dwelling is overcrowded if the number of members per sleeping room exceeds two.


Of these, less than half are living in informal structures, however. The primary inadequacy that they face has to do with services — lacking a flush toilet — and being overcrowded. This suggests an infrastructure and home improvement challenge, involving more targeted, niche and possibly off-grid solutions, rather than necessarily the development of new housing. Initiatives such as iBuild Global can help in this regard — providing consumers with access to housing products and services that can address their maintenance and improvement needs. Housing microfinance can also assist by providing specially targeted microloans that recognise the specific and niche market gaps in the housing circumstances of low income households.

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3. For the definitions, including details on how each of the five housing conditions are themselves defined, see [https://www.un.org/wrn/eb/habitat/indicators/methodology_sheets/poverty/urban_slums.pdf](https://www.un.org/wrn/eb/habitat/indicators/methodology_sheets/poverty/urban_slums.pdf) dated 15 June 2007.
5. Demographic and Health Surveys are nationally-representative household surveys that provide data for a wide range of monitoring and impact evaluation indicators in the areas of population, health and nutrition. [https://dhsprogram.com/What-We-Do/Survey-Types/DHS.cfm](https://dhsprogram.com/What-We-Do/Survey-Types/DHS.cfm) (Accessed 27 October 2020).
PROPORTION OF URBAN POPULATION LIVING IN SLUMS (%)

Source: United Nations Human Settlements Programme (UN-HABITAT)
https://unstats.un.org/sdgs/indicators/database/
Ultimately, whatever interventions are made to address household risk to emergencies, will also have a direct impact on the progress of the SDGs. Good housing drives access to basic services and impacts profoundly on the health and well-being of low income households. With urban and home-based agriculture, housing provides a base for realising food security. Good accommodation can enhance the performance of school children, improving their ability to access quality education. Access to clean water and sanitation is secured at the household level through the delivery of good, affordable housing. Increasing access to affordable housing finance builds the economic infrastructure in support of productive housing markets for all.

Stimulating recovery

Our second challenge is to address the effects on the economy caused by the lockdown, and to stimulate economic recovery at the domestic level. The construction, maintenance and transacting of housing (which includes both sales and leases) contributes substantially to economic growth and job creation, which can have very tangible local impacts. In research reviewing the impact of housing on the economies of Kenya, Rwanda, Nigeria, Uganda, Ghana, Tanzania, and South Africa, we’ve found that the contribution to GDP can be as high as 14 percent of the total economy, taking both housing construction and rental into account.11

The reason for this contribution has to do with the economic activity that housing stimulates – upstream demand for building materials and labour, as well as the manufactured goods that go into a house, such as geysers, window and door frames, and so on, as well as the downstream demand for home improvements and the services associated with the management of rental properties.12 All of this economic activity also contributes towards employment. Countries that promote housing construction can use this to stimulate job creation not only in the housing sector directly, but in manufacturing and services as well, further contributing to economic growth.

For example, in Uganda, 75 percent of the intermediate inputs contributing towards the construction and rental economic value chains were sourced from secondary sectors – that is, manufactured goods. Only two percent were sourced from primary sectors, and 22 percent from tertiary (services) sectors. Total intermediate inputs comprised 5.2 percent of Uganda’s GDP in 2018, and another 5.8 percent of GDP was contributed by the gross value added by the housing construction and rental sectors. The employment contribution is also significant: formal housing construction contributes about 131 000 jobs to the economy. While there is little data available for Uganda’s rental sector, the number of informal sector landlords that earn all or part of their income from rentals is significant, and likely higher still than the formal employment statistic. With a total impact on GDP of 11 percent, housing clearly plays a significant role in Uganda’s economy.13


For more information on CAHF’s research into the impact of housing on the economy, see http://housingfinanceafrica.org/projects/housing-and-the-economy/


The research shows that if housing production were to be increased as a key economic recovery strategy, this would have a significant impact on GDP overall. That is, by addressing issues of risk and backlog, the housing production effort would also be contributing to economic recovery. In Uganda, this would require concerted Cabinet-level attention to the key barriers undermining affordable housing delivery today, including the land titling framework; policies and finance in support of residential rental and self-build housing; attention to the enabling environment in support of local manufacturing and local services, especially those offered by small scale providers; the supply of critical infrastructure; and attention to the macro-economic environment to reduce the cost of borrowing.

With local variations, of course, this is the recipe for virtually every country across the continent: attention to the blockages along the value chain with a specific focus on affordability. In almost every country, the formal, private construction sector is not delivering housing that is affordable to the majority of the population. The consequence of this is that the housing aspirations of these households cannot be leveraged in support of economic growth. While demand of the majority of the population lies latent, unmet by affordable supply, these households meet their housing needs incrementally and independently, often in the slum conditions that then get captured by national statistics.

Note: It is not possible to estimate the import leakage associated with intermediate inputs for the housing rental value chain. Since this value chain represents a consolidation of the housing construction and housing rental value chains, it is also not possible to estimate the combined leakage. However, since intermediate inputs constitute a relatively small share of housing rental output, the combined import leakage will be closer to that of housing construction.

Source: Calculations by Keith Lockwood based on available information from Uganda Bureau of Statistics and the IMF and other assumptions.
As in previous years, CAHF has collected data on the price of the cheapest newly built house, built by a private developer. This is not the cheapest house that can be built, but rather the one that has been built and made available for sale on the formal market. In this, it is a reflection of where the market is targeting its efforts. Aside from at the extremes, the price of housing is not easily correlated with its size. Most of the entry-level homes costing more than US$20,000 are larger than 50m². Might their price tag improve if they were built smaller?

**PRICE OF THE CHEAPEST, NEWLY BUILT HOUSE BY A FORMAL DEVELOPER: 2019 AND 2020**

![Price of Cheapest Newly Built House by a Formal Developer: 2019 and 2020](chart)

Source: CAHF Research, October 2020

Again in 2020, the cheapest newly built house in Africa is the Millard Fuller Foundation’s 32m² unit on the outskirts of Abuja. Available for US$8,040, this is about as low as the market appears to go. It is worth noting that this house, available in a 400-unit development, is the very same house that was available in 2019 – no new houses have been built at this price, and this development continues to hold unsold stock. One reason for this may be its location, about 30km from the capital city of Abuja. Still, at current financing rates, it is affordable to an estimated 68 percent of the population. The question for developers, policymakers and regulators to consider is whether that same priced house might be achievable on better located land, perhaps with some form of state support, and at a scale to respond to the demand. According to data provided by CGIDD and our calculations based on the prevailing mortgage products available in Nigeria, an estimated 6.5 million households are likely to be able to afford a house priced between the US$8,040 Millard Fuller Foundation house and another one costing US$10,000. Nigeria’s numbers are dramatic: imagine what the economy in Nigeria might look like if it were actually feasible to build that many houses in that price range? At the very least, could we imagine a doubling of the output? And what would this take from government?

In most countries across Africa, the cheapest newly built house sits somewhere between US$20,000 and US$40,000. As with the Millard Fuller Foundation house, however, very few of these houses are actually available on the market – they are more anomaly than the norm. And then, there are many countries where the cheapest newly built house this year is entirely unaffordable – on the market for more than US$40,000. This year, the most expensive of these is in Tanzania. At US$77,949, it is affordable to 2.6 percent of the urban population, or about 111,220 urban households. Of course, public housing provider Watumishi Housing Company in Tanzania is delivering 60m² units in its Mkundi Project for as little as TSh 37.9 million (US$16,378). Can the private sector match that and build to scale?

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14 A note about methodologies; in order to determine the cheapest newly built house by a formal developer, CAHF asks the consultants writing for this Yearbook to contact three formal developers who are known for delivering to the affordable market, and request the sales price of the cheapest newly built house available on the market in the current year. The lowest priced house of these three becomes the basis for the CAHF indicator. There are likely houses built by cooperatives, or by owner-builders, that are cheaper than what is quoted here. Our intention, however, is to understand how the private market is responding to what it understands the demand to be.
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. 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: 54 percent of urban Kenyans versus only 6.7 percent of urban Zambians and 25.5 percent of urban Ghanaians. In Nigeria, 68 percent of the urban population can afford this house. A US$8,040 house is a good start, but there are other factors too.

An important challenge is to improve the 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 only 400 units. Across Africa, very few developers can build more than 500 units per annum on a consistent basis.

The constraints arising from the COVID lockdowns have made 2020 a very difficult year for construction, and have put pressure on house prices, challenging housing affordability. In addition to delayed delivery timeframes, many countries have faced building materials shortages and a consequent rise in prices, as global value chains have struggled to deliver the steel, cement, sanitaryware, rooftiles and other goods on which housing construction depends. The price of a 50kg bag of cement is a useful indicator that CAHF has used as a proxy for the wider sector. This year, while the price was below US$10 a bag in many countries, there were those where the cement price was still prohibitive: in the neighbourhood of US$30 a bag in Eritrea, Mauritania and Sudan; and between US$10 - US$20 a bag in Burundi, Central African Republic, Chad, Mali and Rwanda.

**PRICE OF A 50KG BAG OF CEMENT, 2010 – 2020 (US$)**

A policy and delivery response to this must be some form of import substitution: a focus on the local manufacturing of building materials can extend the economic impact of the housing sector into the manufacturing sector, while also promoting sustainable construction that doesn’t include the transport costs (both financial and environmental) of getting the product to site, or the foreign exchange rate risk that comes with buying imported goods.

Another critical barrier has to do with infrastructure. A recent World Bank report makes this point quite strongly: “Africa’s cities are crowded and not economically dense. Investments in infrastructure and industrial and commercial structures have not kept pace with the concentration of people, nor have investments in affordable formal housing.” As a result, they argue, African cities are 29 percent more expensive than cities in other countries at similar income levels.

A recent review of housing delivery in Kenya, where affordable housing is receiving substantial attention from the state as one of the four key pillars of the current administration, showed that hardly any developer has developed more than 1000 units in total. The largest housing cooperative, NACHU, has built about 1500 units with another 1500 underway – but this is over the course of decades. Very few local developers have undertaken more than five projects. One of Kenya’s largest developers, Suraya, is in distress due to a failed Joint Venture agreement with its Encasa project, where municipal incapacity undermined the availability of infrastructure. Similarly, Karibu Homes struggled with their Athi River project – municipal capacity constraints undermined the timeframes of the project, which then undermined the affordability of the units.

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16 Ibid. Pg. 123.
17 Analysis undertaken for AFD Proparco and presented at a webinar on 4 June 2020. Discussion with Seeta Shah, Senior Affordable Housing Specialist at FSD Kenya, on 26 October 2020.
Housing finance then plays a role along each link of the housing value chain. The most basic consideration is the cost of finance — that is, the interest at which it is charged and the term over which it is offered. A key development this year was the registration of the KMRC by the Central Bank of Kenya. Joining a family of mortgage liquidity facilities in the region (the EMRC, TMRC, NMRC and CRRH are others), the KMRC promises to provide capital into the market to enable not only commercial mortgage lenders, but also SACCOs, to refinance their portfolios in support of Kenya’s nationally prioritised Affordable Housing Programme. While providing liquidity, the KMRC will also have an important impact on the standardization of mortgage instruments and protocols, which will support investor confidence and ultimately improve the efficiency of the sector.

Africa’s mortgage markets are uneven. With mortgages reportedly available in every country, data on both the number of mortgages and the value of the mortgage portfolio is only available in 21 countries. Typical mortgage interest rates range from three percent in Gabon and four percent in Morocco — both likely subsidised — to 32 percent in Zambia, 26 percent in Guinea, and 25 percent in Zimbabwe, and Nigeria. A twenty-year tenor is typical in most countries, but in Guinea, the mortgage tenor is five years. In Mauritania, 35-year mortgages are reportedly typical.

### PREVAILING MORTGAGE INTEREST RATE AND TERM

![Prevaling Mortgage Interest Rate and Term](image)

Source: CAHF Research, 2019, 2020

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## Mortgage Availability and Terms Across Africa (2020)

<table>
<thead>
<tr>
<th>Country</th>
<th>Value of residential mortgages outstanding in million US$</th>
<th>Number of mortgages outstanding</th>
<th>Mortgage to GDP</th>
<th>Number of mortgage providers</th>
<th>Typical mortgage rate</th>
<th>Typical mortgage term</th>
<th>Typical downpayment on a mortgage if required</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>56 765.00</td>
<td>1 699 634</td>
<td>16.15%</td>
<td>15</td>
<td>12%</td>
<td>20</td>
<td>20%</td>
</tr>
<tr>
<td>Tunisia</td>
<td>3 956.00</td>
<td>–</td>
<td>10.22%</td>
<td>20</td>
<td>7%</td>
<td>20</td>
<td>20%</td>
</tr>
<tr>
<td>Morocco</td>
<td>2 711.00</td>
<td>67 332</td>
<td>2.38%</td>
<td>24</td>
<td>4%</td>
<td>20</td>
<td>30%</td>
</tr>
<tr>
<td>Namibia</td>
<td>2 333.00</td>
<td>73 396</td>
<td>18.86%</td>
<td>5</td>
<td>9%</td>
<td>20</td>
<td>–</td>
</tr>
<tr>
<td>Nigeria</td>
<td>2 240.48</td>
<td>535 000</td>
<td>0.50%</td>
<td>57</td>
<td>25%</td>
<td>20</td>
<td>–</td>
</tr>
<tr>
<td>Zambia</td>
<td>1 418.00</td>
<td>10 436</td>
<td>6.15%</td>
<td>10</td>
<td>32%</td>
<td>20</td>
<td>10%</td>
</tr>
<tr>
<td>Mauritius</td>
<td>1 123.00</td>
<td>–</td>
<td>7.92%</td>
<td>21</td>
<td>19%</td>
<td>25</td>
<td>10%</td>
</tr>
<tr>
<td>Ethiopia</td>
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<td>1.13%</td>
<td>1</td>
<td>13%</td>
<td>18</td>
<td>23%</td>
</tr>
<tr>
<td>Ghana</td>
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<td>–</td>
<td>1.62%</td>
<td>8</td>
<td>23%</td>
<td>15</td>
<td>20%</td>
</tr>
<tr>
<td>Sudan</td>
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<td>6 250</td>
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<td>15</td>
<td>17%</td>
<td>10</td>
<td>60%</td>
</tr>
<tr>
<td>Botswana</td>
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<td>13</td>
<td>11%</td>
<td>10</td>
<td>10%</td>
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<tr>
<td>Cabo Verde</td>
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<td>7</td>
<td>10%</td>
<td>30</td>
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</tr>
<tr>
<td>Senegal</td>
<td>360.49</td>
<td>25 233</td>
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<td>25</td>
<td>7%</td>
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<tr>
<td>Rwanda</td>
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<td>16%</td>
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<td>30%</td>
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<tr>
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<td>15%</td>
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<td>14%</td>
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<td>–</td>
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<td>Djibouti</td>
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<td>22</td>
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<td>500</td>
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<tr>
<td>Algeria</td>
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<td>–</td>
<td>0.92%</td>
<td>5</td>
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<td>20%</td>
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<td>10</td>
<td>10%</td>
</tr>
<tr>
<td>Niger</td>
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<td>1 439</td>
<td>0.26%</td>
<td>14</td>
<td>9%</td>
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<td>–</td>
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<td>Burkina Faso</td>
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<td>Zimbabwe</td>
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<td>Guinea-Bissau</td>
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<td>0.01%</td>
<td>4</td>
<td>11%</td>
<td>5</td>
<td>30%</td>
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<td>Sierra Leone</td>
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<td>292</td>
<td>0.36%</td>
<td>2</td>
<td>18%</td>
<td>15</td>
<td>30%</td>
</tr>
<tr>
<td>South Sudan</td>
<td>8.40</td>
<td>821</td>
<td>0.29%</td>
<td>2</td>
<td>16%</td>
<td>20</td>
<td>20%</td>
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<tr>
<td>Liberia</td>
<td>2.50</td>
<td>100</td>
<td>0.08%</td>
<td>1</td>
<td>8%</td>
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<td>20%</td>
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<td>Gambia, The</td>
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<td>49</td>
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<td>0.00%</td>
<td>5</td>
<td>17%</td>
<td>10</td>
<td>20%</td>
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<tr>
<td>Western Sahara</td>
<td>–</td>
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<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Togo</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>6</td>
<td>7%</td>
<td>15</td>
<td>–</td>
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<tr>
<td>Somalia</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>3</td>
<td>10%</td>
<td>20</td>
<td>20%</td>
</tr>
<tr>
<td>São Tomé and Principe</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>3</td>
<td>7%</td>
<td>20</td>
<td>50%</td>
</tr>
<tr>
<td>Mozambique</td>
<td>–</td>
<td>600</td>
<td>–</td>
<td>17</td>
<td>20%</td>
<td>20</td>
<td>20%</td>
</tr>
<tr>
<td>Mauritania</td>
<td>–</td>
<td>326 260</td>
<td>–</td>
<td>8%</td>
<td>35</td>
<td>10%</td>
<td>–</td>
</tr>
<tr>
<td>Libya</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>6%</td>
<td>30</td>
<td>–</td>
</tr>
<tr>
<td>Guinea</td>
<td>–</td>
<td>130 000</td>
<td>–</td>
<td>26%</td>
<td>12</td>
<td>20%</td>
<td>–</td>
</tr>
<tr>
<td>Gabon</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>16</td>
<td>3%</td>
<td>20</td>
<td>25%</td>
</tr>
<tr>
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<td>–</td>
<td>–</td>
<td>–</td>
<td>1</td>
<td>10%</td>
<td>25</td>
<td>–</td>
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<td>Congo, Rep.</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>12</td>
<td>9%</td>
<td>7</td>
<td>–</td>
</tr>
<tr>
<td>Comoros</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>7</td>
<td>12%</td>
<td>10</td>
<td>20%</td>
</tr>
<tr>
<td>Central African Republic</td>
<td>–</td>
<td>355 618</td>
<td>–</td>
<td>2</td>
<td>15%</td>
<td>10</td>
<td>–</td>
</tr>
<tr>
<td>Cameroon</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>4</td>
<td>20%</td>
<td>20</td>
<td>35%</td>
</tr>
<tr>
<td>Benin</td>
<td>–</td>
<td>539</td>
<td>–</td>
<td>–</td>
<td>9%</td>
<td>10</td>
<td>10%</td>
</tr>
<tr>
<td>Angola</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>4</td>
<td>16%</td>
<td>20</td>
<td>20%</td>
</tr>
</tbody>
</table>
While finance makes housing possible, it is also true that housing makes finance possible. Housing constitutes a vital component of the financial system, and plays a critical role in financial intermediation, assisting the flow of money through the economy. This is because housing is a leverage-able asset that can be used as collateral for other loans, thereby enabling private investment. In many developed economies, housing underpins a sizeable proportion of the assets of the financial sector through the mortgage instrument. This in turn underpins the efficacy of the money transmission mechanism in the household sector, enabling monetary authorities to manage economic growth cycles. In addition, whether financed with a mortgage or otherwise, housing consumption is in most cases, the largest share of household consumption, and often the most significant asset a household will ever have. The house is then a fulcrum around which a household’s financial and investment decisions are made, both influencing and enabling further financial activity.

The role of housing in the financial system becomes a particularly important feature in countries with more established financial systems and mortgage markets. In South Africa, for example, where the state has spent the last 26 years delivering upwards of 3.4 million government subsidised houses, these now form a new, entry-level rung on the housing ladder. For households willing to trade their properties and climb the ladder, these units offer an entry-level option that is currently cheaper than a newly built house. The challenge for lenders is to develop a micro-mortgage product of about US$8,000 – US$20,000 that suits first time homebuyers in this market. Applying normal market churn rates, the opportunity is estimated to be upwards of 22,500 transactions annually. This would not only provide 22,500 buyers with formal homes, it would also provide the 22,500 sellers with equity to apply to their next purchase, improving the loan to value ratio in the process and stimulating demand for new construction. On top of this, it would provide mortgage lenders with 22,500 new clients, just when South Africa’s mortgage market was stagnating, offering opportunities for cross selling other financial products, and building a long term relationship with a brand new, untapped segment of the market.²⁰

While attention to housing can explicitly drive an economic recovery agenda, these efforts contribute further to the realisation of the SDGs. Home ownership builds asset wealth, enables job creation, supports economic growth and facilitates financial intermediation. By enabling equal rights to economic resources, including ownership and control over land, the legal framework governing housing supports gender equality and reduces levels of inequality. Housing is a productive investment and can shift credit usage away from consumption, increasing income-earning potential, through home-based enterprises. A functioning housing market also enables municipal revenue collection, supporting sustainable cities.

Ensuring long term resilience

Our third challenge in a post-COVID environment is to build resilience against future shocks. Housing sits at the centre of a household’s experience of global emergencies such as the pandemic, or events which arise as a result of climate change. Inadequate housing conditions have a very real impact on the ability to cope, and as has been seen in recent months, staying at home in an informal settlement or inadequate dwelling can itself be a risk. In the context of climate change events, it is often the quality of housing that determines the household’s experience of the typhoon, cyclone, flood or fire — and where the event is so severe that the home is lost, this is the first thing that households seek to address in their recovery.

The significance of this was felt quite directly in Mozambique in 2019, when Cyclones Idai and Kenneth hit the coastline, with a direct impact in the city of Beira. Virtually all of Beira’s houses were damaged, and some totally destroyed. At that moment, affordable housing developer, Casa Real, was just finalising its showcase housing units, with the lowest priced unit set at US$10,000. The Casa Real houses were barely damaged – only the roofing sheets needed repair. Interestingly, the houses were not originally constructed with cyclone resilience in mind. However, as the first developer-built houses targeted at the very bottom end of Mozambique’s housing market, they offered clients a quality of construction not often achieved in incrementally built structures. Contrary to expectation, perhaps, Casa Real achieved affordability not through a reduction in building quality, but in managing the construction value chain more efficiently, structuring the project to enable cross subsidisation through the delivery of a diversity of housing products, and working with the city to realise a more efficient land use. Following the cyclone, Casa Real worked to repair what damage there had been with simple and affordable cyclone resilient building techniques. Like the COVID pandemic, climate change is indiscriminate with its impact. Casa Real’s experience has shown, however, that this doesn’t have to undermine affordability.²¹

Climate action and affordable and clean energy are both SDG targets that can be explicitly addressed through the housing construction process, improving the sustainability and affordability of housing and urban living. Renewable energy, sustainable sanitation and the use of sustainable building materials all contribute to the realisation of the SDGs at the household level. Green financing offers a key lever to effectively realise these goals.

²⁰ We’ve been working together with Cape Town consulting company 71point4, exploring these issues through the Transaction Support Centre. Visit http://housingfinanceafrica.org/projects/transaction-support-centre/
The land management systems across the continent are old and incomplete: according to the Doing Business Indicators, 35 countries have a deeds registry that exists on paper. A further 15 have scanned their deeds registry into a partially digital format, and only four are engaged in some level of comprehensive digitization. The process of realizing full digitization is long and complex. For example, the intention for an Electronic Deeds Registry System (EDRS) in South Africa was first discussed in Parliament in 2003. The EDRS Act was finally passed in December 2019 to provide for electronic deeds registration. With the Act, the development of an EDRS becomes possible – but it is not yet in place.

Although every country can describe some sort of deeds registry, most only cover a fraction of the land available. Across the 55 countries surveyed in this Yearbook, data on the total number of residential properties with a title deed was available for only twenty-two. The World Bank recently highlighted the constraint with titling, citing a forthcoming UN-Habitat paper that claims that only 10 percent of total land in Sub-Saharan Africa is registered. In rapidly urbanizing contexts where property values become established no matter the rights that underpin them, informal or unclear tenure systems create conflict which then interferes with land availability and negatively impacts on price. This, together with incomplete land administration systems, inhibits the use of land as collateral, which then constrains the ability of developers and households to access finance with which to build. How can households and businesses invest in land when they can’t clearly see who owns what?

An important contributor to resilience is how the home functions as an asset, providing a secure claim to place, a base for household savings and investment, and a resource that can be passed on to heirs. In so many contexts across Africa, whether in countries with established cadastral systems such as South Africa, or in others where land is only just being titled for the first time, the ability of low-income households to secure and represent their rights on a parcel of land is significantly constrained.

Emergencies such as the current pandemic, or the climate events that are happening with increasing frequency and velocity, demand resilience both at the household and societal level. Much of this is located in, or emanates from, the house. A functioning housing sector contributes to the sustainability of local economies. It is fundamentally influenced by its ability to raise capital to finance the effort from its local tax base. All the while, developers package projects for investors to support, and property attention that is required so that what is finally recorded is a true and accepted representation of how people actually relate to the land.

Interestingly, much of the innovation is being developed in association with developers and mortgage lenders who are using blockchain technology as a mechanism for managing “paperless mortgages” in environments where the deeds registry is less accessible or less trusted. For example, SESO Global has been working with developers and lenders in Ghana and Nigeria, providing a sales platform that is underpinned by a blockchain register. In both Nigeria and South Africa, practitioners have formed PropTech associations, and an Africa-wide association, “PropTech Africa”, was launched in late 2019. An important initiative being driven by consulting company 71point4 in South Africa, is exploring how a blockchain-based platform can support land title regularisation, also in informal settlements, improving the administrative efficiency of low-value residential property transactions.

In all cases, the point of the blockchain is to create an accessible and trusted mechanism for recognising and documenting relationships to land.

An important contribution to resilience is how the home functions as an asset, providing a secure claim to place, a base for household savings and investment, and a resource that can be passed on to heirs. In so many contexts across Africa, whether in countries with established cadastral systems such as South Africa, or in others where land is only just being titled for the first time, the ability of low-income households to secure and represent their rights on a parcel of land is significantly constrained.

See South Africa’s Parliamentary Monitoring Group website www.pmg.org.za


Promoting an Open Source culture in housing: a Data Agenda for Africa

Perhaps the most significant impact of the COVID-19 pandemic on the housing sector has been the pressure that it has put on resources, both personal and public. The lessons we’re learning are not new. We have known for quite some time that the majority of households in Africa live in inadequate housing circumstances and that attention to this need is also a key economic growth opportunity. In the context of declining resources, however, this knowledge is now matched with an imperative to do things differently. There is neither time nor money to waste. We need to improve our efficiencies and better target our efforts, so that we can realise affordable housing for the breadth of society, and with this, lead a sustainable COVID recovery.

Data is fundamental to this. Beyond the basic facts of the matter – the nuance of demand, the housing situations, needs and capacities of people, the breadth and diversity of supply and performance of housing goods, services and finance, and so on – it is the transparency of information that really creates potential. In the technology sector and in the medical industry, an open source culture has supported collaboration that has allowed for innovation and development that might otherwise not have been possible. Access to generic alternatives to brand-name prescription drugs has made medicine accessible to lower income people by generating competition and reducing overall drug spending. This principle can be applied to the affordable housing sector as well. Sharing data on the input, output and performance time and cost components of the housing delivery process and its management can reduce the barriers to entry for smaller players who have the flexibility to operate down market. It can support the implementation of quality standards, and enable the realisation of economies of scale across enterprises and initiatives. And by sharing genuine data in real time, practitioners can demonstrate with evidence where effective policy change is needed to support the delivery of housing at scale and down market.

Overall, an open source approach can contribute towards an overall cost saving in the actual product and the time taken to achieve its delivery. When practitioners compete in how they access data, rather than in how they use it, we are wasting resources.

This Yearbook is the most comprehensive source of information on housing in Africa that is currently available. And yet, the information it provides is limited, and insufficient to adequately support an innovative investment strategy, or a well-targeted delivery initiative. What the Yearbook provides is only the first step. To achieve the vision, and to truly leverage the housing sector in support of our post-COVID-19 expectations, we require the full participation of all stakeholders in both the public and the private sector in making the data they collect available and accessible for analysis and engagement by the entire sector. With that, we can leave the building, renting and financing of housing, and the regulation and enablement of the sector, to the people and institutions who are best placed to play those roles. All agree on the need and the opportunity. It is with the data that they will able to apply their skills and resources to the task, with all the creativity and diversity that is needed.

Data problems in Africa

Correspondence from CAHF yearbook author, 7 September 2020, asking for an extension.

In many African countries, there is no electronic database for keeping data. Most of the data is kept on paper; scattered in thousands of A4 sized documents, stamped and carelessly scattered in office shelves. Computerised data may be easy to find than data kept in paper form.

When you request data, it is likely that you’ll be told the following. “Sorry to tell you this. It can take me up to one month to find what you are looking for because I have to go through thousands of papers in order to get it. We are very busy right now and I don’t think any of us has time. Please don’t publish what I said in your report. It’s just that we don’t have an electronic database that would have made it easy to find what you are looking for.”

Some say: “The data we have is old, the man who can help you with the recent one is not here or he has not been coming to the office for some time now.” Or this: “I’m new here, I don’t know where these things are kept, please don’t publish what I said in your report. Sorry I can’t help you.” Or this: “I’m not in the liberty to give out that information, I would have to talk to my manager.” Or this: “Give me two weeks to get what you want.” After two weeks, the person says I am not ready, give me another week.

Despite this, I am still fighting to bring some data by the end of today or tomorrow. I understand the urgency of the matter, but current circumstances are dictating otherwise. It is very frustrating. Maybe CAHF should start raising this matter with the relevant authorities, if it has not done it already. Big money should be invested in building a solid, reliable centralised database.
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, earlier 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 Kz1 65/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 (PPPS), 2019

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.

Source: https://www.cgidd.com/ (2020)
**ALGERIA**

Annual income profile for rural and urban households based on consumption (PPS), 2019

- **Population:** 43,053,054
- **Urbanisation rate:** 2.70%
- **Cost of cheapest newly built house:** 3,031,490 DZD
- **Urban households that could afford this house with finance:** 95.29%

**Average annual household income needed for the cheapest newly built house by a formal developer, 2019**

**Average annual household income using expenditure, 2019 (PPP$)**

**ANGOLA**

Annual income profile for rural and urban households based on consumption (PPS), 2019

- **Population:** 31,825,295
- **Urbanisation rate:** 4.25%
- **Cost of cheapest newly built house:** 8,300,000 AOA
- **Urban households that could afford this house with finance:** 29.54%

**Average annual household income needed for the cheapest newly built house by a formal developer, 2019**

**Average annual household income using expenditure, 2019 (PPP$)**

**BENIN**

Annual income profile for rural and urban households based on consumption (PPS), 2019

- **Population:** 11,801,151
- **Urbanisation rate:** 3.87%
- **Cost of cheapest newly built house:** 20,000,000 XOF
- **Urban households that could afford this house with finance:** 4.10%

**Average annual household income needed for the cheapest newly built house by a formal developer, 2019**

**Average annual household income using expenditure, 2019 (PPP$)**

**BOTSWANA**

Annual income profile for rural and urban households based on consumption (PPS), 2019

- **Population:** 2,303,697
- **Urbanisation rate:** 3.21%
- **Cost of cheapest newly built house:** 385,000 BWP
- **Urban households that could afford this house with finance:** 28.86%

**Average annual household income needed for the cheapest newly built house by a formal developer, 2019**

**Average annual household income using expenditure, 2019 (PPP$)**
BURKINA FASO

Annual income profile for rural and urban households based on consumption (PPPS), 2019

<table>
<thead>
<tr>
<th>Household Income Range</th>
<th>Number of Households (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPP$12 001 – PPP$18 000</td>
<td>600</td>
</tr>
<tr>
<td>PPP$8 001 – PPP$12 000</td>
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<td>PPP$5 001 – PPP$8 000</td>
<td>400</td>
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<td>PPP$3 601 – PPP$5 000</td>
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<td>PPP$801 – PPP$1 600</td>
<td>50</td>
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<tr>
<td>&lt;PPP$800</td>
<td>50</td>
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</table>

Population: 20,321,378
Urbanisation rate: 4.94%
Cost of cheapest newly built house: 18,000,000 XOF
House price PPP$: PPP $95,268
Urban households that could afford this house with finance: 3.51%
1 PPP$: 188.94 CFA franc

BURUNDI

Annual income profile for rural and urban households based on consumption (PPPS), 2019

<table>
<thead>
<tr>
<th>Household Income Range</th>
<th>Number of Households (thousands)</th>
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<td>PPP$3 600 – PPP$5 000</td>
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<td>PPP$2 400 – PPP$3 600</td>
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<td>PPP$800 – PPP$1 600</td>
<td>5</td>
</tr>
<tr>
<td>&lt;PPP$800</td>
<td>5</td>
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</tbody>
</table>

Population: 11,530,580
Urbanisation rate: 5.66%
Cost of cheapest newly built house: 70,000,000 BIF
House price PPP$: PPP $115,588
Urban households that could afford this house with finance: 0.58%
1 PPP$: 605.60 Burundi franc

CABO VERDE

Annual income profile for rural and urban households based on consumption (PPPS), 2019

<table>
<thead>
<tr>
<th>Household Income Range</th>
<th>Number of Households (thousands)</th>
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<td>PPP$2 400 – PPP$3 600</td>
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<td>PPP$1 600 – PPP$2 400</td>
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<td>PPP$800 – PPP$1 600</td>
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</tr>
<tr>
<td>&lt;PPP$800</td>
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</table>

Population: 549,935
Urbanisation rate: 1.83%
Cost of cheapest newly built house: 3,088,079 CVE
House price PPP$: PPP $66,076
Urban households that could afford this house with finance: 40.38%
1 PPP$: 46.73 Cape Verdean Escudo

CAMEROON

Annual income profile for rural and urban households based on consumption (PPPS), 2019

<table>
<thead>
<tr>
<th>Household Income Range</th>
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<tr>
<td>PPP$60 000 – PPP$100 000</td>
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<td>0.5</td>
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<tr>
<td>&lt;PPP$800</td>
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Population: 25,876,380
Urbanisation rate: 3.63%
Cost of cheapest newly built house: 18,000,000 XAF
House price PPP$: PPP $76,529
Urban households that could afford this house with finance: 5.58%
1 PPP$: 235.21 CFA franc
CENTRAL AFRICAN REPUBLIC
Annual income profile for rural and urban households based on consumption (PPS), 2019

<table>
<thead>
<tr>
<th>Income Bracket (PPP$)</th>
<th>No. of Households (Thousands)</th>
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<tr>
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<td>PPP$601 – PPP$700</td>
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Average annual household income needed for the cheapest newly built house by a formal developer, 2019: PPP$4,971
Average annual household income using expenditure, 2019 (PPP$): PPP$32,021

CHAD
Annual income profile for rural and urban households based on consumption (PPS), 2019

<table>
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Average annual household income needed for the cheapest newly built house by a formal developer, 2019: PPP$10,385
Average annual household income using expenditure, 2019 (PPP$): PPP$54,587

COMOROS
Annual income profile for rural and urban households based on consumption (PPS), 2019

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<tr>
<td>PPP$501 – PPP$600</td>
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Average annual household income needed for the cheapest newly built house by a formal developer, 2019: PPP$18,340
Average annual household income using expenditure, 2019 (PPP$): PPP$77,581

CONGO
Annual income profile for rural and urban households based on consumption (PPS), 2019

<table>
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<td>PPP$601 – PPP$700</td>
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Average annual household income needed for the cheapest newly built house by a formal developer, 2019: PPP$114,535
Average annual household income using expenditure, 2019 (PPP$): PPP$528,645
COTE D’IVOIRE

Annual income profile for rural and urban households based on consumption (PPPS), 2019

No. of households (thousands)

PPP$40 001 – PPP$10 000 000
PPP$23 001 – PPP$40 000
PPP$12 001 – PPP$23 000
PPP$8 001 – PPP$12 000
PPP$5 001 – PPP$8 000
PPP$3 601 – PPP$5 000
PPP$2 401 – PPP$3 600
PPP$1 601 – PPP$2 400
PPP$801 – PPP$1 600
<PPP$800

Average annual household income needed for the cheapest newly built house by a formal developer, 2019
Average annual household income using expenditure, 2019 (PPPS)

Population: 25 716 544
Urbanisation rate: 3.45%
Cost of cheapest newly built house: 15 000 000 CFA
House price PPP$: PPP$63 784
Urban households that could afford this house with finance: 26.80%
1 PPP$: 235.17 CFA franc

DEMOCRATIC REPUBLIC OF CONGO

Annual income profile for rural and urban households based on consumption (PPPS), 2019

No. of households (thousands)

PPP$40 001 – PPP$10 000 000
PPP$23 001 – PPP$40 000
PPP$12 001 – PPP$23 000
PPP$8 001 – PPP$12 000
PPP$5 001 – PPP$8 000
PPP$3 601 – PPP$5 000
PPP$2 401 – PPP$3 600
PPP$1 601 – PPP$2 400
PPP$801 – PPP$1 600
<PPP$800

Average annual household income needed for the cheapest newly built house by a formal developer, 2019
Average annual household income using expenditure, 2019 (PPPS)

Population: 86 790 567
Urbanisation rate: 4.50%
Cost of cheapest newly built house: 65 997 901 CDF
House price PPP$: PPP$67 376
Urban households that could afford this house with finance: 0.68%
1 PPP$: 979.55 Congolese franc

DJIBOUTI

Annual income profile for rural and urban households based on consumption (PPPS), 2019

No. of households (thousands)

PPP$40 001 – PPP$10 000 000
PPP$23 001 – PPP$40 000
PPP$12 001 – PPP$23 000
PPP$8 001 – PPP$12 000
PPP$5 001 – PPP$8 000
PPP$3 601 – PPP$5 000
PPP$2 401 – PPP$3 600
PPP$1 601 – PPP$2 400
PPP$801 – PPP$1 600
<PPP$800

Average annual household income needed for the cheapest newly built house by a formal developer, 2019
Average annual household income using expenditure, 2019 (PPPS)

Population: 973 560
Urbanisation rate: 1.69%
Cost of cheapest newly built house: 5 400 000 DJF
House price PPP$: PPP$1 970
Urban households that could afford this house with finance: 75.90%
1 PPP$: 103.91 Djiboutian franc

EGYPT, ARAB REP.

Annual income profile for rural and urban households based on consumption (PPPS), 2019

No. of households (thousands)

PPP$40 001 – PPP$10 000 000
PPP$23 001 – PPP$40 000
PPP$12 001 – PPP$23 000
PPP$8 001 – PPP$12 000
PPP$5 001 – PPP$8 000
PPP$3 601 – PPP$5 000
PPP$2 401 – PPP$3 600
PPP$1 601 – PPP$2 400
PPP$801 – PPP$1 600
<PPP$800

Average annual household income needed for the cheapest newly built house by a formal developer, 2019
Average annual household income using expenditure, 2019 (PPPS)

Population: 100 388 073
Urbanisation rate: 2.04%
Cost of cheapest newly built house: 447 000 EGP
House price PPP$: PPP$122 802
Urban households that could afford this house with finance: 63.35%
1 PPP$: 3.64 Egyptian pound
Africa Housing Finance Yearbook 2020

EQUATORIAL GUINEA
Annual income profile for rural and urban households based on consumption (PPPS), 2019

<table>
<thead>
<tr>
<th>PPP$</th>
<th>Rural</th>
<th>Urban</th>
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<tr>
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<td>No. of households (thousands)</td>
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<td>23 01 – 40 000</td>
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<td>12 01 – 23 000</td>
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<td></td>
</tr>
<tr>
<td>&lt;800</td>
<td>0</td>
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</tbody>
</table>

Population: 1 355 986
Urbanisation rate: 4.20%
Cost of cheapest newly built house: 30 000 000 XAF
House price PPP$: PPP$100 219
Urban households that could afford this house with finance: 53.45%
1 PPP$: 299.35 CFA franc

ERITREA
Annual income profile for rural and urban households based on consumption (PPPS), 2019

<table>
<thead>
<tr>
<th>PPP$</th>
<th>Rural</th>
<th>Urban</th>
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<tr>
<td>40 01 – 10 000 000</td>
<td>No. of households (thousands)</td>
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<tr>
<td>2 401 – 3 600</td>
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<td>1 601 – 2 400</td>
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<tr>
<td>801 – 1 600</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>&lt;800</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

Population: 3 213 972
Urbanisation rate: 3.00%
Cost of cheapest newly built house: 296 296 ERN
House price PPP$: PPP$49 966
Urban households that could afford this house with finance: 25.60%
1 PPP$: 5.93 ERN

ESWATINI
Annual income profile for rural and urban households based on consumption (PPPS), 2019

<table>
<thead>
<tr>
<th>PPP$</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>40 01 – 10 000 000</td>
<td>No. of households (thousands)</td>
<td></td>
</tr>
<tr>
<td>23 01 – 40 000</td>
<td>512</td>
<td></td>
</tr>
<tr>
<td>12 01 – 23 000</td>
<td>08</td>
<td></td>
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<tr>
<td>8 001 – 12 000</td>
<td>3</td>
<td></td>
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<tr>
<td>5 001 – 8 000</td>
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<td>3 601 – 5 000</td>
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<tr>
<td>2 401 – 3 600</td>
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<td>1 601 – 2 400</td>
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<tr>
<td>801 – 1 600</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>&lt;800</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

Population: 1 148 130
Urbanisation rate: 1.81%
Cost of cheapest newly built house: 406 315.52L
House price PPP$: PPP$79 514
Urban households that could afford this house with finance: 70.62%
1 PPP$: 5.11 Lilangeni

ETHIOPIA
Annual income profile for rural and urban households based on consumption (PPPS), 2019

<table>
<thead>
<tr>
<th>PPP$</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>40 01 – 10 000 000</td>
<td>No. of households (thousands)</td>
<td></td>
</tr>
<tr>
<td>23 01 – 40 000</td>
<td>078</td>
<td></td>
</tr>
<tr>
<td>12 01 – 23 000</td>
<td>039</td>
<td></td>
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<tr>
<td>8 001 – 12 000</td>
<td>0</td>
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<td>5 001 – 8 000</td>
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<td>3 601 – 5 000</td>
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<td>2 401 – 3 600</td>
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<td>1 601 – 2 400</td>
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<tr>
<td>801 – 1 600</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>&lt;800</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

Population: 112 078 730
Urbanisation rate: 4.78%
Cost of cheapest newly built house: 600 000 ETB
House price PPP$: PPP$55 871
Urban households that could afford this house with finance: 3.52%
1 PPP$: 10.74 Ethiopian birr
### Guinea-Bissau

**Annual income profile for rural and urban households based on consumption (PPS), 2019**

- **Population:** 1,920,922
- **Urbanisation rate:** 3.41%
- **Cost of cheapest newly built house:** 23,675,864 XOF
- **House price PPS:** PPP$98,350
- **Urban households that could afford this house with finance:** 4.94%

1 PPP$: 240.73 CFA franc

### Kenya

**Annual income profile for rural and urban households based on consumption (PPS), 2019**

- **Population:** 52,573,973
- **Urbanisation rate:** 4.02%
- **Cost of cheapest newly built house:** 2,700,000 KES
- **House price PPS:** PPP$53,935
- **Urban households that could afford this house with finance:** 12.34%

1 PPP$: 125.06 Kenyan shilling

### Lesotho

**Annual income profile for rural and urban households based on consumption (PPS), 2019**

- **Population:** 2,125,268
- **Urbanisation rate:** 2.33%
- **Cost of cheapest newly built house:** 165,000 LSL
- **House price PPS:** PPP$29,784
- **Urban households that could afford this house with finance:** 39.21%

1 PPP$: 5.54 Loti

### Liberia

**Annual income profile for rural and urban households based on consumption (PPS), 2019**

- **Population:** 4,937,374
- **Urbanisation rate:** 3.33%
- **Cost of cheapest newly built house:** 3,985,334 LRD
- **House price PPS:** PPP$664,104
- **Urban households that could afford this house with finance:** 0.02%

1 PPP$: 0.52 Liberian dollar
LIBYA
Annual income profile for rural and urban households based on consumption (PPPS), 2019

MADAGASCAR
Annual income profile for rural and urban households based on consumption (PPPS), 2019

MALAWI
Annual income profile for rural and urban households based on consumption (PPPS), 2019

MALI
Annual income profile for rural and urban households based on consumption (PPPS), 2019
### Mauritania

**Annual income profile for rural and urban households based on consumption (PPPS), 2019**

<table>
<thead>
<tr>
<th>PPPS</th>
<th>Rural</th>
<th>Urban</th>
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</thead>
<tbody>
<tr>
<td>$40 001 – $10 000 000</td>
<td>120</td>
<td>100</td>
</tr>
<tr>
<td>$23 001 – $40 000</td>
<td>90</td>
<td>70</td>
</tr>
<tr>
<td>$12 001 – $23 000</td>
<td>60</td>
<td>40</td>
</tr>
<tr>
<td>$8 001 – $12 000</td>
<td>40</td>
<td>20</td>
</tr>
<tr>
<td>$5 001 – $8 000</td>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>$3 601 – $5 000</td>
<td>10</td>
<td>5</td>
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<tr>
<td>$2 401 – $3 600</td>
<td>5</td>
<td>2.5</td>
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<tr>
<td>$1 601 – $2 400</td>
<td>2.5</td>
<td>1</td>
</tr>
<tr>
<td>$801 – $1 600</td>
<td>1</td>
<td>0.5</td>
</tr>
</tbody>
</table>

**Average annual household income needed for the cheapest newly built house by a formal developer, 2019**

Average annual household income using expenditure, 2019 (PPPS)

#### Key Statistics
- **Population:** 4,525,696
- **Urbanisation rate:** 4.29%
- **Cost of cheapest newly built house:** 10,371,229 MRO
- **House price PPPS:** PPPS99,916
- **Urban households that could afford this house with finance:** 23.71%

### Mauritius

**Annual income profile for rural and urban households based on consumption (PPPS), 2019**

<table>
<thead>
<tr>
<th>PPPS</th>
<th>Rural</th>
<th>Urban</th>
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</thead>
<tbody>
<tr>
<td>$40 001 – $10 000 000</td>
<td>400</td>
<td>200</td>
</tr>
<tr>
<td>$23 001 – $40 000</td>
<td>200</td>
<td>100</td>
</tr>
<tr>
<td>$12 001 – $23 000</td>
<td>100</td>
<td>50</td>
</tr>
<tr>
<td>$8 001 – $12 000</td>
<td>50</td>
<td>25</td>
</tr>
<tr>
<td>$5 001 – $8 000</td>
<td>25</td>
<td>12.5</td>
</tr>
<tr>
<td>$3 601 – $5 000</td>
<td>12.5</td>
<td>6.25</td>
</tr>
<tr>
<td>$2 401 – $3 600</td>
<td>6.25</td>
<td>3.125</td>
</tr>
<tr>
<td>$1 601 – $2 400</td>
<td>3.125</td>
<td>1.5625</td>
</tr>
<tr>
<td>$801 – $1 600</td>
<td>1.5625</td>
<td>0.78125</td>
</tr>
</tbody>
</table>

**Average annual household income needed for the cheapest newly built house by a formal developer, 2019**

Average annual household income using expenditure, 2019 (PPPS)

#### Key Statistics
- **Population:** 1,265,711
- **Urbanisation rate:** -0.03%
- **Cost of cheapest newly built house:** 1,250,000 MUR
- **House price PPPS:** PPPS69,853
- **Urban households that could afford this house with finance:** 78.44%

### Morocco

**Annual income profile for rural and urban households based on consumption (PPPS), 2019**

<table>
<thead>
<tr>
<th>PPPS</th>
<th>Rural</th>
<th>Urban</th>
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</thead>
<tbody>
<tr>
<td>$40 001 – $10 000 000</td>
<td>800</td>
<td>400</td>
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<tr>
<td>$23 001 – $40 000</td>
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<td>200</td>
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<td>$8 001 – $12 000</td>
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<tr>
<td>$5 001 – $8 000</td>
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<td>25</td>
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<tr>
<td>$3 601 – $5 000</td>
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<td>$2 401 – $3 600</td>
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<td>$1 601 – $2 400</td>
<td>6.25</td>
<td>3.125</td>
</tr>
<tr>
<td>$801 – $1 600</td>
<td>3.125</td>
<td>1.5625</td>
</tr>
</tbody>
</table>

**Average annual household income needed for the cheapest newly built house by a formal developer, 2019**

Average annual household income using expenditure, 2019 (PPPS)

#### Key Statistics
- **Population:** 36,471,769
- **Urbanisation rate:** 2.08%
- **Cost of cheapest newly built house:** 640,000 MAD
- **House price PPPS:** PPPS152,349
- **Urban households that could afford this house with finance:** 52.38%

### Mozambique

**Annual income profile for rural and urban households based on consumption (PPPS), 2019**

<table>
<thead>
<tr>
<th>PPPS</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>$40 001 – $10 000 000</td>
<td>2,400</td>
<td>1,200</td>
</tr>
<tr>
<td>$23 001 – $40 000</td>
<td>1,200</td>
<td>600</td>
</tr>
<tr>
<td>$12 001 – $23 000</td>
<td>600</td>
<td>300</td>
</tr>
<tr>
<td>$8 001 – $12 000</td>
<td>300</td>
<td>150</td>
</tr>
<tr>
<td>$5 001 – $8 000</td>
<td>150</td>
<td>75</td>
</tr>
<tr>
<td>$3 601 – $5 000</td>
<td>75</td>
<td>37.5</td>
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<td>$2 401 – $3 600</td>
<td>37.5</td>
<td>18.75</td>
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<td>$1 601 – $2 400</td>
<td>18.75</td>
<td>9.375</td>
</tr>
<tr>
<td>$801 – $1 600</td>
<td>9.375</td>
<td>4.6875</td>
</tr>
</tbody>
</table>

**Average annual household income needed for the cheapest newly built house by a formal developer, 2019**

Average annual household income using expenditure, 2019 (PPPS)

#### Key Statistics
- **Population:** 30,366,036
- **Urbanisation rate:** 4.40%
- **Cost of cheapest newly built house:** 2,659,000 MZN
- **House price PPPS:** PPPS118,096
- **Urban households that could afford this house with finance:** 1.45%

1 PPPS: 103.80 Ouguiya
1 PPPS: 17.89 Mauritian rupee
1 PPPS: 4.20 Moroccan dirham
1 PPPS: 22.52 Mozambican metical
**SÃO TOMÉ AND PRÍNCIPE**

Annual income profile for rural and urban households based on consumption (PPS$), 2019

- **Population:** 215 056
- **Urbanisation rate:** 2.98%
- **Cost of cheapest newly built house:** 1 225 000 STD
- **House price PPS$:** PPP$100 657
- **Urban households that could afford this house with finance:** 8.02%
- **1 PPS$:** 12.17 Dobra

**SENEGAL**

Annual income profile for rural and urban households based on consumption (PPS$), 2019

- **Population:** 16 296 364
- **Urbanisation rate:** 3.72%
- **Cost of cheapest newly built house:** 10 500 000 XOF
- **House price PPS$:** PPP$44 903
- **Urban households that could afford this house with finance:** 83.14%
- **1 PPS$:** 233.84 CFA franc

**SEYCHELLES**

Annual income profile for rural and urban households based on consumption (PPS$), 2019

- **Population:** 97 625
- **Urbanisation rate:** 1.64%
- **Cost of cheapest newly built house:** 1 359 571 SCR
- **House price PPS$:** PPP$148 788
- **Urban households that could afford this house with finance:** 56.23%
- **1 PPS$:** 7.49 Seychellois Rupee

**SIERRA LEONE**

Annual income profile for rural and urban households based on consumption (PPS$), 2019

- **Population:** 7 813 215
- **Urbanisation rate:** 3.12%
- **Cost of cheapest newly built house:** 167 400 000 SLL
- **House price PPS$:** PPP$61 578
- **Urban households that could afford this house with finance:** 6.11%
- **1 PPS$:** 2 586.28 Sierra Leonean Leone
Investor interest in housing in Africa has grown substantially in recent years. However, data for the sector remains scarce. As a result, investors struggle to assess market risk and opportunity with precision, and 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, and HOFINET, the Housing Finance Information Network, is a global data-gathering initiative which also makes a critical contribution to the data ecosystem. Nevertheless, very little data explores the nature, status and performance of residential property markets.

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, UNDP’s International Human Development Indicators, and USAID’s Demographic and Health Surveys.

This year it must be noted that data from the World Bank Doing Business databases had a number of irregularities attributed to changes in the data for the Doing Business 2018 and Doing Business 2020 reports, published in October 2017 and 2019. The World Bank issued a statement acknowledging this on 27 August 2020, noting that this might affect the data collected in the Ease of Doing Business Indicators as the changes made in the data were inconsistent with their Doing Business methodology.1

In addition to data from these international sources, we present CAHF’s own data, collected by the Yearbook authors appointed to complete the Yearbook data survey and write the country profiles. The full set of data collected for the Yearbook is available through an online dashboard, which highlights the availability of housing and housing finance data by country: Availability of Housing Finance Data in Africa.2

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 state ‘n/a’ where the data is not available. Furthermore, this year COVID-19 introduced additional challenges as lockdowns hindered on-the-ground data collection by our Yearbook authors as well as impeding the gathering of statistical data responses by some government institutions. Owing to this, some indicators, such as economic growth rates, will be revised at a later stage and will differ from what we reported at the point of publication.

To this end, CAHF continues to work 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 to pursue a Data Agenda for Africa, or contact us directly.

### Explaining the indicators

<table>
<thead>
<tr>
<th>Indicator name</th>
<th>Definition</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main urban centres</td>
<td>The capital city of the country and any other large city</td>
<td>Data collected by CAHF</td>
</tr>
</tbody>
</table>
| US$ exchange rate               | USD exchange rate (1USD = xLCU) as at 1 July 2020                          | Data collected by CAHF  
Source: Xe  
URL: [https://Xe.com](https://Xe.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. This conversion rate is calculated for the year 2019. See explanation on PPP on page 14. | Data collected by CAHF  
Source: World Bank World Development Indicators  
URL: [https://data.worldbank.org/indicator/PA.NUS.PPP](https://data.worldbank.org/indicator/PA.NUS.PPP) |
| Total 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](https://data.worldbank.org/indicator/SP.POP.TOTL) |
| Urban population                | The number of all residents in urban areas 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.URB.TOTL](https://data.worldbank.org/indicator/SP.URB.TOTL) |
| Number of households            | Household is the persons who live together in the same dwelling.          | Data collected by CAHF  
Source: Canback Global Distribution Database (CGIDD)  
URL: [https://www.cgidd.com/](https://www.cgidd.com/) |

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<table>
<thead>
<tr>
<th>Indicator name</th>
<th>Definition</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population growth rate</td>
<td>Rate of change in total population over two consecutive years</td>
<td>Data collected by CAHF through World Bank API Source: World Bank URL: <a href="https://data.worldbank.org/indicator/SP.POP.TOTL">https://data.worldbank.org/indicator/SP.POP.TOTL</a></td>
</tr>
<tr>
<td>Urbanisation rate</td>
<td>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.</td>
<td>Data collected by CAHF through World Bank API Source: World Bank URL: <a href="https://data.worldbank.org/indicator/SP.URB.GROW">https://data.worldbank.org/indicator/SP.URB.GROW</a></td>
</tr>
<tr>
<td>Percentage of the population below national poverty line (2017)</td>
<td>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.</td>
<td>Data collected by CAHF Source: World Bank URL: <a href="https://data.worldbank.org/indicator/SI.POV.NAHC">https://data.worldbank.org/indicator/SI.POV.NAHC</a></td>
</tr>
<tr>
<td>Unemployment rate (% of total labour force, national estimate)</td>
<td>Percentage of the labour force that is without work but available for and seeking employment. The number typically does not include discouraged job seekers.</td>
<td>Data collected by CAHF Source: World Bank URL: <a href="https://data.worldbank.org/indicator/SP.URB.TOTL">https://data.worldbank.org/indicator/SP.URB.TOTL</a></td>
</tr>
<tr>
<td>Gini coefficient</td>
<td>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.</td>
<td>Data collected by CAHF through World Bank API Source: World Bank URL: <a href="https://data.worldbank.org/indicator/SI.POV.GINI">https://data.worldbank.org/indicator/SI.POV.GINI</a></td>
</tr>
<tr>
<td>HDI country index score</td>
<td>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.</td>
<td>Data collected by CAHF from 2018 Human Development Data Bank Source: United Nations Development Programme Human Development Data Bank <a href="http://hdr.undp.org/en/countries/profiles">URL: http://hdr.undp.org/en/countries/profiles</a></td>
</tr>
<tr>
<td>GDP (Current US$)</td>
<td>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.</td>
<td>Data collected by CAHF through World Bank API Source: World Bank <a href="https://data.worldbank.org/indicator/NY.GDP.MKTP.CD">URL: https://data.worldbank.org/indicator/NY.GDP.MKTP.CD</a></td>
</tr>
<tr>
<td>Inflation rate</td>
<td>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.</td>
<td>Data collected by CAHF through World Bank API Source: World Bank <a href="https://data.worldbank.org/indicator/FP.CPI.TOTL.ZG">URL: https://data.worldbank.org/indicator/FP.CPI.TOTL.ZG</a></td>
</tr>
<tr>
<td>Indicator name</td>
<td>Definition</td>
<td>Source</td>
</tr>
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</tr>
<tr>
<td>Yield on 10-year government bonds</td>
<td>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.</td>
<td>Data collected by CAHF. Main sources: Central banks websites, worldgovernmentbonds.com, Investopedia.com and tradingeconomics.com. URL: <a href="http://www.worldgovernmentbonds.com/">http://www.worldgovernmentbonds.com/</a></td>
</tr>
<tr>
<td>Lending interest rate</td>
<td>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.</td>
<td>Data collected by CAHF through World Bank API. Source: World Bank. URL: <a href="https://data.worldbank.org/indicator/FR.INR.LEND">https://data.worldbank.org/indicator/FR.INR.LEND</a></td>
</tr>
<tr>
<td>Number of mortgages outstanding</td>
<td>The total number of residential mortgages that are outstanding.</td>
<td>Data collected by Yearbook authors. Main sources: Central bank; mortgage providers association; banking association; registered financial service provider websites.</td>
</tr>
<tr>
<td>Value of residential mortgages outstanding in local currency units</td>
<td>The total value of residential mortgages outstanding in local currency units.</td>
<td>Data collected by Yearbook authors. Main sources: Central bank; mortgage providers association; banking association; registered financial service provider websites.</td>
</tr>
<tr>
<td>Value of residential mortgages outstanding (Current US$)</td>
<td>The total value of residential mortgages outstanding in current US$.</td>
<td>Calculated by CAHF from the LCU value collected by the Yearbook authors using a USD exchange rate as at 1 July 2020 also collected by CAHF.</td>
</tr>
<tr>
<td>Typical mortgage rate</td>
<td>The most common interest rate applied to a residential mortgage.</td>
<td>Data collected by Yearbook authors. Source: The main, or largest, registered financial service provider that offers residential mortgages.</td>
</tr>
<tr>
<td>Term</td>
<td>The most common or typical term for a loan, expressed in years.</td>
<td>Data collected by Yearbook authors. Source: The main, or largest registered financial service provider that offers residential mortgages.</td>
</tr>
<tr>
<td>Deposit</td>
<td>The most common deposit required on a house purchased with a mortgage loan, as a percentage of the purchase price.</td>
<td>Data collected by Yearbook authors. Source: The main, or largest registered financial service provider that offers residential mortgages.</td>
</tr>
<tr>
<td>Ratio of mortgages to GDP</td>
<td>The ratio of outstanding to the gross domestic product (GDP).</td>
<td>Calculated by CAHF, as number of mortgages outstanding divided by GDP in current local currency units.</td>
</tr>
<tr>
<td>Number of mortgage providers</td>
<td>Number of registered financial institutions that are subject to prudential regulation and offer residential mortgage loans with a maturity cap of 10 years or more.</td>
<td>Data collected by Yearbook authors. Main sources: Central bank; mortgage providers association; banking association; registered financial service provider websites.</td>
</tr>
<tr>
<td>Number of microfinance loans outstanding</td>
<td>Total number of outstanding microfinance loans in the country.</td>
<td>Data collected by Yearbook authors. Main sources: Central bank; microfinance association; national credit regulator.</td>
</tr>
<tr>
<td>Value of microfinance loans in local currency units</td>
<td>Total value of outstanding microfinance loans in the country.</td>
<td>Data collected by Yearbook authors. Main sources: Central bank; microfinance association; national credit regulator.</td>
</tr>
<tr>
<td>Number of microfinance providers</td>
<td>Number of registered microfinance providers subject to prudential regulation/government oversight.</td>
<td>Data collected by Yearbook authors. Main sources: Central bank; microfinance association; national credit regulator.</td>
</tr>
<tr>
<td>Total number of formal residential dwellings in the country</td>
<td>Total number of residential properties that have a title deed as per the deed registry.</td>
<td>Data collected by CAHF. Main sources: Bureau Statistics Census reports.</td>
</tr>
<tr>
<td>Total number of residential properties with a title deed</td>
<td>Total number of residential properties that have a title deed as per the deed registry.</td>
<td>Data collected by Yearbook authors. Main sources: Ministry of lands, housing, and human settlements; deeds office.</td>
</tr>
<tr>
<td>Indicator name</td>
<td>Definition</td>
<td>Source</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| Number of formal housing units built in this year                           | The number of formal residential units completed, with submitted and approved plans, and an issued occupancy certificates, in the given calendar year                                                              | Data collected by Yearbook authors  
Main sources: Ministry of lands, housing, and human settlements; national statistics bureau; deeds office; municipal or district offices |
| Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units | Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units. YB authors were advised to contact three formal developers who are known for delivering the affordable market in the main urban centre of the country, and request the sales price of the cheapest newly built house available on the market in the current year. YB authors then selected the lowest price house of these three examples. | Data collected by Yearbook authors  
Main sources: Contractors/Developers |
| Size of cheapest, newly built house by a formal developer or contractor in an urban area in square meters | Size of cheapest, newly built house by a formal developer or contractor in an urban area in square meters. (The house referred to is the same as the one whose price is listed in the indicator for the price of the cheapest newly built house). | Data collected by Yearbook authors  
Primary sources: Contractor / developer of the cheapest newly built house. |
| Typical monthly rental price for cheapest, newly built house by a formal developer or contractor in an urban area in local currency units | The typical rental price for cheapest, newly built house by a formal developer or contractor in an urban area in local currency units. (The house referred to is the same as the one whose price is listed in the indicator for the cheapest newly built house). | Data collected by Yearbook authors  
Main sources: Contractor / developer of the cheapest newly built house |
| Cost of standard 50kg bag of cement in local currency units                   | Cost of standard 50kg bag of cement in local currency units. This is the retail price as would be bought by a household at a building material supply store. The cement quality should be that typically used by owner-builders for bricklaying. | Data collected by Yearbook authors  
Main sources: Building supply stores |
| Type of deeds registry: digital, scanned or paper                             | The format of the deeds registry in the country                                                                                                                                                           | Data collected by Yearbook authors  
Source: World Bank  
URL: https://www.doingbusiness.org/en/custom-query |
| 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 World Bank Doing Business Indicators dataset available for bulk download  
Source: World Bank  
URL: https://www.doingbusiness.org/en/custom-query |
| 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 World Bank Doing Business Indicators dataset available for bulk download  
Source: World Bank  
URL: https://www.doingbusiness.org/en/custom-query |
| Time to register property                                                    | Part of the Doing Business survey, this represents the number of days required for a business to secure rights to a commercial property.                                                                 | Data collected by CAHF from historical World Bank Doing Business Indicators dataset available for bulk download  
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 World Bank Doing Business Indicators dataset  
Source: World Bank  
URL: https://www.doingbusiness.org/en/data/exploretopics/registering-property |
| World Bank DBI Quality of Land Administration index score (0-30)             | Score on the Quality of land administration index as per the World Bank Doing Business Indicators. The Quality of land administration index is composed of five other indices: the reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution and equal access to property rights. | 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 |
<table>
<thead>
<tr>
<th>Indicator name</th>
<th>Definition</th>
<th>Source</th>
</tr>
</thead>
</table>
| Percentage of women who own a house alone: Total and Urban | Percentage of women who own a house alone for the whole country and urban areas | Data collected by CAHF  
Source: Demographic and Health Surveys, USAID  
| Percent of households with basic sanitation service: Total and Urban | Percentage of households with basic sanitation service for the total country and urban areas, defined as improved sanitation facilities that are not shared with other households | Data collected by CAHF  
Source: Demographic and Health Surveys, USAID  
| Percent of households with no electricity: Total and Urban | Percentage of households with no electricity the total country and urban areas | Data collected by CAHF  
Source: Demographic and Health Surveys, USAID  
| Percent of households with 3+ persons per sleeping room: Total and Urban | Composite indicator: Percentage urban households with 3-4; 5-6; and 7+ persons per sleeping room / or, the reverse of percentage of households with 1-2 persons per sleeping room the total country and urban areas | Data collected by CAHF  
Source: Demographic and Health Surveys, USAID  
| Proportion of urban population living in slums | The agreed definition classified a ‘slum household’ as one in which the inhabitants suffer one or more of the following ‘household deprivations’:  
1. Lack of access to improved water source;  
2. Lack of access to improved sanitation facilities;  
3. Lack of sufficient living area;  
4. Lack of housing durability; and  
5. Lack of security of tenure.  
By extension, the term ‘slum dweller’ refers to a person living in a household that lacks any of these attributes. | Data collected by CAHF  
Source: Demographic and Health Surveys, USAID  
| Number of households per income bracket (used to inform the affordability graphs on pages 14 – 28) | 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](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. | Calculated by CAHF using input data collected by Yearbook authors |
**Cheapest newly built house: Cost, size and percent urban population that can afford, 2020**

- **Cameroon**: 167
- **Gabon**: 169
- **São Tomé and Príncipe**: 170
- **Equatorial Guinea**: 178
- **Congo, Rep.**: 180
- **Chad**: 182
- **Central African Republic**: 184

**World Bank Doing Business global rank, 2020**

**Cost and number of days to register property, 2020**

- **Cameroon**: 167
- **Central African Republic**: 178
- **Chad**: 202
- **Congo, Rep.**: 190
- **Gabon**: 178
- **Equatorial Guinea**: 190
- **São Tomé and Príncipe**: 192

**Number of mortgage providers in the region**: 358

**Number of mortgages outstanding in the region**: 17,800

**Source**: World Bank Doing Business 2020; CGIDD 2019; data collected by Yearbook authors. NB: Figures for indicators may be higher.
<table>
<thead>
<tr>
<th>Country</th>
<th>Number of mortgage providers</th>
<th>Number of mortgages outstanding</th>
<th>Mortgage rate</th>
<th>Average mortgage term in years</th>
<th>Average percentage of the down payment on a mortgage if required</th>
<th>Percent of mortgages classified as non-performing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burundi</td>
<td>12</td>
<td>n/a</td>
<td>12%</td>
<td>10</td>
<td>20%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Comoros</td>
<td>7</td>
<td>n/a</td>
<td>7%</td>
<td>10</td>
<td>20%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Djibouti</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Eritrea</td>
<td>1</td>
<td>n/a</td>
<td>10%</td>
<td>10</td>
<td>30%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>33</td>
<td>214,417</td>
<td>13%</td>
<td>18</td>
<td>15%</td>
<td>16.9%</td>
</tr>
<tr>
<td>Kenya</td>
<td>33</td>
<td>52,573,973</td>
<td>13%</td>
<td>10</td>
<td>10%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Rwanda</td>
<td>16</td>
<td>2,804,206</td>
<td>10%</td>
<td>15</td>
<td>10%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Somalia</td>
<td>3</td>
<td>15,442,905</td>
<td>17%</td>
<td>20</td>
<td>10%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Tanzania</td>
<td>34</td>
<td>58,005,463</td>
<td>10%</td>
<td>20</td>
<td>10%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Uganda</td>
<td>5</td>
<td>44,269,594</td>
<td>10%</td>
<td>20</td>
<td>10%</td>
<td>10.0%</td>
</tr>
</tbody>
</table>

East Africa

World Bank Doing Business global rank, 2020

<table>
<thead>
<tr>
<th>Country</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burundi</td>
<td>162</td>
</tr>
<tr>
<td>Comoros</td>
<td>146</td>
</tr>
<tr>
<td>Djibouti</td>
<td>134</td>
</tr>
<tr>
<td>Eritrea</td>
<td>189</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>159</td>
</tr>
<tr>
<td>Kenya</td>
<td>56</td>
</tr>
<tr>
<td>Rwanda</td>
<td>112</td>
</tr>
<tr>
<td>Somalia</td>
<td>190</td>
</tr>
<tr>
<td>Tanzania</td>
<td>224</td>
</tr>
<tr>
<td>Uganda</td>
<td>199</td>
</tr>
</tbody>
</table>

Source: World Bank Doing Business 2020; CGIDD 2019; data collected by Yearbook authors. NB: Figures for indicators such as number of mortgage providers and/or mortgages outstanding, for example, may be higher.
North Africa

POPULATION SIZE

<table>
<thead>
<tr>
<th>Country</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>41,301,036</td>
</tr>
<tr>
<td>Tunisia</td>
<td>11,694,719</td>
</tr>
<tr>
<td>Sudan</td>
<td>42,813,238</td>
</tr>
<tr>
<td>South Sudan</td>
<td>11,062,113</td>
</tr>
<tr>
<td>Morocco</td>
<td>36,471,769</td>
</tr>
<tr>
<td>Egypt</td>
<td>100,388,073</td>
</tr>
<tr>
<td>Libya</td>
<td>6,777,452</td>
</tr>
</tbody>
</table>

Mortgage lending, 2020

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of mortgage providers</th>
<th>Number of mortgages outstanding</th>
<th>Prevailing mortgage rate</th>
<th>Average mortgage term in years</th>
<th>Average percentage of the down payment on a mortgage if required</th>
<th>Percent of mortgages classified as non-performing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>n/a</td>
<td>n/a</td>
<td>10%</td>
<td>20</td>
<td>20%</td>
<td>11.4%</td>
</tr>
<tr>
<td>Egypt</td>
<td>27</td>
<td>67,332</td>
<td>8%</td>
<td>10</td>
<td>10%</td>
<td>n/a</td>
</tr>
<tr>
<td>Libya</td>
<td>n/a</td>
<td>n/a</td>
<td>6%</td>
<td>30</td>
<td>30%</td>
<td>n/a</td>
</tr>
<tr>
<td>Morocco</td>
<td>24</td>
<td>6,200</td>
<td>4%</td>
<td>20</td>
<td>30%</td>
<td>n/a</td>
</tr>
<tr>
<td>South Sudan</td>
<td>28</td>
<td>36,466</td>
<td>21.6%</td>
<td>20</td>
<td>20%</td>
<td>11.8%</td>
</tr>
<tr>
<td>Sudan</td>
<td>15</td>
<td>821</td>
<td>14%</td>
<td>20</td>
<td>60%</td>
<td>11.8%</td>
</tr>
<tr>
<td>Tunisia</td>
<td>38</td>
<td>6,711</td>
<td>7%</td>
<td>20</td>
<td>20%</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Microfinance lending, 2020

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of microfinance providers</th>
<th>Number of microfinance loans outstanding</th>
<th>Value of microfinance loans outstanding million US$</th>
<th>Cost and number of days to register property, 2020</th>
<th>Number of households, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>n/a</td>
<td>922,911</td>
<td>n/a</td>
<td>110 days</td>
<td>36,471,769</td>
</tr>
<tr>
<td>Egypt</td>
<td>969</td>
<td>3,200,000</td>
<td>1,103.24</td>
<td>80 days</td>
<td>36,471,769</td>
</tr>
<tr>
<td>Libya</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>120 days</td>
<td>6,777,452</td>
</tr>
<tr>
<td>Morocco</td>
<td>12</td>
<td>135,000</td>
<td>772.47</td>
<td>70 days</td>
<td>36,471,769</td>
</tr>
<tr>
<td>South Sudan</td>
<td>11</td>
<td>36,466</td>
<td>n/a</td>
<td>180 days</td>
<td>11,062,113</td>
</tr>
<tr>
<td>Sudan</td>
<td>11</td>
<td>n/a</td>
<td>n/a</td>
<td>180 days</td>
<td>42,813,238</td>
</tr>
<tr>
<td>Tunisia</td>
<td>38</td>
<td>2,598,652</td>
<td>n/a</td>
<td>210 days</td>
<td>11,694,719</td>
</tr>
</tbody>
</table>

Source: World Bank Doing Business 2020; CGIDD 2019; data collected by Yearbook authors. NB: Figures for indicators collected by Hasnous are only 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, 2020

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of mortgage providers</th>
<th>Number of mortgages outstanding</th>
<th>Revealing mortgage rate</th>
<th>Average mortgage term in years</th>
<th>Average percentage of the down payment on a mortgage required</th>
<th>Percent of mortgages classified as non-performing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>4</td>
<td>n/a</td>
<td>16%</td>
<td>20</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Botswana</td>
<td>13</td>
<td>n/a</td>
<td>11%</td>
<td>10</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Brazil</td>
<td>6</td>
<td>n/a</td>
<td>14%</td>
<td>5</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Congo, Dem. R.</td>
<td>5</td>
<td>n/a</td>
<td>10%</td>
<td>5</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Egypt</td>
<td>3</td>
<td>n/a</td>
<td>17%</td>
<td>13</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Lesotho</td>
<td>5</td>
<td>n/a</td>
<td>20%</td>
<td>6</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Madagascar</td>
<td>5</td>
<td>n/a</td>
<td>20%</td>
<td>6</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Malawi</td>
<td>5</td>
<td>n/a</td>
<td>9%</td>
<td>10</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Mauritius</td>
<td>21</td>
<td>n/a</td>
<td>10%</td>
<td>5</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Mozambique</td>
<td>17</td>
<td>n/a</td>
<td>9%</td>
<td>5</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Namibia</td>
<td>10</td>
<td>n/a</td>
<td>10%</td>
<td>5</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Seychelles</td>
<td>5</td>
<td>n/a</td>
<td>10%</td>
<td>5</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>South Africa</td>
<td>20</td>
<td>n/a</td>
<td>15%</td>
<td>10</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Zambia</td>
<td>15</td>
<td>n/a</td>
<td>10%</td>
<td>5</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Microfinance lending, 2020

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of microfinance loans outstanding</th>
<th>Number of microfinance providers</th>
<th>Value of microfinance loans outstanding million US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>25 000</td>
<td>300</td>
<td>4.7</td>
</tr>
<tr>
<td>Botswana</td>
<td>n/a</td>
<td>12</td>
<td>44.44</td>
</tr>
<tr>
<td>Brazil</td>
<td>1.48</td>
<td>18</td>
<td>n/a</td>
</tr>
<tr>
<td>Congo, Dem. R.</td>
<td>2.61</td>
<td>114</td>
<td>n/a</td>
</tr>
<tr>
<td>Egypt</td>
<td>5.22</td>
<td>95</td>
<td>n/a</td>
</tr>
<tr>
<td>Lesotho</td>
<td>2.86</td>
<td>48</td>
<td>n/a</td>
</tr>
<tr>
<td>Madagascar</td>
<td>39.08</td>
<td>9</td>
<td>n/a</td>
</tr>
<tr>
<td>Malawi</td>
<td>261 002</td>
<td>8</td>
<td>n/a</td>
</tr>
<tr>
<td>Mauritius</td>
<td>389 040</td>
<td>18</td>
<td>n/a</td>
</tr>
<tr>
<td>Mozambique</td>
<td>2 067</td>
<td>9</td>
<td>n/a</td>
</tr>
<tr>
<td>Namibia</td>
<td>n/a</td>
<td>8</td>
<td>n/a</td>
</tr>
<tr>
<td>Seychelles</td>
<td>722 194</td>
<td>8</td>
<td>n/a</td>
</tr>
<tr>
<td>South Africa</td>
<td>n/a</td>
<td>28</td>
<td>n/a</td>
</tr>
<tr>
<td>Zambia</td>
<td>1 148 993</td>
<td>9</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Southern Africa

Cost and number of days to register property, 2020

- **Cost to register property as a percent share of property price**
- **Time to register property (days)**

Number of households, 2020

- **South Africa**: 16 865 671
- **Mozambique**: 7 233 757
- **Angola**: 6 363 131
- **Madagascar**: 5 899 131
- **Malawi**: 4 173 083
- **Zimbabwe**: 3 252 931

Source: World Bank Doing Business 2020; 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, 2020

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of mortgage providers</th>
<th>Number of mortgages outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Togo</td>
<td>n/a</td>
<td>539</td>
</tr>
<tr>
<td>Côte d’Ivoire</td>
<td>15</td>
<td>n/a</td>
</tr>
<tr>
<td>Ghana</td>
<td>119</td>
<td>4,100,350</td>
</tr>
<tr>
<td>Senegal</td>
<td>123</td>
<td>350</td>
</tr>
<tr>
<td>Nigeria</td>
<td>131</td>
<td>130,000</td>
</tr>
<tr>
<td>Niger</td>
<td>132</td>
<td>100</td>
</tr>
<tr>
<td>Cape Verde</td>
<td>137</td>
<td>806</td>
</tr>
<tr>
<td>Mali</td>
<td>148</td>
<td>14</td>
</tr>
<tr>
<td>Benin</td>
<td>149</td>
<td>426</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>151</td>
<td>123</td>
</tr>
<tr>
<td>Mauritania</td>
<td>152</td>
<td>118</td>
</tr>
<tr>
<td>Gambia</td>
<td>155</td>
<td>110</td>
</tr>
<tr>
<td>Guinea</td>
<td>156</td>
<td>106</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>163</td>
<td>100</td>
</tr>
<tr>
<td>Guinea-Bissau</td>
<td>174</td>
<td>90</td>
</tr>
<tr>
<td>Liberia</td>
<td>175</td>
<td>80</td>
</tr>
</tbody>
</table>

81% of countries in the region have available information on number of mortgages.

<table>
<thead>
<tr>
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<th>Number of mortgages outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>n/a</td>
<td>539</td>
</tr>
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<td>15</td>
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</tr>
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</tr>
<tr>
<td>163</td>
<td>90</td>
</tr>
<tr>
<td>174</td>
<td>80</td>
</tr>
</tbody>
</table>

Average mortgage term in years: 9% 10% 8% 17% 23% 26% 11% 8% 10% 9% 25% 7% 18% 7%

Percent of mortgages classified as non-performing:

n/a n/a n/a 13.9% n/a n/a n/a 30% n/a n/a n/a 5.2% n/a n/a n/a

Microfinance lending, 2020

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of microfinance loans outstanding</th>
<th>Value of microfinance loans outstanding million US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Togo</td>
<td>n/a</td>
<td>n/a</td>
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<tr>
<td>Côte d’Ivoire</td>
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<td>526.15</td>
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<tr>
<td>Ghana</td>
<td>100</td>
<td>300,000</td>
</tr>
<tr>
<td>Senegal</td>
<td>80</td>
<td>800,750</td>
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<tr>
<td>Nigeria</td>
<td>70</td>
<td>70,000</td>
</tr>
<tr>
<td>Niger</td>
<td>60</td>
<td>60,000</td>
</tr>
<tr>
<td>Cape Verde</td>
<td>50</td>
<td>50,000</td>
</tr>
<tr>
<td>Mali</td>
<td>40</td>
<td>40,000</td>
</tr>
<tr>
<td>Benin</td>
<td>30</td>
<td>30,000</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>25</td>
<td>25,000</td>
</tr>
<tr>
<td>Mauritania</td>
<td>20</td>
<td>20,000</td>
</tr>
<tr>
<td>Gambia</td>
<td>15</td>
<td>15,000</td>
</tr>
<tr>
<td>Guinea</td>
<td>10</td>
<td>10,000</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>5</td>
<td>5,000</td>
</tr>
<tr>
<td>Guinea-Bissau</td>
<td>5</td>
<td>5,000</td>
</tr>
<tr>
<td>Liberia</td>
<td>3</td>
<td>3,000</td>
</tr>
<tr>
<td>Benin</td>
<td>2</td>
<td>2,000</td>
</tr>
<tr>
<td>Côte d’Ivoire</td>
<td>1</td>
<td>1,000</td>
</tr>
</tbody>
</table>

Cost and number of days to register property, 2020

<table>
<thead>
<tr>
<th>Country</th>
<th>Time to register property (days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Côte d’Ivoire</td>
<td>150</td>
</tr>
<tr>
<td>Senegal</td>
<td>140</td>
</tr>
<tr>
<td>Nigeria</td>
<td>130</td>
</tr>
<tr>
<td>Niger</td>
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<tr>
<td>Cape Verde</td>
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<td>Mali</td>
<td>100</td>
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<td>Liberia</td>
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Source: World Bank Doing Business 2020; 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.
Overview

Algeria is the largest country in Africa. It has a population of 42.2 million living in an area of 2,381,000 km², and a density of 17.7 inhabitants per square kilometre. It has the fourth highest gross domestic product (GDP) on the African continent at DA1 833 billion (US$169 billion) in 2019 and the highest GDP per capita in North Africa. In a context marked by the global health crisis following the outbreak of the COVID-19 pandemic, Algeria is facing an economic shock caused by the halving of oil prices, which has slowed consumption and investment and has led to a reduction in budgetary and export revenues. Moreover, according to the Minister of Finance Mohamed Loukal, “public spending will fall by 9.2 percent in 2020, due to the decrease in operating expenditure (-1.2 percent) and capital expenditure (-20.1 percent)”.

Access to finance

Algeria has 30 banks, including seven public institutions, and more than 20 foreign institutions, particularly from the Gulf countries and Europe. Algeria’s banking system is dominated by six public banks. These six banks control a significant share of the market. They collect 87 percent of deposits and grant 89 percent of the loans, reflecting the low level of competition in the banking system. Moreover, the country has a parallel market that was estimated at DA35 (US$27 billion) in the first half of 2020. The National Bank of Algeria (BNA), with the approval of the High Islamic Council (HIC), has therefore officially launched its Islamic finance activity through the marketing of sharia-compliant products, thus allowing a substantial share of the funds used in the parallel market to incentivise Algerians to open accounts in banks and move out of the informal economy and back into the formal financial system.

Credits to the economy increased from DA10 102 billion (US$78.3 billion) in 2018 to DA10 867 billion (US$84.1 billion) in 2019, an increase of seven percent. The share of credits granted to the public sector rose from almost 48.6 percent in 2017 to 50.4 percent in 2018.

Inflation rate (2019) [b] 1.95%

Typical mortgage rate | Total | Deposit | (2019) [e] 6.5%

Typical monthly rental for the cheapest, newly built house (2018) 25,000 DZD (US$205)

Price of the cheapest, newly built house by a formal developer or contractor in an urban area (2018) 3,031,490 DZD (US$24,751)

Cost of standard 50kg bag of cement in local currency units (2019) 500 DZD (US$4.21)

Typical monthly rental for the cheapest, newly built house (2018) 25,000 DZD (US$205)

Price of the cheapest, newly built house by a formal developer or contractor in an urban area (2018) 3,031,490 DZD (US$24,751)

Number of procedures to register property [g] 10

Cost to register property as share of property price [g] 7.1%

World Bank Ease of Doing Business index rank [g] 157

Time to register property [g] 55 days

Cost to register property as share of property price [g] 7.1%

World Bank EDB Quality of Land Administration index score (0-30) [g] 7.5

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Inflation rate (2019) [b] 1.95%

Typical mortgage rate | Total | Deposit | (2019) [e] 6.5%

Typical monthly rental for the cheapest, newly built house (2018) 25,000 DZD (US$205)

Price of the cheapest, newly built house by a formal developer or contractor in an urban area (2018) 3,031,490 DZD (US$24,751)

Cost of standard 50kg bag of cement in local currency units (2019) 500 DZD (US$4.21)
The Algerian government is prioritising the social issue of access to decent housing for all at an affordable cost. This is one of the challenges to be met on behalf of Target 1.1.1 of the Sustainable Development Goals (SDGs). Unlike 2018, when a budget of DA384.9 billion (US$31 billion) was allocated to the housing sector, the amount for financing social housing is estimated at DA280 billion (US$2.2 billion) in 2020, a decrease of 27.3 percent. However, over the period 2015-2018, the state financed the construction of more than 1.2 million social housing units, mainly in urban areas, including 38 percent of public rental housing, 41 percent of rural housing, 12 percent of rent-to-own housing and eight percent of assisted public housing.

Like other sectors of the Algerian economy, the COVID-19 pandemic has had a significant impact on the real estate sector. House prices have generally declined due to the pandemic and because of the dismantling of certain networks operating illegally in the real estate sector. However, the real estate sector is in trouble because of the COVID-19 shutdown, which brought 25,000 construction companies to the brink of bankruptcy and put 150,000 to 200,000 employees out of work. In addition, due to complications in obtaining mortgages from Algerian banks and high interest rates of up to 10 percent, many are turning to informal markets. There is also a gradual disengagement of the state in the financing of expensive social housing (“public-rental” and “rent-to-own”) in favour of the assisted public housing. The president has indicated the need to create a housing bank in partnership with the Ministry of Finance to capture financial resources, especially through savings.

Affordability

The Algerian real estate sector has long been the victim of low turnover of tenants because of regressive and inefficient rental policies, such as the rent-to-own housing scheme, which is effective but often considered unsustainable. As a result, the excessive demand has kept house prices high and has led to an increased need for affordable housing. Since COVID-19, there has been a drastic drop in house prices, with 80 percent of the market being controlled by the informal sector due to the shutting down of most activities in the real estate sector.

Although Algeria is one of the richest countries in Africa, affordable housing is not yet within the reach of low-income Algerians. Even though the total construction cost per square metre for a newly built affordable home was estimated at DA412,500 (US$3425) in 2019 and DA39,306 (US$304) for the monthly rent, the acquisition of an apartment in the city centre requires an average DA156,948m² (US$1214 m²), a slight increase from last year. Therefore, the acquisition of a 50m² apartment in the city centre, at a price of DA8 million (US$61,924), becomes difficult for the 63 percent of rural households and 33 percent of urban household which earn no more than DA7,560,000 (US$5,814) a year. However, outside the city centres, the cost of acquiring an apartment can be DA80,761 (US$625), almost half the price of urban centres.

Despite the crisis in the real estate sector, rent is still not affordable. The average rent for a three-bedroom apartment in downtown Algiers is DA60,357 (US$476) and DA36,400 (US$282) outside the city centre. Taking into account monthly expenses (excluding rent), estimated at DA185,358 (US$1435) for a family of four, the rent becomes unaffordable for many public servants as the average net salary in the city centre is DA34,371 (US$266).

Fortunately, Algerian households pay only part of the housing costs thanks to a state subsidy. Subsidies depend on household income. For example, the Public Rental Housing programme, considered the most affordable formula for individuals with incomes below 1.5 times the minimum wage, DA24,000 (US$186), is fully funded by the state. In other cases, in addition to the state subsidy, the applicant is obliged to pay a lump sum for the acquisition of their house. Private financing has also been revitalised. In 2017, the country’s mortgage market was the second largest in the world after Egypt with a significant improvement in mortgage recovery rates.

Housing supply

The state remains the main housing provider in the real estate market alongside private real estate developers. To support the real estate sector, the government continued its housing campaign by announcing in 2018 an allocation of DA33 billion (US$255 million) to finance the completion and delivery of 375,000 homes of various types.

COVID-19 response

A lockdown was announced on 19 March 2020. This was relaxed from 23 April 2020. On 14 June, the government announced further easing and the resumption of some activities. However, this was followed on 29 June with an extension of the lockdown to 13 July.

Several measures have been taken by the government, the central bank and financial institutions to support the domestic financial sector with the effects of the pandemic. According to Moroccan Digital Media, the key interest rate fell from 3.25 percent to three percent. In addition, the bond reserve rate went from eight percent to six percent. Other measures include deferring tax returns and payment, reducing the central bank’s key interest rate and lowering the reserve requirement rate to six percent, suspending the taxation of unaffected profits, deferring and/or renewing loan maturities due, and extending the time limit on loans and deferred payments.

In addition to these measures, the Algerian government has undertaken social policies that include paid leave of at least 50 percent of institutional and public administration staff, the payment of an allowance of DA10,000 (US$77.4) to 2.2 million poor families, and a 30 percent reduction in the state’s operating budget.

In an effort to avoid increasing urbanisation, the state is also providing subsidies of between DA700,000 (US$5418) and DA1,000,000 (US$740) for citizens who wish to build or rehabilitate rural housing. In addition, between 2000 and 2017, 48 percent of the 3.1 million homes delivered by the state were for rural areas through this programme. The remaining 52 percent were built in urban areas, with 35 percent being public rental housing and 17 percent built for middle-income Algerians. The National Agency for Housing Improvement and Development proposes a rent-to-own model whereby 120,000 homes built in 2018 are expected to be delivered. Unfortunately, delivery has been suspended due to the pandemic.

According to the Prime Minister’s announcement in January 2020, the Algerian government considers the completion of outstanding projects a priority. To this effect, the Minister of Housing, Urbanism and The City highlighted a portfolio still to be realised of 974,300 units, of which 648,643 units are under construction and 325,657 units still to be started. In addition, at the Council of Ministers in January 2021, the President committed to a new programme to provide one million homes for all segments in 2020-2024. Given the current programmes, the delivery of 1,500,000 housing units is planned by 2024.

The price of a 50kg bag of cement increased from DA620 (US$5.2) to DA700 (US$5.9) in 2019. However, the problems of cement deficiency have called into question the ability of local industries to meet domestic demand.

Property markets

According to Doing Business 2020, Algeria is ranked 157 overall in the world with a score of 48.6. Algeria ranks 121 and 165 with a score of 55.3 and 44.3 respectively for the management of building permits and the registration of property, reflecting the efforts made by the public authorities to ease housing construction procedures. Ownership is the dominant form of tenure in the country. According to the latest available information, 70 percent of households are landlords and co-owners, 13 percent are renters, 3.2 percent are homeowners of a property and 13.8 of households are housed free of charge. The total housing stock was 8.9 million units in 2017, about half of which was owned by the government with 20 percent of the national supply empty, retained as a second home or to used again in the future for the upper class.

According to Kevin Gourmand, despite the stagnation of the Algerian real estate market, the sector remains supported by public initiatives. He points out that the lack of growth in the Algerian market is due to a change in house prices. The real estate sector has seen a drastic decline in house prices for almost a year according to Noureddine Menari, president of the National Federation of Real Estate Agencies (FNAL). However, the market is still inaccessible to a large part of the middle class because of their low income. Statistics from Numbeo show that...
the average monthly rent for three-bedroom apartments in urban areas is DA38 985 (US$69 665) in some provinces (wilayas). In large cities, such as Constantine or certain districts of the capital, it would take at least DA17 million (US$131 590) to acquire housing.

The pandemic has paralysed the real estate sector and has led to a drastic drop in prices.\(^{43}\)

**Policy and legislation**

A 2020 supplementary law was introduced and includes the revision of the share ownership rule known as 51/49. Important measures concern the construction and public works sector:

- The government’s action plan has several objectives:
  - The intensification of housing production through the mobilisation and effective direction of financial resources;
  - The finalisation of the current programme;
  - The commitment of a new housing programme of one million units for the period 2020-2024; all segments combined and
  - The delivery of 1.5 million housing units by 2024.

The types of housing offered are rent-to-own, public rental housing, participatory type, assisted promotional, and public promotional housing. In an effort to revive the housing sector, the president made recommendations on the tax base and identified the need to create a housing bank. In its draft action plan, the government provides for tax breaks for the middle class and underprivileged and for the benefit of investment, while strengthening the fight against tax evasion as well as financial controls. For the housing programme under construction, more than 682 000 units were registered in 2019, including 273 500 rent-to-own units; 217 500 public housing units; 114 000 participatory type and promotional assisted; in addition to 22 000 units of public promotional housing and 55 000 rural habitats.

A new finance law introduced by government in 2019 has allowed a restructuring of the market allowing developers to take advantage of public land.\(^{44}\) At the same time, the introduction of a tax to tax unoccupied housing could help to better regulate the market.\(^{45}\) The purpose of this new law will be to encourage citizens to occupy their homes, so either the landlord rents their home or pays a tax.

**Opportunities**

Algeria’s housing sector has grown rapidly in recent years, thanks in part to the launch of major projects by the state. This trend is expected to continue with the state project of one million dwellings over the period 2020-2024. The country also has labour potential, with 60 percent of the population aged between 15-59.\(^{46}\) In addition, Algeria is the fourth richest country in Africa in GDP per capita after Nigeria, South Africa and Egypt;\(^{47}\) and the incomes are higher than other countries on the continent.

**Availability of data on housing finance**

Algeria’s statistical activity is governed by the National Statistical Information System, made up of the National Statistical Council, the National Office of Statistics; the statistical services of local authorities and local authorities; and public and specialised bodies, including statistical polling institutes. They are responsible for the production, management and co-ordination of statistical activity, as well as the standard instruments and procedures required. The data comes from censuses, surveys, focus groups and administrative sources.

Apart from statistics from the National Statistical Office, the Ministry of Housing, Urbanism and the City, and the central bank, data for the housing sector in Algeria are mostly collected from international bodies such as the World Bank and the Oxford Business Group.

However, certain data is unavailable, such as the proportion of the typical monthly mortgage payment on household income, the value of microfinance loans in units of local currency, the number of mortgage providers or microfinance institutions, and the total number of residential properties with title. Also, a data platform on the public-private and urban-rural distribution of housing and real estate development would help to better track changes in the sector.
The Maghreb (2019). The Algerian banking system between realities and reforms: Economist Rachid Sekak
result.jsp?country=Algeria (Accessed 30 August 2020).
City of Algiers (2019). They are down 30-40%: House prices are in free fall. Djazaris. 25 September 2020.
Overview

Angola is a vast country covering an area of 1.247 million square kilometres with a long coastline and central plateau that borders Namibia, Botswana, Zambia and the Democratic Republic of Congo. Its total population was estimated at 32,971,101 inhabitants in 2020, representing an increase of more than two million people compared to 2018 (30.81 million). The main cities are Luanda (the capital), Huambo, Benguela, Lobito and Lubango. The country is renowned for its status as the second largest oil producer in Africa.

Unfortunately, since the fall in the price of oil in 2014, the Angolan macroeconomic environment has faced serious difficulties. These were mainly because, since the end of the war in the country, its economy has essentially been based and structured around oil production. Therefore, the reduction in the cost of oil led to a drop in oil revenue from 35.3 percent of gross domestic product (GDP) to 17.5 percent of GDP in 2017 resulting in an estimated budget deficit of 0.1 percent of GDP. In an attempt to reduce the dependence of the national economy on the oil sector, the projections for real GDP growth rate of 2019 are -5.3 percent, depending on whether or not there is an economic revitalisation post-pandemic.

The housing and public works sectors are also experiencing a slowdown. Since the oil crisis, the National Town Planning and Housing Program (PNUL), based and structured around oil production, has experienced difficulties. Nevertheless, the government has indicated its willingness to continue with plans for the construction and rehabilitation of roads as well as public buildings. It has indicated that, despite the severe financial restrictions and the COVID-19 pandemic, the PNUL will be continued with particular emphasis on the provision of infrastructure and the legalisation of land for households wishing to self-build according to a building schedule managed by themselves.

In an attempt to reduce the dependence of the national economy on oil, a value-added tax (VAT) was adopted, which should broaden the tax base. Despite this, the country’s budget balance remains in deficit with a drop from 4.2 percent to 2.7 percent, which fell from US$5,010 in 2014 to US$980 depending on whether or not there is an economic revitalisation post-pandemic.
Access to finance

Financial inclusion in the country still remains low compared to the average recorded in the Southern African Development Community (SADC). The number of bank branches per 100,000 inhabitants was 12.1, while the number of automated teller machines (ATMs) per 100,000 inhabitants was 22.1 (2017). About 60 percent of households living in urban areas have at least one person with a bank account compared to about 10 percent for households living in rural areas. In 2019, only 30 percent of the adult population made deposits with banks. Small and medium enterprises also register low financial inclusion. Approximately 92 percent do not have access to finance, which equates to a US$34 billion financing gap. To alleviate this problem, the National Bank of Angola (BNA) has undertaken initiatives to improve the credibility to the banking sector and better serve the population. These include the creation of a deposit and guarantee fund to protect consumer deposits held by Angolan financial institutions, and the creation of basic bank accounts. To tackle the high rate of unbanked population, the BNA is establishing a legal framework that will allow the creation of a mobile payment system that will offer better structured payment services to all Angolans.

The Angolan banking sector has a high rate of bad debts, which led to the BNA adopting measures in 2018 aimed at increasing the minimum capital threshold of the country’s banks, thus setting it at Kz27.5 billion (US$12,204,100) compared to Kz2.5 billion (US$4,068,033) previously. The compliance period initially set at the end of 2018 has been extended until June 2020. This reform aims to restore the credibility of the sector by allowing more resilience in the banking system, thus offering the prospect of credit necessary for economic growth while helping local banks to reconnect with the most important foreign banks at international level.

Housing finance remains an underdeveloped activity in Angola due to several reasons, including the absence of a mortgage law. However, some banks offer mortgage loans either to their employees or to individuals who meet their mortgage application criteria. This is the case of the BNA, which, as part of its social action, offers real estate loans to its workers for the purchase of a house. Some commercial banks also offer home loans to individuals. The Banco de Fomento Angola (BFA) offers mortgage loans of up to 80 percent of the property’s market value and for a maximum period of 15 years. Banco BIC offers the same services for a maximum period of 30 years and financing from 90 percent to 100 percent for the purchase, construction or execution of real estate works. The First Federal Savings Bank (FFSB) offers mortgages ranging from 10 to 30 years and financing covering 75 percent to 95 percent of the property at an annual percentage rate of up to 5.35 percent. For people who cannot get mortgage loans, consumer loans are seen as an alternative. Some owner-builders take out these loans, which are at higher rates than mortgage loans and repayable within a shorter period. In 2019, the average consumer loan interest rate was around 19.29 percent.

Non-bank financial institutions (NBFI) play an alternative financial role, thus consolidating their important position for access to financing in general. Despite the country’s macroeconomic challenges, NBFI recorded growth in the total volume of credit granted (2018), representing Kx2.07 billion (US$3,353,730) against an interest rate that fell by 5.19 percentage points compared to the same period in 2017. In December 2018, the sector had 102 active NBFI including 68 foreign exchange houses with 121 branches, 20 microenterprises with 70 branches, 14 payment companies with 27 branches, and two credit unions with two branches. The value of the microloans granted that year was approximately Kx2.9 billion (US$4,700,000). In 2020, KxiCredito, the leader in microfinance, recorded 25,000 microcredits in progress.

Affordability

According to recent estimates, half of Angolans live on less than Kz1,273 (US$2) a day. The rural poverty rate is 57 percent compared to 19 percent in urban areas. In the second quarter of 2019, 54.6 percent of the population over the age of 15 was in the labour force. From 2018 to 2019, around 161,997 new jobs were created, including 80 percent in the business sector, 19 percent in the administrative and political sectors and the civil service. The unemployment rate of the population aged over 15 is estimated at 53.8 percent. The informal sector is very important in the economy of the country. The rate of the population employed informally in other sectors besides agriculture is 54.4 percent.

COVID-19 response

Due to the COVID-19 pandemic, President Joao Lourenço declared a state of emergency in March with measures ranging from strict ones to relaxed ones. Mandatory quarantine measures and mandatory COVID-19 testing remain in place, as well as wearing face masks in public spaces and on public transport.

The BNA’s Monetary Policy Committee did not cut the central bank interest rate. This decision reaffirms its monetary policy commitment to control inflation.

In May 2020, the Housing Promotion Fund (FFH) offered tenants under economic duress the possibility of requesting an extension of 30 years or the equivalent of 360 months for the payment of rents acquired through its rent-to-own scheme. The Minister of Finance said that the measure aims to allow beneficiaries to reduce their down payments to enable them to adjust to the current social and economic conditions of the country. In addition, to help rebuild the sector, the cost of plots of land has been dropped significantly (by up to 50 percent).

Agriculture remains the most important source of employment in Angola even though it remains an underdeveloped sector:

The economic recession that Angola has been experiencing since 2014 has negatively affected the real estate sector. Dollar prices for apartments and offices in central Luanda have fallen by 30 percent since 2014, while prices in local currency have increased significantly. Despite government efforts to promote access to affordable housing, the cheapest house newly-built by a real estate developer is still inaccessible to much of its population. The cost of the cheapest newly-built house is Kx8300000 (US$13,447) for a three-bedroom house in a building with no elevator; Kx1,070,000 (US$1,748) for a three-bedroom semi-detached villa; and Kx1,620,000 (US$2,826) for a detached three-bedroom villa. Most commercial banks offering mortgage loans require upfront down payments of at least 15 percent. The purchase of the cheapest three-bedroom detached villa would therefore imply a personal contribution of Kx74,000 (US$2,823). For a household earning an average of Kx261,362 (US$104) and saving half of that income, it would take around 35 months to be able to pay the down payment.

As an alternative, the state has created the Housing Promotion Fund (FFH) to promote access to housing in a more affordable way. Under PNUL, a rental-purchase house costs Kx12 million (for cash purchase) or Kx38,000 (US$6,157) for rental. Of these homes, only two percent were purchased directly and 26 percent were rented. The remainder was acquired through hire purchase. However, the absence of subsidies on basic services and products further reduces the ability of some households to pay rents.

Housing supply

The FFH, which is responsible for the majority of state-built housing (70 percent) under the PNUL, estimates that the backlog of housing construction is more than 1.7 million in the country and that around a third of the population does not have adequate housing. To compensate for this deficit, the government has opened up the national housing market to Chinese, Israeli and Portuguese developers for the production of large-scale housing or centralesidades. The construction of 122,000 social housing units is also envisaged under the PNUL for the period 2018-2022. Almost two-thirds of these homes will be managed by the real estate company IMOGESTIN SA.

Self-build combined with household savings and informal sector inputs remains one of the most widespread methods of accessing housing in the country. Over the past decade, the number of homes built by households themselves is estimated at around 30,000 a year. Private real estate developers and private real estate agencies face difficulties in accessing credit as well as declining demand, which reduces their involvement in the provision of housing. One of the major difficulties is that “projects built four years ago have been built at a cost per square meter higher than what potential
Urban buyers can afford today.\textsuperscript{25} The national real estate market is therefore heavily dependent on state investment. IMOGESTIN SA remains one of the few private sector players involved in constructing housing despite the economic crisis in the country. The company's Zango 0 and Zango 5 projects are located in the municipalities of Viana and the city of Luanda. Zango 0 plans to build 2,464 housing units.\textsuperscript{34} Zango 5 plans to build 7,964 villas and apartments, 40 percent of which are reserved for public service workers, 30 percent for large public and private companies and 30 percent for individuals.\textsuperscript{35} The Zango 5 project provides for monthly payment terms of up to 40 percent of household income. In January 2020, company officials claimed to have sold 2,390 or about 30 percent of the project against 115,000 applicants.\textsuperscript{36}

Property markets
Since the economic crisis of 2014, the Angolan real estate market has suffered significant losses, including 90 percent of investments between 2014 and 2016. The sector is recording a drop in income due to the drastic reduction in rents, particularly in the residential segment with rates between three and five percent. More and more companies have withdrawn from the market and most of the apartments available are not suited to the purchasing power of locals as they were originally built for expatriates. This has resulted in a decline in demand for housing, both for rent and for purchase. Prices have therefore dropped by 24 percent of the sale value compared to the values recorded in early 2016. In addition, the residential market has seen a decrease in the construction of new housing with an increase in the availability of the stock of old and semi-old housing in the largest cities.\textsuperscript{27}

Cleber Corrêa, general secretary of the Association of Property Developers (APIMA), said in 2019 that housing demand had fallen by 80 percent.\textsuperscript{28} This is due to the decline in household purchasing power; the change in the exchange rate of the local currency, which went from a fixed rate to a variable rate in January 2018, and the low participation of commercial banks in granting credit. According to him, "the real estate sector is often the first affected in the event of high inflation as this situation forces banks to increase their fees, thus depriving customers of access to credit."\textsuperscript{29}

The downturn in the sector is also due to excessive bureaucracy, the delay in obtaining land rights, and a lack of proactive housing policies allowing the autonomy of entrepreneurs, and the inactivity of the National Institute for Housing. The president of APIMA indicated that the 2020 COVID-19 pandemic, and the rules of social distancing that followed, have also reduced the effectiveness of real estate developers because housing requires essential social contact.\textsuperscript{40} Also, most of the land is not accessible to municipal governments but to third parties. This increases speculation on the cost of viable land for real estate projects.\textsuperscript{41}

According to figures from the World Bank Doing Business 2019 report, Angola is one of the most difficult countries in the property registration category, occupying 170th place out of 190. It takes an average of 190 days to register a piece of land and the cost is 2.8 percent of its value. The country does not yet have electronic technology for its cadastre or for its standardised system of land identification numbers.

Policy and legislation
The state is planning improvements for the full implementation of its PNUL and is involved in the regulation of the real estate sector. A new law concerning the rental residential market has been approved and this will bring important changes. For example, it forces landlords to set their rent in local currency, thus creating a mechanism to regulate inflation in this segment.

On 1 October 2019, VAT was introduced on certain real estate transactions (transactions subject to property transfer tax (SISA) and the residential lease are exempt, for example).\textsuperscript{42} According to the Minister of Finance, Vera Daves, this will be one of the sources of financing of future municipal administrations as well as part of the response by government to adjust to the economic and social realities of the country.\textsuperscript{43} The tax on real estate property known as Law No. 20/20 of July 9, 2020 repeals the provisions of the Code on the Tax on Urban Property, which concerned only urban properties. The new property tax therefore becomes applicable to all real estate assets without distinction. The new law, which will come into force 30 days after its official publication, contains various measures, including:\textsuperscript{44}

- The property tax, which is levied on real estate or on income from urban and rural property and building land, as well as on the transfer of real estate (as a gift or against payment);
- The taxation of leased properties may not be lower than that which would result from the taxation on the registered value of non-let properties;
- Taxable income from rural properties corresponds to a recorded value of Kz10,397 (US$16.86) per hectare;
- The rate of the property tax on urban properties which are not let is 0.1 percent in the case when the registered value is less than Kz5,000,000 (US$8,117.97; the respective amount is Kz5,000 (US$8.12) in the event that the recorded value varies from Kz5,000,001 (US$8,117.97) to Kz6,000,000 (US$9,741.56); it is 0.5 percent if the recorded value exceeds Kz6,000,000 (US$9,741.56) on the excess of Kz5,000,000 (US$8,117.97);
- The property tax rate applicable to a rented property is maintained at 25 percent of taxable income (60 percent of the value of the rents);
- The rate of the property tax levied on the transfer of properties is two percent; and
- Buildings and building plots which are not actually used are subject to increased taxation, under certain conditions.

\textbf{ANGOLA}

\textbf{Annual income profile for rural and urban households based on consumption (PPPS), 2019}

\begin{center}
\begin{tabular}{|c|c|c|c|c|c|c|}
\hline
PPP$ & No. of households (thousands) & \multicolumn{5}{c|}{Average annual household income} \\
\hline
PPP$01 – PPP$1,600 & 1 200 & 1 000 & 800 & 600 & 400 & 0 \\
PPP$1,601 – PPP$3,600 & 200 & 0 & 0 & 0 & 0 & 0 \\
PPP$3,601 – PPP$8,000 & 0 & 0 & 0 & 0 & 0 & 0 \\
PPP$8,001 – PPP$12,000 & 0 & 0 & 0 & 0 & 0 & 0 \\
PPP$12,001 – PPP$23,000 & 0 & 0 & 0 & 0 & 0 & 0 \\
PPP$23,001 – PPP$40,000 & 0 & 0 & 0 & 0 & 0 & 0 \\
PPP$40,100 & 0 & 0 & 0 & 0 & 0 & 0 \\
PPP$80,100 & 0 & 0 & 0 & 0 & 0 & 0 \\
\hline
\end{tabular}
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\textbf{Population:} 31,825,295

\textbf{Urbanisation rate:} 42.5%

\textbf{Cost of cheapest newly built house:} 8,300,000 AOA

\textbf{House price PPP$:} PPP$57,317

\textbf{Urban households that could afford this house with finance:} 29.54%

\textbf{1 PPP$:} 144.81 Kwanza

Source: https://www.cgidd.com/ (2020)
Opportunities

The new employment programmes created by the government have made it possible to reduce the unemployment rate and thus allow thousands of Angolans to play an active role in the development of the national economy. These new workers broaden the base of housing seekers, thus constituting a reasonable source to encourage the creation of housing finance products for young applicants and new workers.

Also, the introduction of the new real estate property tax, applicable to all real estate assets, provides a medium- and long-term solution for the government to finance affordable housing projects and the strengthening its pro-housing policy at the level of its various municipalities. In addition, unfinished housing presents market opportunity for housing improvement loans in the form of microloans. Housing structures can be purchased at discounted values from banks and financial institutions that may have repossessed properties from bankrupt real estate developers. Microfinance institutions with their growing impact in the local economy could explore innovative financial arrangements that would contribute to the gradual improvement of housing.

Availability of data on housing finance

The National Institute of Statistics (INE) is the official source of information that collects data on housing, demography and society; macroeconomics (economy, finance and international trade); employment; household consumption; the service industry; and agriculture, forestry and fishing. In 2020, it published reports on the poverty index; the national consumer price index and a report on start-ups in 17 provinces of the country.

BNA provides information on the banking sector and non-bank financial institutions in the country. Its last annual report on the sector dates back to 2018.

The official information produced by BNA and INE is all in Portuguese. Statistics on housing finance are difficult to find or almost non-existent. Private real estate companies such as IMOGESTIN SA have not published any recent information for 2018/19/20.

Websites

National Bank of Angola https://www.bna.ao
African Development Bank Group https://www.afdb.org
ZENKI Real Estate https://zenkirealestate.com/
Agência Angolana Press https://www.agenciaangolapress.com
Overview

Benin is a country in West Africa that covers an area of 114,763 km². The country is located between Togo, Niger and Nigeria. In 2019, the total population of Benin was estimated at 11,801,151 and the population growth rate was estimated at 2.72 percent. Decentralized services, national savings banks and the Treasury, and also those who have access to microfinance services. As of 31 December 2019, 55 percent of whom will be located in the large urban areas. However, housing supply does not follow this dynamic. Over the past 10 years, between 2010 and 2020, the housing demand has been estimated at 320,000 units, while the public offering has produced only 2,000 units for the same period.

Like many African countries, the country’s regional capitals are developing through an anarchic and extensive occupation of land on the periphery. This form of extension poses challenges in terms of access to water, electricity, and other basic social services such as hospitals, schools, etc. This situation has a negative impact on the quality of life of the inhabitants and the viability of housing, particularly in Cotonou and its periphery which is located in a marshy area. Despite this situation, the urbanization rate was estimated at 47.86 percent in 2019 with an annual growth of 3.87 percent. In 2019, the growth rate of gross domestic product (GDP) was 6.87 percent. The Beninese economy is suffering from the negative impacts of the closure since August 2019 of the land borders by Nigeria. Indeed, trade with this country represents nearly 20 percent of Benin’s GDP. For 2020, with the aftermath of the crisis linked to the global COVID-19 pandemic, forecasts expect economic growth to contract to 2.7 percent.

Access to finance

According to a 2018 Central Bank of West African States (BCEAO) report, Benin has an extended banking rate (TBE) of 68.7 percent just behind Togo with 85.4 percent which ranks first in the West African Economic Monetary Union (UEMOA) ranking. This rate takes into account the share of the adult population that has access to banking services (having a bank account), postal services, national savings banks and the Treasury, and also those who have access to microfinance services. As of 31 December 2019, decentralized finance had 112 players in Benin, whose legal configuration distinguishes three categories namely companies, mutuals and associations.

In the second quarter of 2020, Benin had 3,207,311 clients in the microfinance sector.

KEY FIGURES

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<td>11,801,151</td>
<td>5,648,149</td>
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<td>864.30 CFA Franc (XOF)</td>
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NB: Figures are for 2020 unless stated otherwise.

(a) Xe.com
(b) World Bank
(c) Human Development Reports, United Nations Development Programme
(d) Central Bank of Africa Benin
(e) The Central Bank of West African States (BCEAO)
(f) Ministry of Economy and Finance
(g) National Agency of the Domain and the Land
(h) Expat.com
(i) Benin IMMO
(j) OMB/BN/Cement Plant
(k) World Bank Ease of Doing Business Indicators
(l) Demographic and Health Surveys, USAID
(m) United Nations Human Settlements Programme

In the second quarter of 2020, Benin had 3,207,311 clients in the microfinance sector for a healthy loan portfolio of FCFA 407,606,394 (US$657,597). The number of service points during this period amounted to 695 points throughout the country.

At the end of May 2020, the Beninese banking landscape had 14 banking establishments in the country, 12 branches and a financial institution of a banking nature. Digital finance is constantly developing with mobile payment and digital banking. This new trend in finance opens up other alternatives to traditional finance by using new technologies. Two operators share the mobile payment market in the country: MOOV Benin through its MOOV Money service and MTN with its MTN MONEY service.
According to the 2019 annual report¹⁰ of the Electronic Communications and Post Regulatory Authority (ARCEP), the network of mobile money distributors experienced a 60.4 percent increase in 2019 and is a real income-generating activity and jobs for the populations.¹¹ It is an important means of financial inclusion for disadvantaged populations in both urban and rural areas.

The housing finance system in Benin remains dominated by formal banking institutions with the majority of banks offering home loans. The duration of the loans varies from 20 to 25 years depending on the bank. The interest rate also varies depending on the bank and the length of the loan. In the case of the new Inter-African Bank Insurance Company (NSIA BANQUE), the rate applied is 7.9 percent excluding taxes for a maximum term of 20 years. For the Bank of Africa (BOA), the loan term can be up to 25 years. The BOA, in partnership with other shareholders, was behind the creation in 2004 of the Housing Bank of Benin (BHB) which did not have the expected success despite the FCFA 5 billion (US$ 8 557 247) in capital invested into it in 2016. BHB was finally absorbed by the BOA Group in 2018. Real estate products offered by banks are intended only for people with regular income or employment which leaves a good number of Beninese outside the formal housing financing system. In order to circumvent the eligibility criteria, many consumer loans with terms of up to six years taken out with banks, go towards real estate projects.

Affordability

A large majority of the population, mainly located in the large urban areas, do not have access to decent housing. One of the components of the 2016-2021 Government Action Plan (PAG) includes the construction of 20 000 social housing units¹² by 2021 to try to reduce the housing deficit. This programme consists of 4-type housing in 14 towns, including 12 960 individual housing units and 7 040 collective housing units.¹³

The sources of financing for housing, in particular mortgage loans, remain accessible only to a tiny part of the population. In these cases, the share of income that can cover home loans can go up to 45 percent with some banks like BOA BENIN for example. For households who cannot afford mortgage loans, self-construction provides an alternative for those households that have the financial means to build their own homes on an incremental basis. Others access rental housing at high costs and not always decent quality.

The peri-urban area of Cotonou, which is undergoing the strongest development, is characterized by great land pressure on available housing and an anarchic development of peripheral areas.

As part of the action against the COVID-19 pandemic, the Beninese government has taken social measures to relieve households through cash donations for the most disadvantaged populations which took place after carrying out a census of the people in dire need.

Housing supply

With less than a year from the end of the first term of current President Patrice Talon, who came to power in 2016, the PAG is already taking stock. This ambitious program included the improvement of the living conditions of the population with the construction of 20 000 social housing for an amount of FCFA 347 billion (approximately US$600 million). The project got off the ground with the allocation of 3 035 housing units to the Spanish company Pablo and Natalia Holding Group (PNHG). The first housing units are scheduled to be delivered in 2021. The total duration of the project was 18 months, but this completion date will likely be impacted by the pandemic. Other calls for tenders are underway for the allocation of other lots within the framework of this social housing project.

Efforts are also underway to improve access to basic social services such as water and electricity. In 2019, the State signed a contract with the Canadian company Monitora Hydro International Ltd to manage the Beninese Electric Power Company (SBEE). This form of governance seeks to improve the services offered to the entire population with a view to improving the living environment. Access to drinking water, especially in rural areas, is improving. Thanks to the actions contained in the PAG, nearly 70 percent of the population already have access to improved drinking water sources, especially in rural areas.¹⁴

In parallel with this programme, households are by far the main developers of housing to cover their growing needs in urban areas. These dwellings are often intended for rental. These are mostly villas, or apartments in buildings flats for middle and upper income households. According to figures released by the National Institute of Statistics and Economic Analysis (INSAE), the proportion of brick dwellings is 61 percent while 24.6 percent is earthen in the Cotonou region. Progress is needed to provide decent housing for all.

The government of Benin is involved in the housing supply segment through the Société Immobilière et d’Aménagement Urbain (SIMAU). This institution aims to develop the housing and urban development sector in Benin.¹⁶ This company is owned by the State, the West African Development Bank (BOAD), insurance companies and banks. The French real estate group Duval is also a partner to provide technical expertise.

The government is also seeking to promote the production by the private sector of affordable housing through a social housing real estate development program.¹⁷

In addition, as part of the mitigation of the adverse impacts of COVID-19 on households, the Beninese government has released FCFA 74.12 billion (US$126 647 270) funded program.²² This programme includes a subsidy of FCFA 5.7 billion (US$9 760 273) applied to water and electricity tariffs for the entire population. Another component of this programme concerns support for the informal sector with a financing of FCFA 4.9 billion (US$8 386 103) intended for more than 55 000 people through a vast identification plan for small artisans and other stakeholders in the informal sector. The private sector will receive a support estimated at FCFA 63.38 billion (US$108 471 675) intended to cover salaries, commercial rents or to ensure the reimbursement of VAT.

COVID-19 response

Benin has been impacted by the socioeconomic consequences linked to the global COVID-19 pandemic. General confinement has not been imposed in view of the economic situation of the population.

The Central Bank of West African States (BCEAO) has taken measures to contain the adverse impacts of the pandemic, with the establishment through the banking system, of an adapted framework to support companies that are experiencing difficulties in repaying the loans are experiencing difficulties in repaying the loans granted to them. The BCEAO called on the banks to grant the appropriate extensions of deadlines, in particular to small and medium-sized enterprises (SMEs) and industries (SMIs). The central bank has also initiated negotiations with companies issuing electronic money to reduce transaction costs and encouraged populations to make greater use of digital means of payment in order to limit contacts and travel. From April 2020, the BCEAO lowered its key rate to 2.50 percent.²²

To cope with the consequences of COVID-19, the Beninese authorities announced a series of social measures through a FCFA 74.12 billion (US$126 647 270) funded program.²² This programme includes a subsidy of FCFA 5.7 billion (US$9 760 273) applied to water and electricity tariffs for the entire population. Another component of this programme concerns support for the informal sector with a financing of FCFA 4.9 billion (US$8 386 103) intended for more than 55 000 people through a vast identification plan for small artisans and other stakeholders in the informal sector. The private sector will receive a support estimated at FCFA 63.38 billion (US$108 471 675) intended to cover salaries, commercial rents or to ensure the reimbursement of VAT.

In addition, as part of the mitigation of the adverse impacts of COVID-19 on households, the Beninese government has released FCFA 74.12 billion (US$126 647 270) to support households, businesses, employees and craftsmen. A large part of this amount is, nevertheless, dedicated to companies. Seventy percent of gross wages paid by employers, between April and June 2020, will be reimbursed by the State. However, it is difficult to directly assess the impact of these measures on the housing and construction sector.

Property markets

The real estate market remains poorly structured in Benin despite the strong demand for housing resulting from the rapid urbanization of large cities and the increasing demographic and economic growth that the country has experienced in recent years. The sale of bare land constitutes the major part of transactions on the market despite the great insecurity of land that persists. Recent improvements made by the government aim to improve the situation. Among them, we can cite the setting up in April 2020 of a digital platform "Enotary" which makes it possible to register a land transfer online and to obtain a new land title
in 72 hours. The online cadastre platform provides access to a number of services, including the possibility of verifying ownership of a plot or extracting the cadastral plan of a plot. This platform makes it possible to obtain mortgage statements of buildings, transfer properties online, submit grievances and complaints related to a piece of land and assess the possibility of undertaking a transfer of ownership. The digital cadastre of the main cities of Cotonou and Porto Novo are part of this online registration system.

Since 2018, nearly 47,000 land title files have been digitized, which corresponds to approximately 18 percent of the territory. According to the ‘Doing Business 2020’ report on Benin, the time limit for registering a property is 120 days at an estimated cost of 3.4 percent of the property’s value.

As part of improving the business climate, the dynamics of reforms currently underway in Benin also affect land. Reforms have also been carried out by the Agence Nationale du Domaine et du Foncier (ANDF) to secure transactions. The reduction in property transaction fees and the establishment of the Land Compensation Fund are effective. The effectiveness of the Land Compensation Fund is a major step forward in the management of land-related complaints in Benin.

The rental segment is dominated by transactions carried out mostly by informal real estate agents. In Cotonou, in the “Haie Vive” district, one of the residential areas, the monthly rent for a 3-bedroom villa is FCFA 500,000 (US$856) minimum. The rental market is governed by Law No. 2018-12 of July 2, 2018 which sets the regime of the lease for domestic residential use in Benin and which sets the authorized thresholds for monthly and annual rents, deposits to be paid and sets the fees paid to real estate agents. This law sets a number of rules and defines the conditions for exercising the profession of real estate agents.

Policy and legislation

- Decree No. 99-313 of 22 June, 1999 organized the performance of the real estate sector.
- In 2005, the housing policy of Benin defined the framework of the housing policy and the financing of housing.
- Decree No. 2009-693 of 31 December, 2009 approved the framework-letter for land reform in Benin.
- Decree No. 2010-329 of 19 July, 2010 approved the declaration of land policy in Benin.
- Law 2013-01 of 13 August, 2013 represents the current land code of Benin, the first of its kind in Benin which organizes land ownership rights.
- In 2015, Decree No. 2015-010 created the National Land and Estate Agency, which develops and manages the land register of Benin.
- Law No. 2018-12 of 2 July, 2018 governs the rental market.

In terms of financial legislation, a uniform law regulating the Credit Reference Bureau improves information on credits and more generally the business environment in Benin and in the other WAMU countries.

Opportunities

A housing program aimed at building 20,000 low-cost housing units in five years (2016-2021) was launched by the State. Its first phase concerns the servicing of land and the construction of 12,049 housing units, including 10,849 in Ouèdo, 250 in Porto-Novon, and 500 in Parakou. The second phase will consist of the construction of the remaining housing units distributed in the 11 other cities of the country. This project represents a real opportunity for local and international investors to invest in a viable project that has state support. The government seems to have learned from the failure of previous social housing projects. The current project is in the form of a public-private partnership.

The development of a middle class in the country, the growth of the population in urban areas, the lack of quality housing remain interesting indicators which show that the housing market in Benin remains attractive. Recent improvements to the land sector through the ANDF are helping to better secure transactions.

Availability of data on housing finance

The availability of data on the housing market in Benin remains a major difficulty. There are no regular studies on housing needs or rental availability. The real estate market remains largely informal which makes it impossible to have up-to-date and reliable information on the sector despite its dynamism.

INSAE remains the main and reliable source of information on demographic and economic data.

The official website of the government of Benin provides information on the measures taken to fight COVID-19.

ARCEP’s annual report is detailed and provides an understanding of the dynamics of the evolution of digital payments in Benin and its impact on the lives of populations.
Websites
Government of the Republic of Benin  https://www.gouv.bj/
Ministry of Economy and Finance  https://finances.bj/
Ministry of Living Environment and Sustainable Development https://www.cadredevie.bj/
Benin Government Action Program Revealed  http://revealingbenin.com/
Botswana

Overview

Botswana is a nation with many success stories: a stable economy, peaceful politics, low corruption, and respect for human and animal rights. Botswana's score in the Index of Economic Freedom is 69.6, making its economy the 40th freest in the 2020 index. Botswana has one of the world’s fastest-growing economies, averaging five percent per annum over the past decade. Botswana is classified as an upper-middle income country with gross national income (GNI) per capita of P9 283 (US$7 660) in 2019, a 3.4 percent increase from 2018. Botswana’s gross domestic product (GDP) per capita levels are high by Sub-Saharan Africa standards, at an estimated P93 831 (US$7 961) in 2019.

With a population estimated at 2,359,065 in 2020, the population density is four people per square kilometre. The current rate of urbanisation is reported at 72.3 percent and is expected to reach 84 percent by 2050. According to the official data from the World Bank, the GDP in Botswana was worth US$18 341 billion in 2019. GDP growth in 2020 is expected to be much lower than the earlier projection of 4.4 percent, with the budget deficit set to reach 5.9 percent of GDP, according to the May 2020 report of the Bank of Botswana (BOB). The population growth rate of Botswana is projected to increase at a rate of 7.8 percent annually between 2011 and 2026, with cities and towns at 2.4 percent and rural villages at 0.5 percent. The trend towards urbanisation is generally caused by the need for employment and access to services, prompting the reclassification of settlements. In many instances, urbanisation has outpaced the rate of housing provision in urban zones, which has exerted enormous pressure on land. Increased population pressure has created many urban informal settlements as well as an increase of conflict between Land Boards and the land occupiers.

The construction sector contributed 6.7 percent of GDP in 2019 showing a three percent growth from 2017. Over the long term, the housing market has been boosted by a relatively stable and low inflation rate, which has propelled the market to develop more properties to increase the yield value. When interest rates are low, the demand and purchase of homes is heightened. If the supply of homes remains constant and the demand increases, then the prices of homes will increase. However, during the COVID-19 lockdown period in April 2020, the annual inflation rate reached 25 percent compared to 22 percent in 2019, being the highest inflation rate since September 2019, mainly pushed up by prices of housing and utilities. The latter prices increased to 6.1 percent during early 2020, compared to 1.5 percent in March 2019, mainly due to a 22 percent hike in electricity tariffs from April 2020. The BOB reduced its benchmark interest rate by 50 basis points to 4.25 percent in April 2020 as part of several measures to mitigate the economic impact of the COVID-19 outbreak. The interest rate was already at record lows due to benign inflation levels and modest demand.
Access to finance

The necessary conditions for the development of an efficient housing market exist in Botswana. These include adequate housing finance; a stable macroeconomic environment; an adequate legal framework; a functional property market; mortgage market infrastructure; and various funding mechanisms.7

The financial sector can generally be divided into three categories: the banking sector (which generally tends to be regulated by the Bank of Botswana), statutory banks regulated by the Ministry of Finance, and the non-bank financial sector, which is regulated by the Non-Bank Financial Institutions Regulatory Authority.

The country has 10 commercial banks that are all foreign-owned, namely Standard Chartered Bank of Botswana; Absa Botswana (a member of the Absa group); First National Bank of Botswana; Stanbic Bank; Bank Gaborone; BancABC; First Capital Bank Limited; Bank of India; State Bank of India and Bank Baroda. Four of these banks are listed on the Botswana Stock Exchange.

There are also several quasi-government owned financial institutions, including the Botswana Building Society (BBS), Botswana Development Corporation, Botswana Savings Bank, National Development Bank (NDB), and the Citizen Entrepreneurial Development Agency (CEDA).

Banks have played a key role in extending mortgage lending, with loan-to-value (LTV) ratios of between 90 percent and 100 percent for commercial banks and up to 100 percent for quasi-government organisations. The continued availability of bank funding and an increase in customer deposits has improved the market liquidity of banks. Moreover, various banks compete with each other on their LTV ratios, sometimes offering more than 100 percent mortgages to reduce the deposit required from borrowers. Some commercial banks have been offering up to 85 percent for equity and refinance of home loans and mortgages. Banking strategy is made even more competitive by increasing the maximum loan sizes, as well as restricting high-risk lending terms regarding LTVs and interest-only loans. These lending practices aim to ensure that new borrowers will have less risky loans. However, highly indebted households remain the most vulnerable in the current economic climate, as they are more likely to fall behind on their repayments in the event of an economic shock.8

Banks have, however, committed to reschedule loans and offer payment holidays for affected individuals and companies due to the COVID-19 lockdown. It is estimated that the non-performing loans of most banks will reach five percent, as well as restricting high-risk lending terms regarding LTVs and interest-only loans. These lending practices aim to ensure that new borrowers will have less risky loans. However, highly indebted households remain the most vulnerable in the current economic climate, as they are more likely to fall behind on their repayments in the event of an economic shock.9

In general, mortgage uptake has been slow in Botswana. This can be attributed to low incomes and high property prices, with the average mortgage loan size increasing to P950 000 (US$80 601) in 2019 from P830 000 (US$70 420) in 2018. Initially, mortgage lending was expected to rise following the amendment to the deeds and mortgage act. Mortgages are available for up to 25 years, or up to the age of 60 years, and are typically provided at an interest rate of prime plus six percent. The prime rate is currently 5.75 percent. The BOB Monetary Policy Report 2020 indicates that there has been a 0.4 percent drop in the uptake of home loans since 2019.9 Currently, there are an estimated 16 500 mortgages from banks in Botswana, with an average size of approximately P800 000 (US$67 875), plus another 7 000 mortgages from BBS, CEDA and NDB.

Pension funds play a vital role in the financial system. The pension fund sector has an asset base estimated at 50 percent of the country’s GDP, mostly invested in offshore funds, with no third-party loans or housing loans to its members. Informal savings and lending clubs also play a vital role in informances.

Botswana has 315 registered cooperatives with over 200 000 members. Out of these, 83 are Financial Cooperatives and Savings and Credit Cooperative Societies, with both types registered under the Cooperative Societies Act No. 5 of 1989. These entities pool savings to create a source of funds for lending among members with between 17 percent and 24 percent interest.10 A key aspect of these finance instruments is that they are designed for short-term projects and are thus not ideal for housing finance because of their relatively high interest rates and limited repayment periods. These loans tend to be more expensive, and are not adequate for construction or the purchase of good-quality housing. However, they do play a role in incremental construction of housing and housing assets, such as fencing and home improvements.

Affordability

The unemployment rate in Botswana was 22.2 percent in December 2019, up from 20.7 percent in September 2019. Average cash earnings in the labour force dropped to P4 818 (US$409) from P4 989 (US$423) over the same period.11 Of those employed in 2019, the average household disposable income for urban areas was P9 630 (US$817), P7 371 (US$648) for urban villages, and P3 251 (US$2 750) for rural areas.12 These figures include expenses such as housing, transport, and groceries. However, salaries differ drastically between different jobs. The median salary is P1 1 364 (US$1 040) a month, and the Botswana Multi-Topic Household Survey for 2015/2016 estimated household consumption and expenditure at P3 927 (US$359). Moreover, it was shown that the average household expenditure on housing increases with urbanisation. Given that the debt-coverage ratio on housing is 40 percent with most lenders, urban households can afford a housing expense of P3 852 (US$352) a month, while those in urban villages (semi-rural areas) can afford up to P2 229 (US$209). The average house price in urban areas is P650 000 (US$55 149), and P450 000 (US$38 180) in urban villages. Generally, financial institutions do not approve mortgages below these amounts as lenders may not have adequate security on a property purchased below these prices. An average 54m² housing unit on a 400m² plot sells for around P550 000 (US$46 664) from the Botswana Housing Corporation (BHC), with a minimum monthly payment of P4 500 (US$382). At 30 percent affordability level, a household must earn a monthly income of more than P14 000 (US$1 880) to afford such a house. Affordability has been eroded by the economic slowdown, rising unemployment, lower salaries, and rising local costs of imported materials that make up a considerable portion of the final sales price of residential units.

Of particular interest is the government initiative that finances younger lenders through the Youth Housing and Instalment Purchase scheme, which provides first-time homebuyers the opportunity to purchase high-density and multi-residential units. This is particularly aimed at those earning between P3 000 (US$292) and P7 000 (US$683). The key question is whether many of these individuals are creditworthy, as housing purchase is often a heavy debt route for the majority of young people who earn below P3 000 (US$260).14 Other programmes include the following:

- Innovative property acquisition methods such as Instalment Purchase Schemes/Agreements, which have been sought by developers such as the BHC as an affordable housing strategy. Others, including the Public Officers Housing Initiative (POHI) and Youth Housing, have provided Batswana with

COVID-19 response

- During the first week of March 2020, the government of Botswana provided free testing at various country border posts, and handwashing and sanitising was enforced at all public schools prior to lockdown. The Emergency Powers Act No. 61 of 2020 with regulations on COVID-19 was tabled soon after the start of lockdown on 21 March 2020.

- The Minister of Finance and Economic Development announced a plan for tax relief as part of broader measures to mitigate the impact of the COVID-19 pandemic, on 31 March 2020. This included a tax deferral of 75 percent of any two self-assessment quarterly payments due between March and September 2020, with payment to begin only in March 2021.

- A wage subsidy was introduced for companies affected by COVID-19 for salaries between P1 000 (US$87) and P2 500 (US$218). The government also proposed a loan guarantee scheme, as well as moratoriums on loan repayments.
more affordable alternatives. The POHI depends on BHC-built housing units in different parts of the country at a capped cost of just under P153 000 (US$12 981). In most cases these houses are bought by citizens and rented out to the government to house civil servants.

- The Government Employee Motor/Vehicle Advance Scheme is a state scheme that provides up to 80 percent bank loans for government employees, with remaining 20 percent provided by a financial institution.

- The Self Help Housing Agency (SHHA) is a government-financed scheme providing loans for low income housing. This is available for citizens of Botswana earning between P4 400 (US$396) and P7 360 (US$640) per annum. The maximum loan entitlement is P60 000 (US$5 100). The repayment period for the scheme is 20 years at zero interest.

- The SHHA Turnkey programme involves the design and construction of basic houses for eligible low income households. On occupation, the beneficiaries pay the cost of the built houses for 20 years at P375 (US$34) a month at zero percent. The turnkey loan amount for units is P90 000 (US$7 680).

In Botswana, high land prices have generally exacerbated affordability problems, pushing many households into the rental market. Urban serviced land is priced at an average of P1 320 (US$121) a square metre. Serviced rural village land within a 40 to 60 kilometre range of Gaborone is priced at P2 320 (US$211), compared to serviced land in regular urban villages at P2 500 (US$211) a square metre.11 This means that the smallest plot of 300m² in Gaborone is high – almost P396 000 (US$36 275), which is affordable only for people earning P10 000 (US$833) and above. The repayment period for this loan would be over 20 years.

In response to COVID-19, the government proposed a payment holiday on home loans, during which it provided guarantees and assistance to banks. Individual banks have since announced their own policies during lockdown, but most do offer monthly payment moratoriums to clients.16

**Housing supply**

There are many key actors in the formal housing process in Botswana. The BHC is a public enterprise that concentrates its efforts on main urban centres such as Gaborone, Francistown, Palapye, Mahalapye, Selebi-Phikwe, Lobatse and Jwaneng, where demand is greatest. The 2000 National Policy on Housing shifted some of the control of housing from state to private hands. Part of this policy includes the Poverty Alleviation and Housing Programme, whereby those who cannot afford to purchase a home can learn the skills necessary to build on their own. This self-help policy is particularly helpful for rural residents. This policy also allows the supply of sub-serviced land to private sector developers in urban areas.

For the period 2009 to 2018, about 2 991 privately-built new houses were developed in Gaborone according to Gaborone City Council records, despite receiving over 6 200 building plans.17 In 2011 the government targeted the construction of 20 000 low income houses by 2023 through the BHC.18 Since its establishment in 1970, BHC has so far delivered almost 25 400 houses. At least 14 422 houses have been sold to Batswana while the remaining 10 662 are rented out.19 However, rapid urbanisation means the provision of affordable housing in urban centres is generally inadequate.20 In contrast, private property developers have shown that they are profit motivated and their housing prices target upper middle and high income households. A two-bedroom unit of 45m² sells for around P600 000 (US$51 200).21

The role that private property developers play in providing housing is worth noting as it reduces pressure on state housing provision in Botswana. There are more than 685 property development companies in Botswana and just over 50 are registered with the Registrar of Companies. Freehold land available around urban zones sells for between P500 (US$46) and P7 510 (US$660) a square metre. This high rate has often deterred the government from buying land in a bid to expand cities. The unavailability of affordable land has therefore caused a spike in property prices and rentals, with the demand for housing oversupplying the market.

**The property market**

Before the onset of COVID-19, the real estate cycle was already on a downward fall. Repossessions had grown by 40 percent over the past three years, and auctions were achieving only 60 percent of reserve prices after a fifth or sixth cycle. Moreover, household income has generally been stagnating during the past decade. Living expenses such as electricity bills, water bills, food, and fuel have been growing significantly for the same period.

The determinants of private investments indicate that Botswana is generally at the lower rung in global competitiveness. Between 2010 and 2019, the country slipped 24 positions from 66 to 90 in the Global Competitiveness Index and 35 positions (from 52 to 87) in the World Bank Doing Business ranking. The decline can be explained by the absence of economic improvement rather than worsening state policies. According to the 2019/20 Global Competitiveness Index, Botswana’s primary weaknesses continue to include technological readiness, small market size, economic efficiency, and inadequate basic health provision.

**Policy and legislation**


The Transfer Duty (Amendment) Act No. 24 of 2019 came into operation on 1 March 2020. This introduced a series of important economic changes and caused much debate in the Botswana tax discourse. The amendments adopted were motivated mainly to encourage land and property ownership by Batswana and discourage land acquisitions by foreigners. The main changes enable first-time citizen homeowners to be exempted from tax on home purchase amounts between P200 000 (US$16 968) and P1 000 000 (US$84 844) and also impose a 30 percent transfer duty tax for non-citizens.
During 2019, the Financial Intelligence Act No. 11 of 2019 was passed to combat financial crimes, particularly money laundering and financing of terrorism. Amendments to the Act have been put in place to provide more stringent and efficient mechanisms. There is still considerable uncertainty surrounding the Act, however, since actions consistent with a stricter anti-money laundering regime can result in less inflated housing markets. Housing sale transactions recorded from January to March 2020 (480 transactions) are almost the same as from January to April 2019 (570 transactions).

Opportunities
Current land prices in Botswana are generally considered untenable as they are too high. Urban serviced land averages P1 750 00 (US$148) a square metre, while serviced land in villages within a 40km to 60km range of Gaborone is P230 (US$19.5). This compares to a price in urban villages of P260 (US$22) a square metre. The lower price of land in urban villages is clearly an opportunity for developers to invest in these surrounding areas.

Despite high prices, Botswana is lucky to have comparably low inflation rates. This has fuelled property investment as home prices have not only kept up with inflation but outpaced it. Property developers thus earn a positive return through escalating rentals and home prices, and have propelled the market to develop more properties to increase the yield value.

The positive growth of the property market in Botswana generally receives favourable ratings. According to Transparency International (2017), Botswana is the least corrupt country in Africa and has been ranked comparably to several Organisation for Economic Co-operation and Development (OECD) and European countries for decades. Even more relevant, Botswana is ranked third in the African JLL Real Estate Transparency Index 2020, only bettered by South Africa and European countries for decades. Even more relevant, Botswana is ranked third in the African JLL Real Estate Transparency Index 2020, only bettered by South Africa in the region. Consequently, it is relatively easy for real estate investors to access relevant information, and property rights are well protected.

Availibility of data on housing finance
Real estate data is not readily available in Botswana. Most information comes from public organisations and government departments, but is either outdated, subjective or incomplete. Private organisational data is usually available on subscription or by purchasing various reports, particularly since many tend to be secretive about their information, and to whom they choose to disclose it. The primary sources for housing finance are the following:

- BOB provides financial information such as interest rates, mortgage uptake, exchange rates and inflation rates on quarterly basis. They are available at https://www.bankofbotswana.bw/
- Statistics Botswana collects demographic information and conducts multiple surveys on business, household incomes and expenditure. Very little information exists on the real estate sector. They are available at http://www.statsbots.org/bw/
- BHC keeps information on property listings and developments in the sector. It is, however, not possible to find any price catalogues and property information from private developers. They are available at https://www.bhc.bw/
BURKINA FASO

**Overview**

Burkina Faso, commonly known as the “Land of Men of Integrity”, is a country in the Sahel region with relatively limited resources and a population of 20.9 million, of which approximately 40 percent live below the poverty line. It is a member of both the West African Economic and Monetary Union (WAEMU) and the Economic Community of the States of West Africa (ECOWAS). Formerly known as the Republic of Upper Volta, Burkina Faso has experienced little peace since its independence and especially during the reign of President Blaise Compaoré, who ruled the country with an iron fist for 27 years. His fall in October 2014, by popular resistance, has resulted in an unprecedented humanitarian disaster as well as high levels of persistent poverty, the rate of urbanisation has reached one of the highest rates on the continent (the urban population has increased by 4.99 percent between 2015 and 2020), exacerbating an already severe housing shortage in the capital Ouagadougou and in the country’s second largest city, Bobo-Dioulasso.

Burkina Faso has been severely impacted by the effects of the regional Sahel instability since 2016. Repeated terrorist attacks have led Burkina Faso to lead the joint force launched in 2017 by the G5 Sahel States (Burkina Faso, Mali, Mauritania, Niger and Chad). Burkina Faso was president of the G5 Sahel (since February 2019) but passed the torch to the Islamic Republic of Mauritania in February 2020. The ongoing conflicts have killed more than 3,600 people, forced schools to close, and have displaced many people. This has resulted in an unprecedented humanitarian disaster as well as high levels of food insecurity and malnutrition.

The African Development Bank (ADB) projected a GDP growth rate of about six percent in 2020 and 6.1 percent in 2021. Despite the challenging security situation, the authorities have improved agricultural yields and have made strategic investments in the energy and infrastructure sectors. They have done this through the development of 25,000 hectares of irrigation in 2019 and 2020, by supplying agricultural producers with 150,000 animal-drawn equipment and through the construction of a tractor and motor cultivator assembly unit. To facilitate access to agricultural production areas, the proportion of developed rural roads is expected to increase to 43 percent in 2020, compared to 32.60 percent in 2018. In terms of energy, the construction of a photovoltaic solar power plant is expected to provide 155 megawatts of electricity. Gold production is expected to reach 55.3 tons in 2020 (52.9 tons in 2019), which will further enhance economic growth.

Inflation reached 1.4 percent in 2018 due to rising food prices. It is expected to remain below two percent and thus remains below the three percent mark set by WAEMU. With the rural exodus, caused by armed conflict and persistent poverty, the rate of urbanisation has reached one of the highest rates on the continent (the urban population has increased by 4.99 percent between 2015 and 2020), exacerbating an already severe housing shortage in the capital Ouagadougou and in the country’s second largest city, Bobo-Dioulasso.

Despite the unstable security situation in the country and the serious humanitarian concerns, the government continues to implement its flagship reconstruction programme post-Compaoré, the National Plan for Social Economic and Development (PNDES) 2016-2020. PNDES aims to improve the quality of life of people living in Burkina Faso by providing access to water and sanitation as well as reliable electricity supply. Through the PNDES, 5,167 social and economic housing units were built between 2017 and 2020, out of a total of 40,000 housing units that were planned.
Access to finance

In terms of financial inclusion, Burkina Faso takes the 4th place in the WAEMU zone, behind Benin, Senegal and Côte d’Ivoire with an indicator of 0.594. Informal financial channels, including decentralised financial systems (DFSs), provide the greatest facilities for saving or borrowing in the country. Nearly two million customers were affiliated to 76 DFSs as of December 31, 2019, with total savings amounting to FCFA 231.185 million (nearly US$41.2 million) and total credit of FCFA 178.445 million (nearly US$219 million).1

In addition, there are national funds, known as the National Financing Funds, aimed at eradicating poverty and the lack of development through direct or indirect financing in the form of loans, guarantees, training, grants, bonuses and equity investments (acquisition of shares, bonds and shares). “The 19 National Funds provided loans of FCFA 86.7 billion (nearly US$150.000 million) between 2012 and 2016,” according to a recent report.12

The Central Bank of West African States (BCEAO) estimates that 15 commercial banks and four financial institutions are operating in Burkina Faso as of 30 May 2020.13

Housing loans are available in the country. The Société Générale Burkina Faso, a subsidiary of Société Générale based in France, provides loans ranging from FCFA 5 million (US$8538) to FCFA 500 million (US$852,000). Payment terms depend on the amount borrowed and repayments can be spread over a period of five to 25 years, with an interest rate of 10 percent and an administrative cost of FCFA 30 000 (US$50). Coris Bank International offers a product called “Coris Bayin”, specially designed for Burkinabé living abroad. Its main feature includes interest of four percent per annum on all savings, regular contributions over a four-year period and a credit rate of seven percent, excluding annual taxes over a period of five to 10 years. The loans granted amount to 2.5 times the sum of savings collected over four years and could be used as collateral for the bank loan agreement.14

The Housing Bank of Burkina Faso (BHBF) was founded by the State in July 2005 to address the problem of housing finance. BHBF was privatised in October 2018 and renamed International Business Bank (IB Bank).

Affordability

Agriculture and livestock account for nearly 80 percent of the country’s employment. However, with an unemployment rate of 6.1 percent, and a minimum monthly wage of FCFA 34,664 (US$58), poverty persists and it is estimated that 40 percent of the population lives below the poverty line. This has a negative impact on the housing market, because buying a piece of land in a formal and decent neighbourhood is a privilege that only a few fortunate people can access. The alternative is therefore to live in informal areas or poorly settled neighbourhoods, where access to water and electricity is scarce and sanitation is often inadequate. In these neighbourhoods, prices are affordable because of the small sizes of land for sale. However, the price per square meter is still high, as demand is strong.16

In recent years in Burkina Faso, land prices have continued to rise due to land speculation, with land costing FCFA four million (nearly US$7,143) being resold at about FCFA 10 million (US$17,857).19

The armed conflict has worsened the situation of many nationals in rural areas, as their livelihoods have been destroyed, and they have been forced to flee their land and rural homes and settle in precarious living conditions in urban areas. As a response, the government extended its Emergency Programme for the Sahel (PUS-BF) 2019/21 to 77 municipalities that are threatened by terrorist attacks, bringing the total number of municipalities affected by violent extremists and renamed International Business Bank (IB Bank).

The construction of 300 houses is planned in Banfora (a town located 85 km southwest of Bobo-Dioulasso) under the supervision of real estate developer Barro Boubacar (EBB Immo) in collaboration with the Banque de l’Union-Burkina Faso. Using a sales/rental framework, the monthly rent will be FCFA 7,500 million (US$13,392.85) each for their house.26

Housing supply

Rural residents flee conflict and continue to arrive in Ouagadougou, where they take shelter in schools due to lack of alternative accommodation.23 It was planned to build 20,670 to 40,000 housing units in the following cities: Gaoua (567 dwellings), Manga (503), Tenkodogo (700), Baréna (100), Ziniaré (118), Kombissiri (50), Koudougou (100), Bobo-Dioulasso (58) and finally Ouagadougou (3,118 dwellings). Bobo-Dioulasso in particular struggles to manage the influx of newcomers. Newcomers, anxious to find refuge, have built informal homes wherever they can. Illegal land occupation is therefore widespread, prompting the government to evict squatters using force and destroying temporary homes. In April 2019, informal residents, exasperated by the housing crisis in Ouagadougou, protested against the lack of housing and asked the government to give each newcomer a parcel of land.24

Sixty beneficiaries received the keys of their new houses in Bassinko (Bassinko is an extension of Ouagadougou) as part of the 1 240 dwellings planned under the PNCL in March 2019. Through this programme houses have been built on a plot of 204 m² and include a living room, two bedrooms, a kitchen and an indoor shower. The beneficiaries paid FCFA 7.5 million (US$13,392.85) each for their house.26

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Housing construction has also been planned in the city of Tenkodogo (in the centre-east of the country) and was due to start in December 2019. The construction of 1 000 housing units for Burkinabé living abroad has been planned in the Cité de La Diaspora. The accommodation will be F3, F4 and F5. The plots of land will be 330 m² for F3 and F5 and 450 m² for F5. The government is aware

COVID-19 response

Burkina Faso officially announced its first two cases of coronavirus (COVID-19) in March 2020.

As a consequence Burkina Faso authorities announced that all public demonstrations and rallies were banned in March and April. Following a decline in new cases of COVID-19, in late April and early May, authorities began to ease some social and economic restrictions. Some urban markets and religious places of worship were allowed to reopen on April 20 and May 2, respectively.

The BCEAO announced the creation of a special 3-month refinancing window at a fixed rate of 2.5 percent for a limited amount of “COVID-19 T-Bills” to be issued by each WAEMU sovereign to help cover financial needs related to the current pandemic.
that it will not be able to give a parcel of land to each Burkinabé, and has indicated that it plans to build a complex of buildings to house the poor, through low-rent housing. The project has encountered land mobilisation issues, but had delivered 4,000 houses units by May 2019.

Finally, the programme also encourages owners to build housing for themselves, since almost 30 percent of the 400,000 plots in Ouagadougou are not yet developed.

Property markets

There is still no reliable data to be able to undertake a detailed analysis of the state of the residential real estate market in Burkina Faso. However, it appears that real estate companies and developers continue to dominate Burkina Faso’s real estate markets. They provide plots of land, houses and apartments for sale and for rent to the highest bidder. This has attracted media attention, with citizens protesting about land speculation for housing and for rent to the highest bidder. This has attracted media attention, with citizens protesting about land speculation for housing and exacerbating the housing crisis.

Those who buy a property in Burkina Faso face a long and complicated registration process. Registering a property consists of four procedures and takes 67 days (the average is 51.6 days in sub-Saharan Africa and 23.6 days in high-income OECD countries). The quality of land administration indicator is 12.5 (9.0 in sub-Saharan countries of the Organisation for Economic Co-operation and Development – OECD). Registration costs 11.9 per cent of the value of the property (an average is 51.6 days in sub-Saharan Africa and 23.6 days in high-income OECD countries). The World Bank ranked Burkina Faso 151 for its ease of doing business in 2020.

The ratio between the price of a property and the income is 11.05 in Burkina Faso, with the loan as a percentage of income being 102.83 per cent and the property accessibility index 0.97. In the city centre, the price/rent ratio is 5.69 and the price/rent ratio outside of the city centre is 15.08. The gross rental yield in the city centre is 17.58 percent while it is 6.63 percent outside the city centre. These figures were calculated by Numbeo.

Land prices vary considerably. In the rural areas it is possible to pay only FCFA 2,800 (US$4.14) per hectare to the farmer who owns the land. Ultimately, the land belongs to the government. Fees associated with taxes due to the government, taxes and fees due to municipal experts (environmental, architectural) and other “unofficial” municipal fees can lead the buyer to pay between FCFA 2,800 696 (US$5,000) and FCFA 3,260 928 (US$5,000) for a hectare purchased at FCFA 2,446 (US$4). On the other side of the market spectrum, there are three expensive areas in the capital of Ouagadougou zone Du bois, Zaca and Ouaga 2000. In these areas, the average price of undeveloped land is FCFA 100,000 (US$178.3) per square metre, and if built, the price per square metre can reach up to FCFA 500,000 (US$892.85). These are average prices, stemming from a global land price study conducted in November 2017, based on thousands of prices given by real estate agencies.

In this context, the prices are volatile and change from one real estate agency or from one owner to another. The dissemination and lack of information in the real estate sector is also a major problem in Burkina Faso.

Policy and legislation

In Burkina Faso, the Constitution registered the right to housing in Article 18. Act No. 034-2012 / AN of 2 July 2012 which repeals all previous provisions to the contrary, in particular Act No. 014/96 / ADP of 23 May 1996 on agrarian and land restructuring in Burkina Faso. The Act determines national territorial planning, general principles governing the planning and sustainable development of the territory, the management of land and other natural resources and the regulation of land assets and provides the framework of agrarian policy. It comprises 348 articles divided into nine titles, including:

- general provisions;
- national territory;
- spatial planning and sustainable development;
- national territory management;
- regulation of real estate;
- national territories abroad and territories of diplomatic and consular missions, governmental and international non-governmental institutions in Burkina Faso;
- evaluation of territories and real estate transactions;
- offences and sanctions; and
- transitional and definitive provisions.

In December 2015, the National Transitional Council (acting as interim parliament after the fall Compaoré’s regime) passed a law to regulate the private housing lease called Act No. 103-2015/CNT on the private housing lease in Burkina Faso. In section 6 of the Act, the rent price is set according to the rental value capped at seven percent of the value of the construction of the site. The 2018 government announced that the implementation of this legislation could take months because it must be inclusive and participatory so that all interested parties (donors, civil society organisations, tenants and technical structures) can give their opinions.

Opportunities

The real estate sector is struggling in Burkina Faso. In order to grow it needs to be organised at all levels including promoters, administration and Financial Partners and requires funding which is difficult to obtain. Some industrial players think that the price of real estate would not be so expensive if the sector did not pay as much taxes or customs and they asked for a tax exemption. The elevated price of building materials, insufficient financing and low purchasing power of households hamper real estate activity in Burkina Faso. The debt market remains inaccessible especially for the economically disadvantaged segments of the population who are most in need. The conditions under which banks provide loans limit demand. The economically disadvantaged have no chance of getting a loan. Those who are eligible consider the interest rate too high, making it difficult to acquire the property.

Africa Housing Finance Yearbook 2020
Websites
CECEGI http://www.cecegi.fr/
Société Générale Burkina Faso http://societegenerale.bf/particuliers
Ebobmaf Group http://ebobmaf.com
Journal du Net https://www.journalduet.net
Jeune Afrique https://www.jeuneafrique.com
World Food Program https://www.wfp.org/countries/burkina-faso
World Heath Organisation https://www.who.int/fr/
Burundi

Overview

Burundi is known as the “heart of Africa” and is located in the Great Lakes region of Eastern Africa. It covers an area of 27,834 km² of which 25,650 km² is land and 2,184 km² is water. The country is predominantly rural and relies mainly on agricultural activities as a source of livelihood. It is among the poorest countries in Sub-Saharan Africa with an estimated per capita income of US$261 in 2019.1

With a total population estimated at 11,890,781 in 2020,2 Burundi is one of the most densely populated countries in Africa with 435 people per square kilometre as of 2018.3 The population growth rate is approximately three percent.4 The housing market in Burundi is characterised by insufficient supply and an ever-growing demand caused by a dynamic demography.5 The country presents specific factors of poverty that affect the supply of housing which are demography, density, low urbanisation and the problem of natural disasters. To overcome the housing supply challenge and meet the needs of the population, Burundi will have to develop each year by 2030 an area of 855 hectares of land and build 25,631 housing units, more than half—14,365, in urban areas.7 Energy infrastructure development to support housing is woefully inadequate with low electricity access of 2 percent in the rural areas and 58.5 percent in urban areas as of 2016.8

Agriculture remains the principal economic activity, accounting for 40.7 percent of the Gross Domestic Product (GDP) in 2018 and employing 90 percent of the working population.9 In 2019 GDP increased by 3.3 percent because of high coffee exports; a slight increase in public investment and particularly high agricultural production.10 Before the global COVID-19 pandemic, the country’s economy was expected to grow by 3.7 percent in 2020 and 4.3 percent in 2021 on the back of high coffee exports combined with a slight increase in public investment, average growth of 6 percent in food production and a steady prudent monetary policy.11 The increase in public expenditure not being offset by good economic performance has meant that the fiscal deficit rose from 3.3 percent in 2018 to 4.2 percent in 2019. Nevertheless, it must be noted that the budget deficit was financed by means of advances received from the central bank and the accumulation of domestic payment arrears.12

The risk of debt distress remains high at 63.5 percent of GDP in 2019 compared to 58.4 percent in 2018 because of increased domestic debt. The inflation rate decreased from 16.1 percent in 2017 to 3.1 percent in 2019 resulting in the drop of food prices by almost 11 percent.13 The COVID-19 pandemic is likely to impact negatively on all the economic indicators.

Access to finance

Burundi’s financial system is still in its infancy. As of 31 July 2020, formal financial services in Burundi are provided by 52 institutions duly approved by the Bank of the Republic of Burundi (BRB) including 10 commercial banks,14 2 financial institutions, 40 microfinance institutions and the Regie National des Post (RNP). Besides formal financial organisations, there are also informal financial organisations operating in the country called tontine associations known as “ikirimba” and loans sharks.
In 2012, only 12 percent of the adult population in Burundi had a bank account, which represents 3.7 percent of population.15 Fourteen percent had access to informal institutions of the rural type16 and 73 percent were presumed to be totally excluded from the financial system. Account holder rates vary widely across socioeconomic categories. Men are twice likely as women to have an account, and 18 – 20-year-olds are half as likely as those over 30 years of age. The account holder rate reached 90 percent among government employees, 52 percent among private sector employees, 30 percent among traders and 5 percent among farmers on agricultural plots.

Access to financial credit in general and housing loans is particularly low, with only two percent of the population having obtained a loan at a financial institution in the last 12 months. The majority of borrowers only have one loan. The average loan size by sector for the first quarter which includes loans to central government agencies and local government is BIF 1 59 million (US$605).17 To increase access to finance, in 2017 the International Fund for Agricultural Development (IFAD) agreed to grant Burundi BIF 4 billion (US$2.4 billion). This grant is intended to improve financial inclusion services in rural areas. In total, 99 200 rural Burundian households in 17 provinces will benefit from it.18

Specific to housing finance, the country has put in place the Fond de Promotion de l’habitat Urbaine (FPHU) with the objective of mobilising savings to finance individuals and property developers. Furthermore, the government has put in place a housing fund aimed at providing housing loans for teachers.19

Burundi has very limited banking services penetration according to the most recent national survey on financial inclusion conducted by the central bank (BRB) in 2016, which found a penetration level of approximately 22 percent. Several local commercial banks have branches in urban centers while microfinance institutions mostly serve rural areas. The Burundian government is a minority shareholder in three banks.20

Affordability
In the past, housing policy favoured civil servants, but today social housing projects are being considered in the country to alleviate poverty.21 The majority of dwellers are reverting to less expensive informal housing construction compared to formal housing.22 Many families in urban areas are forced to share rooms with other families due to the high cost of rental housing and lack of alternative housing provision. In urban centres, renting houses has become a burden on households, and acquiring their first home remains a priority for many people in Burundi.23

Access to housing in general and social housing in particular has been a fundamental right recognised by the Constitution of the Republic of Burundi that led to the establishment in 2007 of the National Housing and Urbanisation policy (PNHU). In order to increase affordability of housing and improve living conditions especially during the COVID-19 pandemic, a presidential decree was signed on 24 May 2020 to establish the Burundian Office for Town Planning, Housing and Construction (OBUHA) to manage state lands, evacuate wastewater and refuse and repair urban and semi-urban roads.

It should be noted that since the emergence of the COVID-19 pandemic, affordability of households in Burundi has been negatively affected by the slow export of agricultural products and other export resources. The consumer price index for the month ending April 2020 revealed an overall annual inflation of 2.6 percent against 1.8 percent for March 2020. On a year-over-year basis, the consumer price index is up 7.6 percent for the month of April 2020 against an increase of 7.1 percent for the month of March 2020.24 With the majority of the population (70 percent) already poor; Burundian households may face more affordability challenges due to the effect of COVID-19 on income and jobs, particularly for low income and informal workers. This could result in defaults in mortgage and rental payments and forced evictions.

Housing supply
The main issues facing the housing sector in Burundi are the supply of land, real estate production and the lack of infrastructure as well as access to basic services. To deal with housing supply challenges and urban development, the country put in place a National Urban Development policy in 2008 with the objectives of providing Burundians with access to adequate housing and quality basic services.

In 2016 the government approved a project agreement between BIZ Planners and Adviser limited and the Société Immobilière Publique (SIP) to relaunch the construction of social housing for public servants in urban areas valued at BIF 114 billion (US$582 million) reimbursable over 25 years including a grace period of 10 years. The Government of Burundi’s commitment to the project is to provide access to land with exemption from customs duties, some taxes and duties on imported or local construction materials. The government still engages with the private sector on solutions to the issue of urban social housing although its efforts have been negatively affected by post-election conflict since 2017.

More recently, in 2019, the Government of Burundi, through the Ministry of Housing entered into an agreement with the Swedish company Blockhomes to build affordable houses for public servants in all provinces.

Many Burundians are likely to be vulnerable to the effects of the COVID-19 pandemic because almost 80 percent of the population lives in rural areas with very limited access to electricity, water and adequate sanitation. This is in light of a report by UN-Habitat (2020) on COVID-19 in African cities which established that people living in slums and informal settlements are at a higher risk of contracting COVID-19 especially in urban slums where physical space is constrained, rooms are often shared and poorly ventilated while sanitation, water and electricity are inadequate or absent.25

COVID-19 response
For a long time, the Government of Burundi hesitated to put in place restrictive measures to prevent the spread of the COVID-19 pandemic in the country. However, the authorities of Burundi announced the suspension of all flights to and from Melchior Ndadaye International Airport in Bujumbura, the closure of airports for a period of 14 days with the possibility of renewal after an evaluation of the evolution of the spread of cases and once a management process had been put in place.

Regarding traffic by road from Burundi, the borders were closed on the Rwandan and Democratic Republic of Congo (DRC) side. On the other hand, people entering Burundi through the Rwandan border were quarantined by the Burundian authorities in a school in Ngozi, and those entering through the DRC border in Cibitoke. For those returning to Burundi from Tanzania, people were either turned back or quarantined in Giharo or Bukemba.

The central bank of Burundi did not reduce the interest rate, although the government has taken economic measures to alleviate the negative effects of COVID-19 on the economy and the daily life of Burundians. Among the financial measures put in place is the national contingency plan for preparedness and response to the COVID-19 crisis estimated at BIF 5 billion (US$2.6 million).

Furthermore, no moratorium on evictions was put in place or specific measures for informal settlement except general measures such as the reduction of the price of electricity bill for households.

Property market
The property sector of Burundi is still underdeveloped as a result of political instability caused by a long civil war combined with land issues. It is however slowly developing in the capital city of Bujumbura with residential and commercial property under construction as a result of relative political stability that is driving up the demand for quality housing. Hence, the government is putting in place policies to encourage local and foreign investment in the property market sector to drive up property market growth. These efforts are also supported by the creation in 2009 of the Investment Promotion Agency (ANAPI) to promote investment in the country and facilitate market entry for investors by offering assistance in acquiring licenses, certificates, authorisations, and other permits required by law.
To support the property market growth, a number of organisations offer mortgage finance and housing finance. These include National Bank of Economic Development of Burundi (BNDE), FP-HU; Burundi Bank of Commerce and Investment (BBCI), Kenya Commercial Bank (KCB), among others. Ecobank Burundi offers housing finance products on short, medium and long-term basis. Nevertheless, the property market still faces challenges that negatively affect the development of this sector which are a poor land tenure system that is caused by the fact that a large part of land remains undocumented, poor land records and a complicated property registration procedure.26 Furthermore, there is a lack of data on tenants and the management of rent, and mortgages constrain housing subsidies planned.27 The growth projection for the property market in Burundi is still weak due to political uncertainty28 and COVID-19 which will negatively affect economic growth projections.

**Policy and legislation**

Burundi has a national housing and urban planning policy with the objectives of providing the country with a balanced urban framework and allowing each Burundian to access decent housing. Furthermore, in order to improve the living conditions of Burundians, the government has embarked on legislative and institutional reforms to stimulate the development of the urban housing sector with the aim of attracting investment in social housing development and the property market. Among key housing legislative reforms is Law No. 1/09 of 12 August 2016 on the code of urbanisation, housing and construction in Burundi. This code sets the rules governing town planning, housing and construction throughout the national territory. It also establishes rules applicable to construction in both urban and rural areas.29 To support the legislative reforms in matters of urban development and social housing, the government has put in place an institutional framework for land and housing development. Its responsibility is devolved to the Ministry of Water, Environment, Land and Urban Planning through the general management of land use planning and town planning and housing.30

Land law in Burundi is governed by Law No. 1/13 of 9 August and is based on the revision of the land code. Nevertheless, it is important to point out that in rural areas, land issues are managed on the basis of customs and traditions. This means that land is inherited from father to son. This system of succession leads to fragmentation of land and the decrease in the average size of holdings. Initially, it was 104 hectares per household in 1973, 0.7 per hectare in 1989 and 0.5 hectare in 2009. This practice has led to a multiplicity of land disputes and created tensions within families and communities.31

**Opportunities**

Based on the institutional arrangement and the urban housing policies, a number of public-private partnerships have been concluded in the area of urban planning, in the field of water, sanitation and land rights. Among the public-private partnerships signed are: The development of the Kizingwe-Nyabugata site by the Direction Générale de l’Urbanisme et de l’Habitat in partnership with the APPN; the partnership between SIP and a study and construction company for the study of services and construction in the development of the Kizingwe site, public garden and playgrounds by Green Action Center for the Ministry of Water, Environment, Land and Urban Planning.

The lack of basic services and socioeconomic infrastructure has limited opportunities for growth in Burundi. To improve access to services and opportunities for poor communities living in rural areas in Burundi, the World Bank has approved two grants with a combined value of BIF308 billion (US$160 million) from the International Development Association (IDA) to support improvement of essential services through solar power and local development in rural and remote areas.

The improvement of energy production and supply in local communities combined with integrated development plans provide great opportunities for investors in rural areas as the need for decent housing conditions will also increase. These projects will create further opportunities in small and medium enterprises through the availability of services and electricity. Furthermore, the World Bank finance plans to train women in entrepreneurship and encourage private investment in the provision of off-grid energy services.32 The integrated community development projects aim to improve access to basic services in the country at the same time creating economic opportunities in water supply, sanitation systems, roads and bridge constructions.

Thus, based on the investment policy system of Burundi which does not discriminate against foreign investors regarding land acquisition or lease,33 this offers opportunities for foreign investors to chip into the social housing development sector as the country seeks to improve the living conditions of Burundians.

**Availability of data on housing finance**

Access to data on social housing and housing finance in Burundi remains a challenge due to public or private institutional process constraints. Data on housing are not centralised, making the process of collection for decision making hard and lengthy. Nevertheless, the government efforts at improving the property market of Burundi and attracting investment will have a positive impact on housing and housing finance data management access.

Housing finance data in Burundi are mainly provided by specialised government institutions including private financial institutions that provide housing finance in the country including: National Bank of Economic Development Burundi (BNDE), Institute of Statistics and Economics Studies of Burundi, La Direction National du Cadastre FPHU, Directorate of Urban Planning and Habitat (DGH-U), Department of Land Titles (Ministry of Justice), BBCI, KCB, Ecobank Burundi.
Overview

Independent since 1975, Cape Verde, or Cabo Verde, is an island State which is part of a group of volcanic islands located off the northwest coast of Africa. The total area of Cape Verde is 4,033 km² supporting a population of 543,767 (2018) according to the World Bank estimation. Cape Verde is renowned for its Afro-Portuguese Creole culture and its many beaches. The largest island, Santiago, is home to the current capital, Praia.

During the last 20 years, the Cape Verdean population has increased, particularly in urban areas. In the municipalities of Praia, Sal and Boavista, the repercussions of urbanisation are apparent. The key indicators of this demographic pressure in Cape Verde are related to the country’s recent political, demographic and socio-economic history, the bioclimatic cycles linked to regular drought and increased tourism, for the islands of Sal and Boavista. Internal migration flows and emigration are also key determinants of growth and urban development. The imbalances in the urban environment are also caused by difficulties in accessing clean water and electricity.1

The Cape Verdean government named the year 2009 as the “Year of Housing” and developed strategies to promote social housing throughout the country. The Cape Verdean population has always advocated for “adequate housing” hence the government’s challenge to create the conditions for its progressive implementation. It is with this perspective that the “House for All” programme was created in 2009 to fill the estimated housing deficit of 40,000 housing units (according to data from the Ministry of Housing). However the government has struggled to implement a public housing policy programme that is capable of carrying out the construction of new housing (8,500 units) and the rehabilitation of pre-existing precarious housing (approximately 16,000 units).

The economy is focused on trade, transport, tourism, and public services. These sectors represent three-quarters of the Gross Domestic Product (GDP) for the country. Cape Verde is also dependent on development aid, foreign investment, remittances and tourism.2 Remittances are a growing and stable financial source for Cape Verde development and are mainly used to invest in housing or for consumption purposes.

At the beginning of 2010, the average annual economic growth was around 5 percent, inflation was under control and GDP per capita in 2010 was CVE 282,148 (US$3,000), a good performance compared to the findings in the rest of sub-Saharan Africa.3 According to the National Institute for Statistics, nearly 46 percent of the 40,000 inhabitants live on less than CVE 189 (US$1.90) a day in the city of Santo Antao. Across the country poverty affects 35 percent of the 550,000 Cape Verdan’s (compared to 58 percent in 2001). Tourism is developing, although the remoteness of the country makes it a relatively marginal destination despite its real attractions.

The COVID-19 crisis in 2020, with the precautionary suspension of flights, sea transport and travel restrictions to these islands, has suspended tourism in Cape Verde, which before the pandemic represented 20 percent of GDP.

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1 PPP$ = 46.73 Cape Verde Escudo (CVE)
2 Exchange rate (1 July 2020): 1 USD = 46.73 Cape Verde Escudo (CVE)
3 World Bank World Development Indicators
4 UN-HABITAT
5 Human Development Reports, United Nations
6 Demographic and Health Surveys, USAID
7 United Nations Human Settlements Programme
8 Banco Comercial Do Atlantico
9 Cap-vert-immo.com
10 Government of Cape Verde
11 Computer - Scanner
12 World Bank Ease of Doing Business Index
13 Percentage of households with basic sanitation services:
14 Percentage of households with no electricity:
15 Percentage of households with 3+ persons per sleeping room:
16 Percentage of urban population living in slums:
17 Figures are for 2020 unless stated otherwise.
Access to finance

The banking sector, consisting of 7 players, is strongly dominated by two banks, Banco Comercial do Atlântico (BCA) and Caixa Económica de Cabo Verde. These two players have a combined market share of 70 percent. By 2020, the total number of active microfinance loans in the country amounted to about 11 000 active loans (CVE 665 106 552 – US$7 074 000 in portfolio).4 With a client portfolio of approximately 50 000 entities in 2019, the microfinance sector is still lagging due to its low market share. Cape Verde is home to five microfinance institutions that have low uptake because their service offerings are unknown to all the different entities. Microfinance programmes in Cape Verde are seen as potential factors that can reduce poverty and increase family incomes.5 This is why the Support for Microfinance Development (ADA) is positioning itself to promote inclusive finance and to energize the microfinance sector in Cape Verde with a view to its self-sufficiency and long-term diversification of its products, in order to enable quality access to the Cape Verdean population excluded from the traditional banking system.

The banking institutions in Cape Verde are faced with poor asset quality which results in low profitability. Although there is an improvement in the overall growth of the economy, the stock of non-profitable or litigious loans increased from 12.86 percent in December 2018 to 14.04 percent in March 2019.6 Various banks such as BCA and Banco Interatlântico provide mortgages to both individuals and businesses. BCA’s typical mortgage rate is 9.63 percent in 2020 available in branch and on the bank’s website. BCA provides medium and long-term credit to young people for the purchase of permanent housing, construction or improvement to housing which is also subsidized by the State. With a limit of CVE 7 000 000 (US$75 027) for housing acquisition or construction and CVE 2 000 000 (US$21 436) for renovations, restoration and expansion of housing. The maximum term of the loan is 30 years with the age limit of the applicant being 65 years of age at the maturity of the loan. As for the repayment of the loan, it is done in monthly and successive instalments of principal debt and interest payments. The payment date of the instalments should preferably coincide with the date that salaries are paid or income received by the borrower or borrowers. In addition, the BCA does not provide mortgages to emigrants.

Following decree-law 47/2020 in April 2020, and as an additional measure of protection and security measure regarding COVID-19, the wearing of masks become mandatory in any branch / office of banks such as Banco Interatlântico.

Affordability

As Cape Verde is considered a developing state, there are wide inequalities with nearly a third of the population living below the poverty line. The unemployment rate stood at 11.29 percent in December 2019, with a minimum monthly wage of CVE 13 000 (US$133).7

Poverty in Cape Verde has declined significantly over the years and this island country remains on track to achieve most of its Millennium Development Goals (MDGs), and in particular the goals related to poverty eradication, health, education and gender equality. Cape Verde has already almost halved the proportion of people living in extreme poverty. The country has also made progress in the reduction costs of basic economic inputs, transport and communications through good governance, good management of its domestic and external resources and by building strong global partnerships.8

The average cost per square meter of an apartment in the city centre is CVE 83 385 CVE (US$900) while outside of the city centre it costs CVE 55 590 (US$600). These numbers have increased compared to 2019. The rent for a one-bedroom apartment in the city centre is CVE 3 000 000 (US$307) and outside the city centre, CVE 12 000 000 (US$130). However, the relative affordability of housing is reflected in the fact that the average net monthly income is CVE 30 197 (US$327), an improvement from last year’s figures.9

No housing-related grants or government assistance related to access to land or services is provided by the government. However, we note a significant amount of foreign funds in the financing of housing.10

COVID-19 response

The first case of COVID-19 in Cape Verde was recorded on March 21, 2020. On May 25th, there were approximately 384 cases, including 60 hospitalized, 135 cured and 3 deaths. The government’s measures considered to combat the outbreak are as follows:

- In the area of health, the budget for medical infrastructure and the payroll for medical personnel has been increased. The capacity of the National Laboratory has been strengthened to carry out an additional 500 COVID-19 tests. However, the lack of reactivity and limited capacity to monitor and detect early suspected cases remain a major concern.

- Regarding the economics component, the Cape Verdean State has decided to defer payment of taxes until December 2020 and has also approved state-guaranteed lines of credit amounting to CVE 3 990 639 312 (US$42 431 039) aimed at subsidising private companies.

- The central bank (Banco de Cabo Verde (BCV)) reduced the key interest rate by 125 basis points to 0.25 percent, the interest rate on its permanent liquidity absorption facility from 250 basis points to 0.5 percent and approved a special line of credit to CVE 3 610 101 (US$471 600 000) to commercial banks with an attractive interest rate of 0.75 percent to consolidate liquidity.12

- On the social front, the government approved support of CVE 40 871 083 (US$435 051) for 8 000 households in extreme poverty. CVE 299 056 710 (US$3 183 300) targeting 30 000 informal sector workers, food assistance for 22 500 families and enhanced social protection for the elderly.13

Housing supply

As a beneficiary of several tourist attractions, Cape Verde has an active real estate market. Many private investments have been made to expand the housing supply in the country and many apartments and villas have been built as a result. Accommodation in Cape Verde is mostly found by word of mouth. There are also real estate agencies which list properties for rent or for sale.

In Praia, the capital city, the lifestyle is different from small towns and properties are more expensive. A cheap apartment costs on average CVE 34 918 (US$373). For this purpose, housing is an item of expenditure that must be considered in the medium and long term.

The monthly rental prices for an apartment in cities such as Praia or Santa Maria range from CVE 19 953 (US$213) to CVE 52 765 (US$534) depending on the choice of the island, the number of rooms and the equipment. The monthly rental for a furnished dwelling of 45m² in the city centre is CVE 31 038 (US$332), the monthly rent for a furnished dwelling of 45 m² outside the city centre is CVE 19 953 (US$213), the monthly rent of a furnished dwelling of 85m² in the city centre is CVE 52 765 (US$534), the monthly rent of a furnished dwelling of 85m² outside the city centre is CVE 33 587 (US$359), a night at a hotel in the capital is CVE 5 875 (US$63) and a night at a hotel in an average city of the country is CVE 4 543 (US$49).

In the context of the coronavirus pandemic (COVID-19), some facilities are currently implementing additional health measures.

Property markets

The framework highlighted is the Boavista real estate market. Indeed, acquiring a home in Boavista is one of the most profitable investments in Cape Verde. Due to the arrival of many tourists on this island each year, renting out an apartment here can provide an extremely lucrative income. The increase in the number of tourists corresponds with an increase in the value of properties.
Low tax levies make investing in the real estate market more attractive for investments starting at CVE 5 542 554 (US$59 353). In general, the accommodations offered are studios and two-bedroom apartments. This market also gives investors the opportunity to acquire an apartment on one hand, on the other hand, to build their own house in the long-term. For more significant investments, there is the possibility of obtaining large plots of land facing the sea or overlooking the sea and with different uses depending on the desired objectives.

The procedure for purchasing and marketing properties is identical to the Italian real estate market, with a notary who authenticates the deed and registers it with the notarial office (cartorio) linked to the municipality. The costs associated to the administrative documents of this procedure are not expensive. Cape-Verdean legislation provides prerogatives for investors, such as the relocation to another country and exemption from customs taxes inherent in construction for tourism use.

### Availability of data on housing finance

The Cape Verde needs social housing and to renovate its old housing stock to boost the real estate sector and to be competitive in the tourism market. However, sources of information remain difficult to obtain on both websites and blogs. As a result, we have reservations about the reliability of certain information.

Survey data from the National Institute of Statistics (INE) is largely outdated. Population census are held every first year of a decade with the last one undertaken in 2010. It is unclear if the 2020 census will be undertaken given the COVID-19 pandemic. There is information on housing programmes but it is difficult to verify this information.

The collection of information from the various banking institutions, microfinance, property developers and National Statistical Institutes remains difficult.
Websites

Lands and development http://www.foncier-developpement.fr/
Cape Verde - Economic Indicators https://tradingeconomics.com/cape-verde/indicators
National Institute of Statistics http://ine.cv/
Banco de Cabo Verde (BVC) https://www.bcv.cv/
Banco Comercial do Atlântico (BCA) http://www.bca.cv/
BANCO INTERATLÂNTICO http://www.bicv.com/
AFRICAN DEVELOPMENT BANK GROUP https://www.afdb.org/
Numbeo https://fr.numbeo.com/
Abrastone https://www.abrastone.com/
Ready to go (housing solutions in Cape Verde) https://www.readytogo.fr/voyage-etudiant-cap-vert/logement-cap-vert
Travel Generation https://generationvoyage.fr/loger-praia/
Cape Verde real estate http://www.capvert-immobilier.com/


This information is confirmed by an e-mail exchange with Bénédicte Godefroid (Head of Unit Capacity Building and Sector).


Overview

Cameroon is a country located in Central and West Africa along the Atlantic Ocean. It is bordered to the northeast by Chad, to the west and north by Nigeria; the east by Central African Republic and to the south by Equatorial Guinea, Gabon and the Republic of the Congo. Two of its border regions in the northwest and southwest are English-speaking, while the rest of the country is French speaking. The currency in Cameroon is Central African CFA franc. Cameroon has a population of just over 25 million inhabiting an area of 475,440 km². The country is rich in natural resources, which includes agricultural products like cocoa, coffee, cotton, maize and cassava, oil, gas, minerals and high-value species of timber.

Cameroon recorded a yearly population growth rate of 2.59 percent in 2020 as against 2.62 percent in 2019. With a population density of 56 per km² (145 people per m²), Cameroon is now 56.3 percent urbanized (14,911,523 people in 2020) as against 55.7 percent in 2019.3 The country is classified as one of the world’s least developed countries and is considered a lower middle-income country. Despite this, Cameroon has recorded fairly robust GDP growth from 4.3 percent in fourth quarter of 2018 to 3.8 percent as against 3.6 percent in 2019, combining into one what were previously two exchanges.

The GDP per capita income (on a yearly basis) in Cameroon was CFA907,857.2 (US$1,553.75) in 2020.5 Also, Cameroon GDP per capita based on Purchasing Power Parity (PPP) increased substantially by 3.27 percent between 2018 and 2019. GDP per capita based on PPP was reported to be CFA2,130,959.5 (US$3,953) in 2019 compared to CFA2,130,959.5 (US$3,953) in 2018.6 Over the last 20 years, Cameroon’s economy has been commodity dependent with oil accounting for over 50 percent of total exports. Agriculture employs more than 50 percent of its workforce.

In the fourth quarter of 2019, the economy grew 3.8 percent as against 3.6 percent growth in fourth quarter 2018. Mining and construction was primarily responsible for the growth in the secondary sector which was 5.1 percent as against 4.5 percent in the third quarter of 2019.7 The annual economic growth of the country is on average 4.7 percent, resulting in the demand for new infrastructure to be built. In Cameroon housing finance accounts for less than one percent of GDP. This is low compared to other developing countries like Thailand, Chile, Malaysia, Costa Rica, etc. where outstanding mortgage loans to GDP varies between 15 and 36 percent.8 Inflation rates in Cameroon were reported to be 2.45 percent in 2019 and estimated to be 2.8 percent in 2020.9

As at the 31st of December, 2019 Cameroon had 418 accredited microfinance institutions (MFI) operating.11 There are 15 commercial banks, 26 insurance companies, a state pension fund, and a state-owned mortgage bank, as well as non-banking financial establishments.12 The unified standard exchange of Central African Economic and Monetary Community (CEMAC) is now officially hosted by Douala. This began in July 2019, combining into one what were previously two exchanges.13

KEY FIGURES

<table>
<thead>
<tr>
<th>Main urban centres</th>
<th>Yaounde, Douala, Bafoussam, Garoua, Bamenda, Mongbwalu</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange rate (1 July 2020): 1 USD = [a]</td>
<td>564.30 CFA Franc (XAF)</td>
</tr>
<tr>
<td>1 PPPS = [b]</td>
<td>235.21 CFA Franc (XAF)</td>
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<td>Total population [b]</td>
<td>25,876,380</td>
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<tr>
<td>Urban population [b]</td>
<td>14,741,256</td>
</tr>
<tr>
<td>Population growth rate [b]</td>
<td>2.58%</td>
</tr>
<tr>
<td>Urbanisation rate [b]</td>
<td>14.3%</td>
</tr>
<tr>
<td>GDP per capita (Current US$) [b]</td>
<td>US$1,486</td>
</tr>
<tr>
<td>Percentage of population below national poverty line (2017) [b]</td>
<td>4.3%</td>
</tr>
<tr>
<td>Unemployment rate (% of total labour force, national estimate) (2017) [b]</td>
<td>6.5%</td>
</tr>
<tr>
<td>Proportion of adult population that borrowed formally (2017) [b]</td>
<td>64.9%</td>
</tr>
<tr>
<td>Gini coefficient (2017) [b]</td>
<td>56.3%</td>
</tr>
<tr>
<td>HDI country ranking (2018) [c]</td>
<td>150</td>
</tr>
<tr>
<td>HDI country score (2018) [c]</td>
<td>0.56</td>
</tr>
<tr>
<td>GDP (Current US$) [b]</td>
<td>US$3,768 million</td>
</tr>
<tr>
<td>GDP growth rate [b]</td>
<td>4.02%</td>
</tr>
<tr>
<td>Inflation rate (2018) [b]</td>
<td>13.50%</td>
</tr>
<tr>
<td>Yield on 10-year government bonds</td>
<td>n/a</td>
</tr>
<tr>
<td>Lending interest rate</td>
<td>14.53%</td>
</tr>
<tr>
<td>Number of mortgages outstanding</td>
<td>n/a</td>
</tr>
<tr>
<td>Value of residential mortgages (Current US$)</td>
<td>n/a</td>
</tr>
<tr>
<td>Typical mortgage rate 1 Term Deposit (2019) [d]</td>
<td>20%</td>
</tr>
<tr>
<td>Ratio of mortgages to GDP</td>
<td>35%</td>
</tr>
<tr>
<td>Number of mortgage providers [e]</td>
<td>4</td>
</tr>
<tr>
<td>Number of microfinance loans outstanding</td>
<td>n/a</td>
</tr>
<tr>
<td>Value of microfinance loans in local currency units</td>
<td>n/a</td>
</tr>
<tr>
<td>Number of microfinance providers [e]</td>
<td>412</td>
</tr>
<tr>
<td>Total number of formal residential dwellings in the country</td>
<td>n/a</td>
</tr>
<tr>
<td>Total number of residential properties with a title deed [f]</td>
<td>307</td>
</tr>
<tr>
<td>Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [g]</td>
<td>18,000,000 XAF</td>
</tr>
<tr>
<td>Size of cheapest, newly built house by a formal developer or contractor in an urban area [g]</td>
<td>104m²</td>
</tr>
<tr>
<td>Typical monthly rental for the cheapest, newly built house (2019) [h]</td>
<td>12,500 XAF</td>
</tr>
<tr>
<td>Cost of standard 50kg bag of cement in local currency units [i]</td>
<td>5,000 XAF (US$8.56)</td>
</tr>
<tr>
<td>Type of deeds registry: digital, scanned or paper [j]</td>
<td>n/a</td>
</tr>
<tr>
<td>Total number of formal housing units built in this year</td>
<td>167</td>
</tr>
<tr>
<td>Number of procedures to register property [j]</td>
<td>5</td>
</tr>
<tr>
<td>Time to register property [j]</td>
<td>87 days</td>
</tr>
<tr>
<td>Cost to register property as share of property price [j]</td>
<td>13.7%</td>
</tr>
<tr>
<td>World Bank IDB Quality of Land Administration index score (0-30) [l]</td>
<td>0.0</td>
</tr>
<tr>
<td>Percentage of women who own a house alone: Total</td>
<td>2.6%</td>
</tr>
</tbody>
</table>
| Percentage of households with basic sanitation services: Total | 5%
| Urban (2018) [k] | 2.2% |
| Percentage of households with no electricity: Total | 39.4%
| Urban (2018) [k] | 37.5% |
| Percentage of households with 3+ persons per sleeping room: Total | 7.0%
| Urban (2018) [k] | 6.5%
| Percentage of urban population living in slums (2018) [l] | 33.7% |
| Urbanisation rate [b] | 26.5% |
| Total population [b] | 26.5% |
| Total urban population [b] | 10.0% |
| Population growth rate [b] | 37.8% |
| Urbanisation rate [b] | 27.5% |
| Total population [b] | 26.5% |
| Total urban population [b] | 33.7% |

Notes:
[a] Xe.com
[b] World Bank World Development Indicators
[c] Human Development Reports, United Nations
[d] Community Credit Company (CCC)
[e] Cameroon Real Estate Corporation
[f] Ministry of Urban Development and Housing
[g] Ministry of Housing
[h] Cement Cam Dangote
[i] Demographic and Health Surveys, USAID
[j] Ministry of Urban Development and Housing
[k] Urban Development Programme
[l] World Bank Ease of Doing Business Indicators
[m] African Development Bank
[n] Demographic and Health Surveys, USAID
[o] United Nations Human Settlements Programme
[p] Ministry of Lands, Housing and Urban Planning
[q] United Nations Human Settlements Programme
[r] Ministry of Housing

* Figures are for 2020 unless stated otherwise.
Access to finance

Access to finance is limited particularly for retail and small and medium enterprises (SMEs) because of the domination of Cameroon’s financial system by foreign commercial banks. These banks prefer lending to government, multinationals and large businesses. Some commercial banks provide mortgage loans. The geographic distribution of bank branches is highly 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.

Less than five percent of Cameroonian citizens have access to a bank account. There is however an operational service known as Mobile Money (MM). MM is a service which permits customers to gain access to financial services using cellular devices; by dialing Unstructured Supplementary Service Data (USSD) codes. Four significant platforms for mobile money services (MMS) in Cameroon include, MTN Mobile Money, Orange Mobile Money, Express Union Mobile Money and the recently launched Nextel Possa. Some of the services offered by MM includes the transferring of funds between bank accounts and mobile money accounts; sending and receiving of money transfers; money withdrawals; money deposits; visa card facility; etc. With the introduction of innovative technology, MMS now contribute 73 percent of the total variance in the turnover of the SMEs in Douala.

A state housing bank, Crédit Foncier du Cameroon (CFC) plays a principal role in the mortgage sector. The CFC has advantage over local commercial banks because it receives a salary levied tax thereby having access to long term funding. This mechanism allows it to grant long-term loans (for as long as 30 years) at subsidized rates (approximately seven percent). Considering the extremely limited volume of credits it grants and the difficulties CFC faces, households’ options for financing housing are limited. Furthermore, the CFC currently only supports the financing needs of the upper income class making it difficult for the development of a robust mortgage sector.

The banking sector is highly concentrated and dominated by foreign commercial banks which hold more than 50 percent of total financial system assets. The capitalization of small domestic banks is well below the average of banks in the CEMAC region. Domestic banks’ profits are approximately two percent compared to 20 percent for foreign banks. This puts the domestic banks in a much weaker position. The outcome is that most banks hold large amounts of excess reserves as a percentage of deposits and therefore have a huge amount of unutilized liquidity.

The International Bank of Cameroon for Savings and Credit (BICEC) provides two Housing Microfinance Market (HMP) products in Cameroon. These are land purchase and home construction/acquisition. The tenure and interest rate of these loans are seven years and seven percent, respectively. The age limit for borrowers is between 18 and 55 years. Further, unsecured loans are provided to customers that are salary earners by Cameroon’s La Régionale d’Epargne et de Crédit. These loans have five years maturities and are cheaper than microcredits but with conditions that are almost the same with that of traditional mortgages.

To increase access to funding, variants of the contractual savings for housing (CSH) scheme have been developed in Cameroon. The CSH plan is a contractual agreement between a financial institution and a customer that grants the customer the right to acquire a privileged mortgage after a minimum saving period.

Affordability

The unemployment rate in Cameroon decreased to 3.30 percent in 2019 from 3.40 percent in 2018 and is estimated to be around 3.2 percent in 2020. The population below the poverty line in Cameroon was 37.5 percent in 2014; 40 percent in 2018 and was estimated to be around 30 percent in 2019. According to the World Bank collection of development indicators, income poverty in Cameroon was reported at 0.66667 in 2019. GINI index was 39.8 percent in 2018 and Human Development Index (HDI) value for 2018 is 0.563. This puts Cameroon in the medium human development category, positioning it at 150 out of 189 countries and territories.

COVID-19 response

Cameroon recorded the first COVID-19 confirmed case on the 6th of March, 2020 in Yaoundé. Cameroon’s Prime Minister Joseph Dion Ngute closed schools, universities and training centres on 17 March 2020. On 18 March 2020, the country closed its land, air and sea borders.

To cushion the effects of the pandemic, Cameroon reduced its monetary policy rate by 25 basis points (bps) to 3.25 percent; a decrease of the Marginal Lending Facility rate by 100 bps to 5 percent from BEAC as well as macro financial aids from the Commission Bancaire de l’Afrique Centrale (COBAC). Furthermore, the BEAC also decided to resumed liquidity injections into the system with longer maturity of up to one year.

However, there has not been any specific incentives recorded as it concerns direct palliative on housing during the lockdown.

Cameroon’s HDI value increased from 0.445 to 0.563 between 1990 and 2018, an increase of 26.4 percent. Approximately 90 percent of jobs in Cameroon are informal. Accounting for nearly a quarter of total employment, the informal sector is the main source of non-agricultural employment (half of non-agricultural employment). The formal private sector is not well developed and employs only a small percentage of the labour force. Through its agencies and parastatals, the government is the largest formal sector employer in Cameroon.

In Cameroon, the average gross earning for most salary people is CFA2 093 298 (US$3 583.6). From the growing diaspora population, most families receive monthly remittances whose inflows continue to increase. Remittances as a percentage of GDP for 2019 in Cameroon are 0.86 percent. Primarily, these remittances are used to fund projects for those in the diaspora (which often includes housing construction) and for the basic needs of families. The cost of a newly built 104 m² house is CFA18 000 000 (US$30 821). The typical rental price for the same type of house is CFA125 000 (US$213.9). Meanwhile, there are no subsidies tied to housing which are not related to mortgage. Other basic services like heating, cooling, refuse disposal, electricity and water supply for a 85m² residential apartment would cost 47 500.00 CFA (US$81.3) per month.

Housing supply

Despite the interventions of the government to curb the housing problem, which is largely the exorbitant prices of housing/building supplies in the country, Cameron’s housing challenges remain. The cost of a one bedroom apartment in the city centre is CFA97 333.33 (US$166.6), the cost of one bedroom outside of centre is CFA55 000 (US$94.1), the cost of three bedrooms in city centre is CFA 308 437.5 (US$527.9), while the cost of three bedrooms outside of centre is CFA170 625 (US$292). For new households in the urban and semi-urban areas, a shift from ownership towards rentals occurs as the rate of urbanization increases and as the middle class grows.

In its efforts to deliver social housing, the government has entered into partnership investment agreements and has also signed memorandums of understanding (MOU) with various foreign bodies and companies, a number of which involve direct foreign investment (DFI). On July 14, 2020, the government handed over house keys to 32 beneficiaries who had completed their payment for low cost residential apartment. This project is part of an MOU for the construction of 10 000 social homes that was signed by the Qatari Haba Business Group and the Cameroonian Government. The houses are located in a secure and accessible area. The government has promised to deliver more keys to the subscribers, upon completion of housing payment and in line with the executed MOU with Qatari Haba Business Group. The government has also promised to continue construction by developing 4 500 collective residential apartment in Douala and Yaoundé. Additionally, 50 individual housing units will be developed in Kribi, Edea, Dschang, Bangangté, Soa, Limbé, Sangmélima, chief towns of Douala and Yaoundé, and other cities.
Property markets

Economic growth of Cameroon dropped by three percent due to COVID-19. This crash in the economy has ultimately affected the real estate market. As a result of the pandemic, many people have lost their jobs and can not access bank loans. To meet up their urgent cash needs, many people sold their properties at less than the market value. This fall in prices, with fewer creditworthy buyers, made the real estate market crash by approximately 30 percent. In addition, Cameroon is also experiencing a decline in its equities market and this has made it even more difficult for many real estate companies to overcome the crisis. The outcome is that many real estate investors in these kinds of complicated situations sell their properties at lower price to recover money.32

In Cameroon, the majority of land is considered national land which is administered by the State for the “public good” and held under customary law. This includes all unregistered land that is not managed by the state and is occupied or used by rural communities. Only a relatively small percentage of Cameroonians have registered their land rights. Today, most pieces of land in Cameroon are still held and managed informally through local tenure arrangements. These local arrangements are a combination of statutory and customary tenure rules which form a complex and sometimes, flexible set of rules that creates uncertainty, promotes land conflicts and hinders local development.33

Land titles are the only legal means of holding land rights. It is possible to obtain ownership rights over land in the private domain of the State. It however, requires that land be registered, and a development plan be drafted as well. Title on land effectively occupied and used before 1974 can be applied for. At present, communities and individuals are not permitted to apply for title on lands that are not effectively occupied and used. They are however allowed to continue fishing and undertake other activities on vacant land. This opportunity is however not guaranteed as the state can evict communities from these lands and reallocate them.

Globally, in the World Bank’s Doing Business Report 2020, Cameroon is ranked at 175 in the ranking of 190 economies on the ease of registering property.34 The small number of land certificates and titles can be attributed to several factors, which prompted the Cameroon government in 2005 to simplify the titling procedures. The government reduced the number of steps and departments involved in the process of reviewing and approving a request to title land and established a timeline for processing applications. Another improvement ushered in by the 2005 reform was the creation of a single agency within Ministry of State Property and Land Tenure (MINDAF) to handle most services concerned with the titling process. According to MINDAF, only 125 000 title deeds were issued between 1884 and 2008 (approximately 1 000 titles per year on average).35 Property tax is payable annually with or without an ownership certificate or an administrative or judicial order issued on real estate in Cameroon.

Tax is charged at 0.1 percent of the assessed property value. Properties exempted from real property tax are those belonging to sporting bodies, associations, clubs, or accredited properties intended for sports and sports facilities.36

Despite the crash in the economy, the real estate market in Cameroon is doing well. Rate of returns are attractive in certain areas as Yaounde and Douala with a Return on Investment (ROI) ranging from 7 to 10 percent. Specifically, city office rent in these areas get an ROI rate of 10 percent while commercial rents and residential rents get 8.57 and 7.5 percent respectively.37

Policy and legislation

Cameroon undergoes an intense right-to-land dualism between modern and customary/traditional rights due to its French and British colonial heritage. In the Muslim regions, principles of Islamic law have also been incorporated into customary law.38 Through Decree No. 2005/178 of 27 May 2005, the institutional framework for the implementation of land legislation was put in place. Thereafter, the Ministry of State Property and Land Tenure, was established as well as Decree No. 2005/481 of 16 December 2005.39

Currently, the main regulatory tool in terms of planning in the country, are embedded in the following decrees/laws:

- Decree No. 2008/0737/PM lays down rules for safety, hygiene and sanitation that are applicable to construction works;
- Decree No. 2008/0736/PM for revising and drawing up town planning documents and lays down the conditions for doing so;
- Decree No. 2008/0738/PM organizes procedures and processes for land-use;
- Decree No. 2008/0740/PM sets rules on penalties in the event of breach of town planning rules; and
- DecreeNo. 2008/0739/PM lays down construction and land-use rules.40

In Cameroon, land is classified as private, public or national by formal law. Lands owned by individuals, groups, corporate entities or the State are called Private lands. These lands must be titled and registered. Public land includes the waterways, sea side, roads and parks that are held by the State for the benefit of the people of Cameroon. All other land which includes grazing land, land held by communities under customary law, most unoccupied land and informal settlements is classified as national land. Use or rights to national land can be allocated by the State to individuals or groups or such land be converted into State public or private property.41

Opportunities

Cameroon can be a good option for foreign investors as the economic growth of the country is on the average of 4.7 percent every year resulting in the demand for new infrastructure to be built.

The wholesale funds made available by the African Development Bank (ADB); growing middle and upper classes; strong local partnerships; increasing capital inflows from the diaspora and international investors; increased local investment; better legislation and reforms; and access to finance, makes the country a fertile ground for investors.

---

**Table:**

<table>
<thead>
<tr>
<th>Population:</th>
<th>25 876 380</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urbanisation rate:</td>
<td>3.63%</td>
</tr>
<tr>
<td>Cost of cheapest</td>
<td>18 000 000 XAF</td>
</tr>
<tr>
<td>newly built house:</td>
<td>PPP$78 529</td>
</tr>
<tr>
<td>House price PPP$:</td>
<td>PPP$12 563</td>
</tr>
<tr>
<td>Urban households</td>
<td>PPP$80 125</td>
</tr>
<tr>
<td>that could afford</td>
<td>PPP$56 789</td>
</tr>
<tr>
<td>this house with</td>
<td>PPP$38 907</td>
</tr>
<tr>
<td>finance:</td>
<td>PPP$25 213</td>
</tr>
<tr>
<td>1 PPP$:</td>
<td>235.21 CFA franc</td>
</tr>
</tbody>
</table>

**Figure:**

Annual income profile for rural and urban households based on consumption (PPPS), 2019

<table>
<thead>
<tr>
<th>No. of households (thousands)</th>
<th>PPP$001 – PPP$10 000 000</th>
<th>PPP$10 001 – PPP$20 000 000</th>
<th>PPP$20 001 – PPP$30 000 000</th>
<th>PPP$30 001 – PPP$40 000 000</th>
<th>PPP$40 001 – PPP$50 000 000</th>
<th>PPP$50 001 – PPP$60 000 000</th>
<th>PPP$60 001 – PPP$70 000 000</th>
<th>PPP$70 001 – PPP$80 000 000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average annual household income needed for the cheapest newly built house by a formal developer, 2019</td>
<td>PPP$23 000 000</td>
<td>PPP$24 529 000</td>
<td>PPP$26 013 000</td>
<td>PPP$27 529 000</td>
<td>PPP$29 013 000</td>
<td>PPP$30 529 000</td>
<td>PPP$32 013 000</td>
<td>PPP$33 529 000</td>
</tr>
</tbody>
</table>

**Source:** https://www.cgidd.com/ (2020)
Developers of rental housing, affordable housing, luxury residential and housing finance providers can leverage on the existing challenge of providing housing for the growing and urbanizing population. If thoroughly investigated, this could be an opportunity as almost half of the population lives in informal dwellings and settlements.

Additional Sources

Websites
World data worlddata.info
Statista www.statista.com
Heritage https://www.heritage.org
The Global Economy https://theglobaleconomy.com
The Central Bank of West African States (French: Banque Centrale des États de l’Afrique de l’Ouest) www.bceao.int
African Development Bank www.afdb.org
WAEPU Affordable Housing Finance www.worldbank.org

Availibility of data on housing finance
Mortgage data was obtained from the World Bank and Housing Market Dynamics in Africa by Bah, et al. 2018. Land transaction statistics and economic data was obtained from Worldometer.Trading economics, U.S. Department of state and travel tables.

In Cameroon, the National Institute of Statistics (NIS) and the Bank of Central African States (BEAC) are set up for data management at the socio-economic levels and banking levels respectively. However, both organisations have not been able to make data available publicly. It would help if there was a lot of interaction and engagement between the NIS and BEAC to make data public especially as it concerns housing data.

As with the findings from previous years, there has not been any significant improvement in data management from the registry of various federal agencies. The activity reports of Ministry of Urban Development and Housing (MINDUH) services are still partial and unpublished. Many of the institutions are still not cooperative when it comes to the sharing of data.
Central African Republic

Dr Sazoulang Douh and Abel K. Walendom

Overview

The Central African Republic (CAR) is one of the few countries in the world where there has been no public real estate programme undertaken for almost a decade. Similarly, there is no policy initiative to facilitate the construction of social housing by government, as noted by the Directorate General of Housing in 2015. In an inventory drawn up in 2015 by the Preparatory Commission for the Bangui National Forum, the housing sector was described in the following terms: “Housing in CAR is experiencing serious difficulties due to accumulated inadequacies, namely the anarchic consumption of urban space, the proliferation of uncontrolled housing, the densification of central neighbourhoods, the insufficient production of housing, the high cost of urban space, and the absence of a policy for the production of local housing.”

The real estate market is virtually non-existent due to the lack of operational real-estate developers. This is due to the fragile nature of the economic and political environment of the country. Persistent political instability has plagued the country for several decades, forcing thousands of Internally Displaced Persons (IDPs) to live in temporary camps. These disruptions have created huge social housing needs with an ever-increasing population and the urgent need to rehouse all the IDPs, whose numbers exceed 600,000 according to UNHCR. The growing number of displaced persons is the result of persistent armed conflict, which has periodically broken out in the country over the past decade.

Moreover, these protracted internal conflicts have affected the economy, which was already weakened by the country’s isolation and the low economic growth rate, estimated at 2.7 percent in 2018. The economy is based on agriculture, forestry and diamond mining, which are coveted by all the armed groups in the conflict. Unfortunately, all three of these sectors have been severely affected by the civil war, lack of organisation, and by the long-term humanitarian crisis. Almost all the socioeconomic indicators are in decline due to this persistent unfavourable economic situation. Gross domestic product (GDP) growth, which was 4.3 percent in 2018, fell to 2.97 percent in 2019. CAR ranks 183 out of 211 countries in World Bank Doing Business 2019 report. The Doing Business Index also declined from 35.57 in 2019 to 33.26 in 2018, bringing the country down to 184 from 183 in 2018. Price inflation for consumer staples, which had stabilised at three percent in 2018/19, is now projected at seven percent for 2020. Although CAR recorded a Human Development Index of 0.38 in 2019, up from 0.367 in 2017, the country ranks 188. The gross national product (GNP) forecasts predict a drop of 7.3 percent compared to the level before COVID-19.

In the context of the pandemic, CAR is classified by Global Health Security as one of the least prepared countries to fight the pandemic, with a low index of less than 27 points compared to the level before COVID-19. Moreover, measures taken mean that 545,000 people have benefited from humanitarian assistance and 294,000 people have benefited from multi-sectoral assistance out of the 1,120,000 people made aware of the pandemic during campaigns organised by the different actors involved in the fight against COVID-19. However, measures taken mean that 545,000 people have benefited from humanitarian assistance and 294,000 people have benefited from multi-sectoral assistance out of the 1,120,000 people made aware of the pandemic during campaigns organised by the different actors involved in the fight against COVID-19.
Geographical isolation increases the cost of building materials, and economic and financial difficulties as well as inter-community conflicts have had a heavy impact on the country’s development and therefore on the improvement of social housing in CAR.

Access to finance
In the context of widespread insecurity, only seven out of 16 prefectures are covered by the banking network, which includes only four commercial banks, two postal banks, three insurance companies and three microfinance institutions.

All these financial institutions concentrate their activities in the capital Bangui to the detriment of rural areas. This absence in rural areas is partially filled by non-governmental organisations, including the Danish Refugee Council, the Catholic Relief Service and the International Partnership for Human Development.

Although a member of the Economic and Monetary Community of Central Africa (CEMAC), the financial system is the smallest in the number of financial institutions in the region. Commercial banks are licensed and supervised by the Bank of Central African States (BEAC) and the Central African Banking Commission. The current regional currency is the CFA franc.10

The main financial players are Crédit Mutuel de Centrafrique, Union Centrafrique des Caisses d’Épargne et de Crédit, Société Finance Française de Crédits SA, Caisse Mutuelle des Citiadenes de Centrafrique and Express Union SA.

In the absence of formal and operational property development institutions, access to finance for decent social housing remains marginal. Similarly, the absence of consulting and advisory agencies and financial support agencies for clients makes access to mortgage loans difficult. This is why the authorities in CAR are keen to open the Banque de l’Habitat en Centrafrique (BHC) and the Agence Centrafrique de la Promotion de l’Habitat (ACPH) to fill the gap.11

Adding together long-term loans and mortgages, the total number of loans granted by all banks in 2018 is estimated by the BEAC at 27 895. The average interest rate on long-term loans is 14 percent for an average term of 10 years backed by contributions of varying amounts depending on income. Contributions do not exceed 35 percent of the amount requested. These conditions exclude low income or informal populations, which turn to the informal rental market or to precarious housing.

The slowdown or even the halt in socioeconomic activities due to the pandemic have had a negative impact on the financing of housing. However, it is premature to assess the impacts of the pandemic on the level of credit indebtedness and its impact on housing affordability.

Affordability
Ede Jorge I Vasquez, Senior Director of the Social, Urban, Rural and Resilience Development Division of the World Bank Group said this year that “in many African countries, only five to 10 percent of the population can afford the cheapest form of formal housing.”12 According to economists at the African Development Bank (AFDB), this very low rate is attributable to the high cost of urban housing due to several factors including inadequate land governance policies that encourage speculative acquisitions, poor urban planning that leads to urban sprawl, and the lack of essential infrastructure that has greatly increased the cost of serviced land. In addition to the cost of servicing land, there are other related acquisition costs. As a result, the available serviced land is limited and out of reach of the majority of citizens seeking decent housing.13

In CAR, only 10 percent of land is registered and marketable, making access to land difficult, despite the ever-increasing demand from the population. The challenge to achieving the goal of affordable housing is therefore the complexity of the value chain and especially the price of cement imported mainly from Cameroon at CFA 1 500 (US$1.96), which is three times higher than the world average.14

It is an illusion to talk about housing affordability in CAR when monthly salaries are CFA25 000 (US$42.8). Such an income is totally insufficient to buy a plot of land and build a house on it without state subsidies, and many wage earners take between 10 and 15 years to complete a small ordinary house. As a result, 90 percent of the population living below the poverty line are unable to own adequate housing. The Director of Technical Services at the Bangui Town Hall, interviewed by Agence France Presse, said that since the sector is not regulated, each owner is free to set his or her own rental price; thus many inhabitants with limited incomes choose to settle on the outskirts of the city or in semi-rural areas.15

Finally, the measures taken by the government for COVID-19 (social distancing, prohibition of grouping) have led to the halt of ongoing building sites, an increase in the unemployment rate, particularly in the construction sector and in day jobs, and have highlighted the lack of housing supply. This has led to uncontrolled rent inflation in Bangui.

Housing supply
The supply of formal social housing in CAR is almost non-existent. Furthermore, “housing needs have gone from around 500,000 homes before the 2013 crisis to one million today”, said the Director General of Housing at the Ministry of Housing in an interview.17 Despite this, the government through the Ministry in charge of housing and its financial partners, has launched two construction projects totalling 400 housing units. The three sites are the Boy-Rabé district in the City of Bangui, the Kozobilo Boali village and the Sakai region. The first project has been financed since 2011 by CELTEL (based in Kenya) and aims to build 300 housing units which have not yet been delivered.18 The second project is financed by the Kingdom of Morocco for 100 housing units but the physical work has not yet started; despite 70 percent of the financing already released.19

Even if the 400 houses have been delivered, they do not meet the urgent needs estimated at 1,970 dwellings, i.e. the number of houses destroyed by the conflict plus the annual needs of the rest of the population. In short, the current housing supply is not meeting the target of at least 10,000 dwellings a year. However, the government has entered into negotiations with a group of United States and United Arab Emirates (UAE) companies, TUNEB-DG, for an ambitious programme to build 50,000 social and economic housing units. This programme could substantially improve the supply of housing and the living conditions of the population.20

Property markets
The formal property market in CAR is non-existent as no public, semi-public or private property operator produces or markets housing. Before 1980, three social housing construction programmes, namely SICA I, II, III, had produced 2,000 dwellings. Since 1983 after the only social housing construction company, the Société Nationale de l’Habitat, was dissolved, no structure has been created to replace it. Indeed,21 attempts to render the ACPH operational, including Law No. 09/001 of 16 January 2009, have not been successful.

COVID-19 response
According to the World Health Organization (WHO), the first reported case of COVID-19 was registered on 14 March 2020. In early August 2020, 4,700 cases were reported, including 1,784 recoveries and 61 deaths, or 1.3 percent of reported cases.21 In view of the fragility of the Central African health system, the country is generally well protected.

At the end of April 2020, a national emergency response plan supported by the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA) provided testing, and barrier measures were put in place to contain the epidemic.22

In CAR, the main negative socioeconomic impacts include soaring prices of consumer goods, rents and construction materials, increased unemployment due to the halt in construction, increased poverty and falling prices of raw materials.23 In spite of this, there has been no reduction in commercial bank interest rates and no subsidies or protection has been given to tenants.
The land tenure system is governed by the 1964 Land Code, which stipulates that property ownership is gained only when the recipient obtains a land title, for which legal procedures are lengthy (more than 75 days). As a result, the real estate sector is characterised by informal housing, which is growing in an unplanned manner, without land management, without regulation of building standards and without a land title. Recurrent problems about land sold without land title are the subject of social tension in Bangui, and of disputes and litigation in the courts, particularly in the Bimbo district and the 7th arrondissement. In addition, acquisition of plots of land is lengthened by the slowness of the procedures and the corruption of the Land Registry Service, which has been criticised by the Ministry in charge of housing.22

Between 1899 and 2012, (113 years), only 8,579 land titles were issued, meaning that an annual average of 76 land titles or one title every five days was issued.

The rental market is also under pressure. The rent for a room which was CFA10,000 (US$17.1) in 2013 increased to between CFA15,000 (US$25.6) and CFA25,000 (US$42.8) a month in 2019 depending on the district in Bangui.23 Similarly, a house that was rented for CFA120,000 (US$205.4) a month costs two to three times more in the more secure city centre of Bangui. This rental speculation can also be explained by the huge influx of personnel from the United Nations (UN) peacekeeping missions and international organisations, which have a higher purchasing power.

**Policy and legislation**

CAR followed UN Housing recommendations when, in 2009, it created the Ministry of Housing in charge of the promotion and construction of affordable housing now called the Ministry of Urban Planning, the City and Housing. In 2012, a technical committee and an inter-ministerial committee were set up to harmonise the various laws of the departments working on land tenure. These included the Food and Agricultural Organization’s (FAO’s) Voluntary Guidelines for Responsible Governance of Land Tenure, the African Union’s Framework and Guidelines on Land Tenure Policies, and the Central African Forest Commission Guidelines.

In 2015, a second Poverty Reduction Strategy Paper (PRSP 2) and a new land tenure code were drawn up. Important reforms on land governance were proposed. Little progress has been made except for the following actions undertaken by the government:

- The creation of the Central African Agency for the Promotion of Housing;
- Campaigns to promote local building materials;
- The development of projects for the construction of decent social housing with 10,000 homes built and the free transfer of serviced plots to beneficiaries; and
- The rehabilitation of the Royal Brickworks with Chinese partners.24

There is no, however, no legal framework setting building standards and rent thresholds in the cities.25 To this end, a bill was introduced in parliament to be debated at the end of 2019. Even if the law has been promulgated, the difficulty lies in its application. Research in 2020 showed that the Central African state is not providing housing. There is no public housing project underway. The government’s effort is focused on creating a favourable framework for private housing.26

**Opportunities**

The government’s objective is to produce 10,000 housing units a year, and “even if this sector is still in its infancy, the weakness of the supply could augur well for the future.”27

Moreover, the operationalisation of the BHC and ACAPH, supported by the Preparatory Commission for the Bangui National Forum in 2015, offers an opportunity to investors and property developers.28

Investment opportunities in the housing sector as a whole, and for social and economic housing, are numerous in view of the enormous housing deficit. Natural resources (wood and diamonds) are considerable. The young population is poorly housed. Housing remains one of the priorities of government with several social housing construction programmes planned.29 In addition, the rehousing of displaced persons requires the construction of economic housing with the support of technical and financial partners. In 2016, the URD Group, funded by French Development Aid, was recruited to carry out a feasibility study for the Ministry of Housing, Social Housing and Urban Development. A project to rehouse IDPs was set up at the M’Poko reception site in Bangui but it is currently being closed.30

**Availability of data on housing finance**

In CAR, as in many Central African countries, it is difficult to obtain reliable primary data from public administrations. Three people, including the adviser to the Minister of Urban Planning, Cities and Housing and two consultants, were contacted by email and telephone, but all declined the request for an interview, arguing that the data to be collected is sensitive and the task impossible in the current context.

Therefore, the authors used the documentary resources provided by CAHF and especially internet research to write this profile as travel within the country was not allowed with the COVID-19 pandemic. Journalistic articles published on the internet, thematic studies, censuses and externally funded national studies were used as the main resources. Finally, among the challenges related to the collection of statistical data are the difficulties in gaining access to the public administration, the reluctance of banks to give information on mortgage loans, the absence of reliable statistics on land transactions, and the non-publication, non-existence or refusal to share information or provide data.
Additional sources


Overview
Social housing remains an ideal for Chad as the country lacks the appropriate tools and programmes. More than 53 percent of households in the city live in rented or precarious housing due to difficulties in acquiring land, the high cost of building materials, and the continuous growth of the urban population. The latest housing deficit in Chad, estimated by the Ministry of Territorial Development, Urban Planning and Housing (MATDHU) in 2015, was 370,000 and is worsening with 86.9% of the urban population reported to be living in slums. No new social housing was recorded in 2020, due to COVID-19 as well as the delay of the Shelter Afrique project of 100,000 formal dwellings. Only 53% of households in N'djamena and Moundou live in rented or precarious housing due to difficulties in acquiring land, the high cost of building materials, and the continuous growth of the urban population. Geographical isolation, the additional cost of building materials, economic and financial barriers, and the increased threat of jihadist groups remain the main factors slowing down the development of social housing in Chad. However, efforts are underway to operationalise the Banque de l’Habitat du Tchad (BHT), which will facilitate the financing of decent housing at affordable prices.

The economic upturn of the last two years (2018/19) came to an abrupt halt with the pandemic and all socioeconomic indicators are stagnant or regressing. Gross domestic product (GDP), which was US$730 (2018), fell to US$709.54 per capita in 2019. Chad’s Doing Business Index score fell to 36.94 in 2019 from to 39.36 in 2018, bringing the country to 182 out of 190 in the world. Price inflation, which had stabilised in 2019 (-0.97 percent), rose to 2.5 percent, especially for imported construction materials. With a Human Development Index (HDI) of 0.40, Chad was ranked 187 out of 188 countries in 2018. In addition, the infrastructure deficit remains pronounced, with an index score that ranked Chad 51 out of 54 African countries in 2018. With a GDP per capita (Current US$) of US$719, the infrastructure deficit remains pronounced, with unemployment rate (or formality rate, national estimate) (2017) 5.9%. Proportion of adult population that borrowed formally (2017) 2.8%.

The response plan against the pandemic outlined by the President in April 2020, estimated at CFA900 billion (US$1.5403 billion), is being implemented. The response plan includes tax reductions and the temporary suspension of measures to mitigate the effects of COVID-19 on the housing sector have been limited to providing free water for six months and electricity for three months to subscribing vulnerable people (less than five percent of the population) received assistance in the form of food and hand-washing kits.

The banking network comprising nine commercial banks covers only a few structures, the effective operationalisation of which will undoubtedly boost this sector.

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Access to finance
Access to finance for decent housing is a long and complex exercise in Chad, as structures for technical assistance (advice and guidance) and direct financial support are fragmented and inefficient. The economic upturn of the last two years (2018/19) came to an abrupt halt with the pandemic and all socioeconomic indicators are stagnant or regressing. Gross domestic product (GDP), which was US$730 (2018), fell to US$709.54 per capita in 2019. Chad’s Doing Business Index score fell to 36.94 in 2019 from to 39.36 in 2018, bringing the country to 182 out of 190 in the world. Price inflation, which had stabilised in 2019 (-0.97 percent), rose to 2.5 percent, especially for imported construction materials. With a Human Development Index (HDI) of 0.40, Chad was ranked 187 out of 188 countries in 2018. In addition, the infrastructure deficit remains pronounced, with an index score that ranked Chad 51 out of 54 African countries in 2018.
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Chad is a member of the Central African Economic and Monetary Community (CEMAC) and all primary banks are licensed and supervised by the Bank of Central African States (BEAC) and the Central African Banking Commission. The currency used is the Franc des Colonies Françaises d’Afrique/Franc for French Colonies in Africa, which has a fixed parity with the euro of 656. There are nine operational banks in Chad, and this has not changed since 2017 because the Moroccan bank expected at the end of 2019 could not be set up as announced for unknown reasons. In addition, there are 215 microfinance institutions, two insurance companies and two social pension funds.

Home mortgages are not granted to low income or informal applicants in Chad. During 2018, BEAC estimated that 2,060 new long-term loans were granted by all banks for a total amount of CFA 1,088 million (US$32 668 111). The three banks that dominate long-term lending activity are Société Générale du Tchad with 25.2 percent, Commercial Bank Tchad with 20.4 percent and Orabank Tchad with 18.9 percent. These banks serve only high income earners with interest rates of 15 percent for a maximum period of 10 years and beneficiary contributions ranging from 15 percent to 30 percent of the requested amount. People with low or informal incomes fall back on microfinance institutions that offer loans only for limited amounts for short periods of 24 to 36 months. In short, self-financing private housing is the dominant form of housing supply in Chad.

The BHT, created to ensure the multifaceted financing of the government’s housing policy and to support the promotion and building of social housing, has not yet carried out a single real estate transaction (neither with private individuals nor with property developers) since its official opening in 2017. The main cause of this paralysis is the non-adoption of the four draft implementing decrees of Law 023/PR/2010 of 24 November 2010 determining the fundamental principles of housing financing and promotion in Chad. These decrees create four funds that are essential for the effective operationalisation of the BHT’s real estate division, which currently operates solely with its commercial division. They are as follows:

- Interest Subsidy Fund (FBI),
- Housing Promotion Fund (FPF),
- Loan Guarantee Fund (FGP) and
- Sovereignty Fund (FS).

The level of credit indebtedness and its impact on housing affordability levels is not defined due to the lack of statistics, evaluation of offices and analysis of mortgage credit. However, it is undeniable that the drastic slowdown or even closure of socioeconomic activities (schools, hospitals, markets and shops) because of the pandemic has had a negative impact on the economy and therefore on housing finance.

**Affordability**

Without the production of social housing, there is no affordable housing in Chad because the Guaranteed Minimum Interprofessional Wage of CFA60,000 (US$102.69) a month can never finance decent housing without state subsidies. Thus, the 47.5 percent of the population living below the poverty line are excluded. The high rate (53 percent) of tenant households in the cities is indicative of the difficulties in accessing land and building decent housing.

According to the Director General of MATDHU, low and intermediate incomes are respectively between CFA60,000 and CFA250,000 (US$102.69 and US$427.86) and between CFA251,000 and CFA450,000 (US$427.87 and US$770.15), and the maximum amounts offered to them are respectively CFA750,000 (US$1283.86) and CFA1,500,000 (US$2567.11) with a minimum repayment period of 10 years without exceeding 15. However, for example, the purchase price of 110m² a house, including the price of 375m² of serviced land and 80m of fencing, costs developers CFA275,000 (US$47492.67) in 2020. The net cost of the building is CFA 20,910,690 (US$335 787.55), resulting in a unit cost per square metre built of CFA192,000 (US$328.60). This amount is affordable compared to the average of CFA300,000 (US$513.43) in the city of NDjamena, estimated in 2019. To benefit from this social housing, SOPROFIM requires a minimum contribution of 15 percent of the total cost.

The annual rent for one square metre of a permanent building is CFA60,000 (US$102.69) and a single 12m² room built out of earth costs CFA25,000 (US$47.78) a month, excluding water and electricity. The economic crisis caused monthly rents to plunge to CFA675,000 (US$115.52) in 2010 to between CFA250,000 (US$427.86) and CFA350,000 (US$599.01) depending on the condition. Also, the average cost per square metre built of decent housing made of durable materials is estimated by local consultants at CFA300,000 (US$513.43), which is due to the high cost of both local and imported building materials.

Social distancing and the ban on workers being in groups, induced by COVID-19, caused the shutdown of building sites, which has had repercussions on the cost of housing.

**Housing supply**

In Chad, the formal social housing supply has not progressed since 2010 when the 70 housing units of a United Nations Development Programme (UNDP) project were handed over to teachers by the President. The ongoing Shelter Afrique project promises to deliver 62 homes in the next eight months. The building being promoted is described in the previous section, the cost of which remains high and for which the 10-year timeframe is also short.

The Chadian housing stock also comprises traditional dwellings, whether self-constructed in clay brick or not, the average size of which varies from 36m² to 60m² per household and much less in the city. The situation is more worrying in rural areas where the majority of the inhabitants, especially nomads, live in traditional huts made of braided mats attached to a few branch sticks.

The housing deficit, estimated by the MATDHU at 370,000 in 2015 is still growing, particularly in urban centres where demand is high. The government plans the setting up of four funds (FBI, FPF, FS and FGP) to reinforce the promotion of social housing, has not started granting housing loans. Finally, the promises of the National Development Programme (2017-2021) to produce 30,000 social housing units have not been realised.

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### Property markets

A formal real estate market does not exist in Chad because no public, para-public or private body produces or markets social housing in a legal and formal way. However, private sellers and informal brokerage agents, who are very active and dynamic, have entered this market. They manage to maintain an exaggerated speculation of the prices of plots of land (more than CFA58 430m2; US$100m2) of bare land against a maximum of CFA116 860m2 (US$200m2) proposed by SOPROFIM. It has been observed that strategic plots are systematically monopolised by the wealthiest at the expense of the poorest in the official allocation of plots. The administrative slowness in issuing land deeds persists and discourages poor candidates from taking legal steps.

In general, the mode of acquisition of urban plots of land is mainly by inheritance and direct purchase. Someone only becomes the owner when the recipient has handled the files. This five-year pilot project (2012-2017) has not produced the expected results. Despite this poor performance, this structure is in the process of being transformed into a permanent public service.

In addition to the Office of Land, Registrations and Seals (Direction des Domaines, Enregistrements et Timbres) under the supervision of the Ministry of Finance and Budget, which issues, manages and keeps all land documents, the one-stop shop handles the files. This five-year pilot project (2012-2017) has not produced the expected results. Despite this poor performance, this structure is in the process of being transformed into a permanent public service.

### Policy and legislation

The current national policy on housing is the National Development Programme (2017-2021), which is aimed at producing 30 000 social housing units, but this programme is behind schedule.

The legal and statutory arsenal of housing promotion in Chad is based on the following laws published in a collection:

- Law No. 004/PR/2010 of 7 January 2010 establishing the Fundamental Principles Applicable to Construction;
- Law No. 006/PR/2010 of 12 January 2010 establishing the Fundamental Principles Applicable to Urban Planning and;

Also, the creation of SOPROFIM in 2012, the Observatoire de l’Habitat et du Développement Urbain (OHDU) in 2012 and the BHT in 2017 completed the housing promotion and improvement system, especially social housing. Unfortunately, the four implementing decrees have not been promulgated. These are as follows:

- Decree determining the terms and conditions of operation of the Social Housing Promotion Fund, a fund that will be used to finance social housing production operations;
- Decree determining the terms and conditions of organisation and operation of the FGP;
- Decree determining the organisation and operation of the FIB, and the
- Decree determining the low and intermediate income brackets.

In 2019, the Finance Act had provided for a one percent withholding tax on all public employees' salaries to set up the real estate loan guarantee fund. However, this fund was not made available to the BHT because of the financial strain generated by the war against the Boko Haram fundamentalists in 2020. Prior to this law, any housing subsidy was only indirect through the repeal of certain taxes on the prices of local and imported materials.

In the 2020 Finance Law, in its Article 44 (pages 45 and 46) amending the provisions of Article 678, the basic rate for urban land demarcation – which was set in 2019 from CFA50 000 (US$87.57) to more than CFA150 000 (US$256.72) according to the surface area of the plot – has simply been abolished whereas for rural land, the rate is standardised at CFA100 000 (US$171.14) per hectare compared to more than CFA175 000 (US$299.50) on average previously. All these incentives to reduce land taxes have accelerated the regularisation of financial documents, the number of which has reached 2 000 decrees for over-the-counter transfers. A 50 percent subsidy on the balance of the fees was granted to files pending on 31 December 2019, according to Circular No. 003/PR/MFB/DGM/DGSB/2020 of 10 January 2020.

### Opportunities

Investment opportunities in social housing are numerous. The country has much virgin land with a large and young population that is poorly housed, despite the considerable natural resources. As mentioned, 53 percent of urban tenants legitimately aspire to housing, which is a compelling reason for the promotion of social housing. Fortunately, wealthy landlords are taking advantage of the current weakness of the state to make up the shortfall. Without them, the housing supply in the country’s main cities (Abéché, Moundou and Sarh) would be zero.

The government’s efforts and goodwill to provide social housing are also a guarantee for real estate investors. Similarly, the exemptions from taxes on building materials and the effective establishment of the sovereignty fund in favour of the BHT, as well as the possibilities of distributing serviced land, are actions to be pursued to attract local and foreign investors. Furthermore, the damage caused by the torrential rains of August 2020 in N'djaména, Oum-hadjer and elsewhere forced more than 8 000 households to leave their precarious dwellings, confirming the need and justifying advocacy for housing improvement.
Availabilty of data on housing finance

Apart from published results, externally funded censuses and government studies accessible on the Internet, it is difficult to obtain reliable primary data from public administrations as some institutions simply refuse to provide data in their possession.

Thus, challenges related to the collection of statistical data and their judicious, rational and beneficial use are persistent. The laxity, even indifference, of the Chadian administration, the reluctance of banks to grant mortgage loans, the lack of reliable statistics on land transactions, the disorderly archiving of the services in charge of land affairs, the lack of National Institute for Statistics, Economic and Demographic Studies (INSEED) working resources to collect, process and publish all of the country’s socioeconomic and financial data, and the partial and unpublished activity reports of the MATDHU services are all constraints that need to be addressed.

Direct interviews with key people are the best way to get data.

References:
5. Telephone interview with Mr Liman, Real Estate Agent, 15 August 2020, N’djamena, Chad.
6. Face-to-face interview with Zoukalne, P. General Management of MATDUH, 6 August 2020, N’djamena, Chad, referring to Law No. 023 of 24 November 2010.
Comoros

Overview

Comoros comprises of three main islands, namely Anjouan (also called Ndzuani), Mohéli (Mwali) and Grande Comore (Ngazidja), and several islets. Comoros had an estimated population of 850,886 in 2019, a slight increase from an estimated population of 832,322 in 2018. The United Nations estimated that approximately 29.16 percent of the population lived in urban areas in 2019. Urban areas in the country include Moroni, Mutsamudu and Fomboni and these also serve as the municipalities in the country. Moroni, located on the semi-autonomous island Grande Comore, is both the capital and the largest city in Comoros.

Economic development in Comoros has recently been affected by political uncertainty following a constitutional referendum in mid-2018 and elections in early 2019. 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. In elections held in 2019, the Comoros election body declared President Azali Assoumani re-elected.

Comoros is one of the poorest countries in the world and most of its population relies on agriculture and fishing for sustenance. The World Bank’s Doing Business 2020 report ranks Comoros at 160 out of 190 countries surveyed in ease of doing business compared to 156 in 2019. The economy is highly dependent on foreign aid, remittances and tourism. In 2019, economic activity in Comoros was affected by Cyclone Kenneth which hit the country on 25 and 26 April 2019, causing the destruction of electrical installations, roads, homes, schools and production capacities.3

With approximately 447 inhabitants per square kilometre in 2018, Comoros is densely populated. Comoros’ Human Development Index value for 2018 was 0.538, which puts the country in the low human development category, positioning it at 156 out of 189 countries and territories.6 Gross national income (GNI) per capita decreased by approximately 5.8 percent between 1990 and 2018.8 The high levels of poverty, political uncertainty and developmental challenges have restricted the development of the housing sector, including social housing. As a result, Comoros receives a considerable amount of foreign aid, including for housing.

Joseph Tembe

KEY FIGURES

<table>
<thead>
<tr>
<th>Main urban centres</th>
<th>Moroni, Mutsamudu, Fomboni</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange rate (1 July 2020); 1 USD = [a]</td>
<td>438.22 Comorian Franc (KMF)</td>
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<tr>
<td>1 PPPS = [b]</td>
<td>213.04 Comorian Franc (KMF)</td>
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<tr>
<td>Total population [b]</td>
<td>850,886</td>
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<tr>
<td>Urban population [b]</td>
<td>248,152</td>
</tr>
<tr>
<td>GDP per capita (Current US$) [b]</td>
<td>US$1,394</td>
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<tr>
<td>Percentage of population below national poverty line (2017) [b]</td>
<td>46.7%</td>
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<tr>
<td>Unemployment rate (% of total labour force, national estimate) (2017) [b]</td>
<td>4.3%</td>
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<td>Proportion of adult population that borrowed formally (2017) [b]</td>
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<td>Gini coefficient (2017) [b]</td>
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<td>HDI country ranking (2018) [c]</td>
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<td>HDI country score (2018) [c]</td>
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<tr>
<td>GDP (Current US$) [b]</td>
<td>US$1,866 million</td>
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<td>GDP growth rate [b]</td>
<td>2.72%</td>
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<td>Inflation rate (2019) [b]</td>
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<td>Yield on 10-year government bonds</td>
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<td>Lending interest rate</td>
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<td>Number of mortgages outstanding</td>
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<td>Value of residential mortgages (Current US$)</td>
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<td>Typical mortgage rate</td>
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<td>Type of deeds registry: digital, scanned or paper</td>
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<td>Cost of standard 50kg bag of cement in local currency units [b]</td>
<td>4,500 KMF (US$10.27)</td>
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<td>Ratios of mortgages to GDP</td>
<td>n/a</td>
</tr>
<tr>
<td>Number of mortgage providers (2019) [e]</td>
<td>7</td>
</tr>
<tr>
<td>Number of microfinance loans outstanding</td>
<td>n/a</td>
</tr>
<tr>
<td>Value of microfinance loans in local currency units</td>
<td>n/a</td>
</tr>
<tr>
<td>Number of microfinance providers (2019) [f]</td>
<td>3</td>
</tr>
<tr>
<td>Total number of formal residential dwellings in the country</td>
<td>n/a</td>
</tr>
<tr>
<td>Total number of residential properties with a title deed</td>
<td>n/a</td>
</tr>
<tr>
<td>Number of formal housing units built in this year</td>
<td>n/a</td>
</tr>
<tr>
<td>Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [f]</td>
<td>3,000,000 KMF</td>
</tr>
<tr>
<td>Size of cheapest, newly built house by a formal developer or contractor in an urban area [g]</td>
<td>100 m²</td>
</tr>
<tr>
<td>Cost of standard 50kg bag of cement in local currency units [f]</td>
<td>4,500 KMF</td>
</tr>
<tr>
<td>Typical monthly rental for the cheapest, newly built house [g]</td>
<td>200,000 KMF</td>
</tr>
<tr>
<td>Cost of standard 50kg bag of cement in local currency units [f]</td>
<td>4,500 KMF (US$10.27)</td>
</tr>
<tr>
<td>Type of deeds registry: digital, scanned or paper [f]</td>
<td>Paper</td>
</tr>
<tr>
<td>World Bank Ease of Doing Business index rank [i]</td>
<td>160</td>
</tr>
<tr>
<td>Number of procedures to register property [i]</td>
<td>4</td>
</tr>
<tr>
<td>Time to register property [i]</td>
<td>30 days</td>
</tr>
<tr>
<td>Cost to register property as share of property price [i]</td>
<td>7.6%</td>
</tr>
<tr>
<td>World Bank EGI Quality of Land Administration index score (0-30) [i]</td>
<td>7</td>
</tr>
<tr>
<td>Percentage of women who own a house alone: Total</td>
<td>42.0%</td>
</tr>
<tr>
<td>Urban (2012) [j]</td>
<td>43.6%</td>
</tr>
<tr>
<td>Percentage of households with basic sanitation services: Total</td>
<td>29.7%</td>
</tr>
<tr>
<td>Urban (2012) [j]</td>
<td>38.5%</td>
</tr>
<tr>
<td>Percentage of households with no electricity: Total</td>
<td>30.7%</td>
</tr>
<tr>
<td>Urban (2012) [j]</td>
<td>14.9%</td>
</tr>
<tr>
<td>Percentage of households with 3+ persons per sleeping room: Total</td>
<td>38.5%</td>
</tr>
<tr>
<td>Urban (2012) [j]</td>
<td>31.1%</td>
</tr>
<tr>
<td>Percentage of urban population living in slums (2018) [k]</td>
<td>n/a</td>
</tr>
</tbody>
</table>

NB: Figures are for 2020 unless stated otherwise.

(a) xe.com  (g) 2a Immobilier SARL
(b) World Bank World Development Indicators (h) Latete Comores
(c) Human Development Reports, United Nations (i) World Bank Ease of Doing Business Indicators
(d) Meck-Moroni (j) Demographic and Health Surveys, USAID
(e) Central Bank of Comoros (k) United Nations: Human Settlements Programme

Comoros officially announced the first COVID–19 case on 30 April 2020. To contain the spread of the pandemic, the government doubled down on prior measures such as closing schools, suspending international commercial flights from 23 March, and observing the curfew across the national territory declared on 25 April. However, the government did not place people under lockdown.

In 2020, in a context of the global health crisis caused by COVID-19, the economy has been hit by declines in the tourism and travel, in diaspora remittances, and in foreign direct investment. Growth should rebound in 2021 to 3.5 percent but will depend heavily on improvements in the global economy. The budget deficit is expected to widen by 1.0 percent to 1.8 percent due to a moderate decline in revenues.
Access to finance

Comoros has a relatively small and underdeveloped financial sector. The banking and finance sector has 10 institutions approved and supervised by the Central Bank of Comoros: four banks, three decentralised financial 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 decentralised financial institutions are L’Union des Meck, L’Union des Sanduk d’Anjouan and L’Union des Sanduk de Mohéli. The three financial intermediaries are La Société Comores Assistance International, La Maison Comorienne des Transferts et des Valeurs and La Société Nationale des Postes et des Services Financiers through which postal services are conducted.

The main challenges faced by the population of Comoros when it comes to access to financial services include the lack of financial infrastructure and distribution channels; costs and fees applied by financial institutions; and a low level of financial education. Growth of credit has remained weak as the banking sector suffers from an unfavourable operating environment, including weaknesses in the judicial system that inhibit enforcing claims against delinquent debtors. Asset quality remains weak (with gross non-performing loans (NPLs) at 24 percent of loans) and banks’ appetite for lending very limited. The authorities are still considering restructuring options for the ailing state-owned postal bank.

Cases tend to linger in the courts and judgments are frequently not enforced. This undermines private sector activity.

Social distancing measures decreed since 16 March 2020 have impacted economic activity in several sectors. In addition, several banks are experiencing liquidity difficulties due to the coincidence of the decline in deposits following the slowdown in economic activities, added to the increase in withdrawals. At the end of 2018, Comoros had 137 bank branches and 25 automated teller machines (ATMs). The microfinance institutions (MFIs) sector has not grown. There were only four MFIs in 2018. However, the intermediation activity slightly increased during this period and the number of customers grew by 10.7 percent from 321 203 in 2017 to 355 544 in 2018. In Comoros, the postal financial services have played an important role in basic financial intermediation (deposits, sending and receiving funds) because of the relative proximity to the population. Hence, they continue to actively participate in the collection of savings, despite a 15 percent decline to CF18.5 billion (US$44.7 million) in 2018 against CF18.8 billion (US$45.4 million) in 2017.

Financial inclusion in Comoros is characterised by limited access and low use of financial products by households. The number of borrowers per 1 000 adults was only 11 in 2019. Financial inclusion is particularly low among poor people, those with low levels of education, and young people, many of whom reside in rural areas. Most 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 using formal financial systems. Out of 1 000 adults, only 130 use formal institutions to make deposits (lower than the Sub-Saharan African average). In 2018 the vast majority of credit in the country was distributed outside of the formal financial sector. Credit is often accessed through relatives, friends or through loans granted by stores or shops in the community. The use of networks of personal relationships is the main source of funding for low income households due to a lack of access to formal financial services.

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 high costs and fees charged by formal institutions have led to the exclusion of many in the urban areas, with deposit fees varying between three percent and 1.75 percent per annum and loan rates often exceeding the ceiling 14 percent set by the Ministry of Finance since 2009. Development of distribution channels remains constrained by unsuitable locations, inadequate security conditions indispensable to new points of services, and the lack of electrical energy and communication infrastructure, especially in very remote areas.

The International Monetary Fund (IMF) has welcomed the steps taken to modernise the monetary policy framework and encouraged the government to carefully sequence the envisaged reforms. To contain the impact of the pandemic on the fiscal and external position, it is expected that the authorities may scale back investment spending slightly. Further-spending reprioritisation would be necessary should resources fall short. The authorities will gear monetary policy to maintaining the exchange rate peg to the euro, while doing everything possible to ensure sufficient liquidity in the banking system.

Given that the banking sector lacks dynamism, private lending for private construction for middle and low income groups is limited. Since 2015, credit to the private sector has fallen due to lending risks from persistently high NPLs and high excess liquidity. Loans to the economy, particularly those granted in the private sector, have slightly risen from CF81.3 billion (US$1.96 billion) at the end of December 2019 to CF81.7 billion (US$1.97 billion) in March 2020. However, credits have consolidated at 0.6 percent, standing at CF82.7 billion (US$2 billion) at the end of March 2020 after CF82.2 billion (US$1.99 billion) at the end of December 2019 in conjunction with an increased credit to the private sector.

The World Bank’s Doing Business 2020 report ranks Comoros at 132 for accessing credit (up from 124 in 2019 and 122 in 2018). Comoros is currently ranked 168 in respect of resolving insolvency. There is no stock exchange in the country, nor are there 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. With diaspora remittances, money transfers issued and received via specialised institutions are on the rise, respectively 9.9 percent and two percent compared to the last quarter of 2019. Over one year, transfers of money issued and received had a growth rate of 12.6 percent and 26.4 percent, respectively.

Affordability

Adequate housing for the urban population has become increasingly inaccessible in the past 20 years as domestic public funding for housing is only for public servants. Prior to the independence of Comoros, no attempt was made to solve the housing problem or set up a clear programme for housing. Population growth, recurring socio-politico-economic crises and the global financial crises have led to housing finance being mostly dependent on the private sector. A few housing loans by financial institutions have become available, but these are mostly accessible to residents of major cities. At present, housing loans are mostly accessible to private sector employees and senior civil servants. 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 lack 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. In 2017, loans continued to be extended mainly for non-productive purposes with housing only being 2.5 percent of the lending by industry and construction.

Housing supply

There are five housing structure types: adobe, concrete, unfretted masonry, refined masonry, and wood. Nearly 90 percent of housing units are owner-occupied, three percent rented and three percent occupied rent free. Housing in Comoros varies from two-room structures covered with palm leaves to multilevel buildings made of stone and coral. In 2015, more than 70 percent of the urban population lived with extremely difficult sanitary conditions and the average housing area did not exceed 30m².

COVID-19 response

Comoros officially announced the first COVID–19 case on 30 April 2020. The government did not place the country under a full lockdown. The central bank authorised the rescheduling of debts and the freezing of premiums for loans affected by the COVID–19 crisis. To restore liquidity to the commercial banking sector, the reserve requirement was lowered from 15 percent to 10 percent for six months starting 1 April 2020.
Three-quarters of the population lived in two-room houses with a surface area not exceeding 20m². The housing survey conducted in 2014 by the government of Comoros in collaboration with the United Nations Children’s Fund noted that 69 percent of households had electricity while 27 percent had an earth floor. However, in 2020 it was reported that the Comoros authorities had made progress with several policy reforms in recent years and, among other things, had strengthened electricity provision. Around 98 percent of the population now have access to improved sanitation systems and safe water.

Companies in the construction sector are more focused on building private homes in urban areas than on public works. This has meant that housing construction, especially in rural areas, is mainly self-construction. It was therefore recommended that new construction methods be proposed, which favour using available local materials while protecting the environment and ensuring sustainable development. To this end, the UN-Habitat Project was facilitated through the construction of terracotta brick factories on the three islands.

In 2016 the Ministry of Health, Solidarity, Social Protection and Gender Promotion announced that it would allocate a percentage of its budget to constructing social housing and erecting 50 housing units. In the absence of affordable dwellings supplied by the market, a consortium from Iran in 2014 proposed to construct 5,000 housing units throughout the three islands over a period of four years as a follow-up to the UN-Habitat Project.

### Property market

While poverty levels have fallen in both rural and urban areas, the reduction has been more significant in urban areas. In 2014, 42.4 percent of the population, or approximately 316,000 people, were living below the poverty line. Nevertheless, the demand for up-market properties has been growing, mainly due to the increasing demand created by foreigners in Comoros. Further, several factors, including international aid, increased tourism and the nation’s relationships with France, Saudi Arabia and its Persian Gulf allies, have contributed to the growth in residential and commercial property ownership.

In 2020, the price of the cheapest, newly built house by a formal developer or contractor in an urban area 100m² is CF30,000,000 (US$72,782). The typical monthly rental price for the cheapest, newly built house by a formal developer or contractor in an urban area is CF200,000 (US$485). The minimum size of a residential plot in urban areas is 300m². Rentals of a three-bedroom apartment range 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. The World Bank Doing Business 2020 report ranks Comoros at 113 for registering property compared to 114 in 2019. The process entails four procedures and takes approximately 30 business days to complete. The costs approximately 7.6 percent of the property value. In dealing with construction permits, Comoros is ranked at 101 and the process takes 11 procedures but entails a waiting period of approximately 107 days.

### Policy and legislation

The Ministry of Energy, Agriculture, Fisheries, Environment, Regional Planning and Urban Planning has the responsibility of overall administration of housing and related issues. Previously, housing was under 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 the supply of water, hospitals, schools, housing and transport. The current institutional set-up for urban land management involves the ministries responsible for finance, development planning and housing, and municipalities.

Even though the credit market is in an infant stage, the Central Bank of Comoros has put in place prudential norms. In its 2015 report, the Central Bank of Comoros reported that, following on-site inspection, it noted that compliance with Bank Prudential Ratios were well respected by financial institutions, despite the need to reinforce the internal audit function. In its 2016 annual report, the Central Bank of Comoros highlights that the inspection carried out on 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 facilitating the entry for foreign banks, reforms to the investment code in 2007, and establishing 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 credit risk management, old, doubtful or contentious debts with a maturity of more than three years will have to be fully provisioned.

### Opportunities

Unemployment in the country is particularly high amongst young people. It has been noted that the past political conflicts have led to a significant loss of jobs, particularly in the urban areas where unemployment is relatively high. 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.

The authorities are working to transform Comoros into a dynamic emerging market over the next decade by strengthening human capital, infrastructure and governance. To this end, the country has been seeking aid support and foreign direct investment. The country is in particular need of aid and foreign direct investment due to severe constraints on domestic resources, weak fiscal revenue and a high public wage bill. In addition, there is pronounced vulnerability to shocks and the government budget depends to a high degree on volatile aid. Together with credit constraints, this results in recurring liquidity shortfalls and arrears.
Websites
Central Bank of the Comoros www.banque-comores.km/
Organisation for Economic Co-operation and Development www.oecd.org/de/africa/
The National Institute of Statistics and Economic and Demographic Studies www.insee.fr/

Availability of data on housing finance

Information on the financial sector is published on an annual basis by the Central Bank of Comoros. In addition, the Central Bank of Comoros publishes a quarterly bulletin on its website composed of three parts: the main quantitative indicators relating to monetary, banking and financial developments, the evolution of balances of opinion resulting from the business surveys carried out by the bank in certain sectors of activity, and a thematic note which is chosen according to the news. The Central Bank’s website is in French.

The Comoros Ministry of Agriculture, Fisheries, Environment, Territory Planning and Urban has the responsibility of overall administration of housing and related issues and is meant to publish information on housing, however, its website has been under construction and cannot be accessed at present.

Given the limited access to information on housing in the country, the few real estate agencies that operate in the country can be a source of information on the state of the housing sector in the country.
Overview

The Central African Republic of the Congo (Congo) is a member state of the Economic Community of Central African States and the Central African Economic and Monetary Community (CEMAC). Congo’s economy is mainly dependent on oil, which accounted for around 60 percent of economic activities, more than 90 percent of exports and two-thirds of government revenue in 2019. The oil price shock and delayed fiscal adjustment eroded fiscal and external buffers and triggered a deep recession (2.8 percent in 2016 and 1.8 percent in 2017). Heavily indebted, especially to China, Congo was among the world’s 76 poorest nations whose debt repayments in 2020 were frozen by a G-20 moratorium in April 2020. The freeze aimed to help these countries respond to COVID-19. Consequently, in 2020 the country will no longer register a budgetary surplus of CFA514.722 billion (US$928.5 million), which was voted in December 2019. It will instead register a budget deficit of CFA779.740 billion (US$1.4 billion).3

Despite this, economic growth picked up by 2.2 percent in 2019, from 1.6 percent in 2018 after two years of recession. In 2020, an inflation rate of 3.5 percent, and a recession of 12.3 percent in a realistic scenario and 20.4 percent in a pessimistic scenario have been forecast by the Bank of Central African States (BEAC) due to the impact of COVID-19 pandemic.6 Oil revenues are expected to fall from CFA1.2 trillion (US$2.16 billion) to CFA491 billion (US$887.34 million) in 2020, while tax revenues will decrease. Proportion of adult population that borrowed formally (2017) [b] 3.7%

Unemployment rate (% of total labour force, national estimate) (2017) [b] 11.0%

Affordable housing remains a major issue as the country grapples with an exponential population growth and rising urbanisation. More than half of the population are concentrated in the two major cities, Brazzaville and Pointe-Noire. This has resulted in an affordable housing shortage and, due to increased demand, housing prices are high in these cities. As a result, an estimated 77.5 percent of the urban population were living in slums in 2018. The state is the main actor in the housing sector. However, despite the state’s numerous interventions, one in two households do not have access to decent housing. The National Development Plan 2018-2022 acknowledges that some of the challenges of access include the high cost of building materials, lack of a coherent housing policy, non-compliance with urban planning and construction standards and inaccessible land. Further, the lack of access to titled land and affordable plots remains a real obstacle to investment in real estate.

The government imposed a one-month lockdown on 31 March 2020, extended by two weeks at the end of April 2020. The economy opened progressively in May 2020 and airports reopened on 24 August 2020. As a result of the lockdown, several construction projects were stopped, leading to a 92 percent fall of activities. In April, the government ordered the resumption of essential work at state-run construction sites. The construction industry is an important provider of jobs in Congo. The closure of private construction, which represents over 80 percent of the sector’s activities, delayed private funded projects, resulting in the escalation of unemployment. By the end of May 2020, the unemployment rate in the construction sector was 62 percent.
Access to finance

There are 11 commercial banks in Congo. Despite the current crisis, the Congolese banking system is doing relatively well, and has posted a balance sheet inclusive of the Congo, and this presents significant challenges for people who rely on diaspora money for survival, and to build or upgrade their houses.

The lockdown compounded the challenges of people living in informal settlements and slums, with limited space for social distancing and obsolete infrastructure (inadequate water, electricity and sanitation). To improve access to infrastructure and basic services for people living in slums in Brazzaville and Pointe-Noire, on 12 August 2020 the government launched the first phase of the Urban Development and Poor Neighborhood Upgrading Project, known by its French acronym as DURQUAP, in the Brazzaville townships of Moukoundzi Ngouaka and Soukissa.19

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Large state housing construction projects are also being financed by China through a long-term debt of CFA332,005,440,000 (around US$600 million). However, the Chinese funding, which has built over 1,000 luxury apartments, has not boosted affordable housing. As of September 2020, these apartments remain vacant due to the lack of adequate policies for allocation and a lack of customers for the product.

Stehroniope Expansion company plans to embark on future housing projects including the launch of an industrial unit in Gamboma. The private-owned project is anticipated to construct 2,400 wooden housing units a year. The company signed a Memorandum of Understanding with the government for the purchase of 800 housing units (400 in Brazzaville and 400 in Pointe-Noire). The World Bank says the private sector is not involved in the housing sector, as it contributes neither to real estate development (housing supply) nor to housing finance through commercial banks (housing demand).

Property market
Congo’s rental market has been in free fall since 2018 due to the economic crisis. In neighbourhoods where rent is expensive, tenants hit by the economic crisis have been negotiating with landlords to decrease the price. Current rental rates are as follows: a two-bedroom house rented in 2016 for CFA70,000 (US$126.30) was reportedly rented at CFA50,000 (US$90.22) due to the cash crunch. A house that was rented for CFA200,000 (US$360.87) in July 2018 had reportedly come down by half by September 2018. Despite this, the rental price remained high in the city centre of Brazzaville and upmarket suburbs. Renting a modern apartment in the city centre of Brazzaville can cost between CFA1.5 million (US$2,680) and CFA2.5 million (US$4,467) a month.

Major players in the housing sector are SOPRIM and the Ministry of Regional Planning and the General Delegation of Major Works. SOPRIM programmes include high and medium targets, as well as low-cost housing. The cheapest and most economical unit is sold for CFA9 million (US$16,385), but selling prices vary according to the income of the purchasing households. The resale market will have a long way to recover after being affected by the economic crisis and the COVID-19 pandemic.

Land management remains in the hands of the state. Landowners pay property tax according to the Finance Act of 2019. Land tenure measures being implemented by the government are expected to strengthen tenure security. These include issuing land titles, registration of landowners, and an initiative to create a one-stop-shop for land, among others. Only around six percent of registered plots in the capital of Brazzaville have a title deed, according to the Land Conservation Authority estimates. Registering a property takes 54 days through five procedures and costs the equivalent of 13.6 percent of the property value. The quality of land administration index is 3.5, which means it fares poorly compared to the average index of 9.0 in Sub-Saharan Africa and 23.2 in OECD high income countries. The quality of land administration index has five dimensions: reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution, and equal access to property rights. Past and newly issued land records and cadastral plans are still being kept in a paper format. The Deed Registration System is the type of land registration system, and the Property Registry (Conservation foncière) is in charge of immovable property registration. However, there is no electronic database for recording boundaries, checking plans and providing cadastral information. Though a registrar or a notary is responsible for verifying the identity of the parties involved in transactions, there is no national database to verify the accuracy of the identity documents issued by the government. The country also lacks a comprehensive electronic database for checking for encumbrances (liens, mortgages and restrictions, among others).

Policy and legislation
The country faces an unprecedented wave of unstructured and uncontrolled urban development. Although there is legislation that prohibits the occupation of land located in areas unsuitable for construction, people continue to sell and allocate such land. Buyers, likewise, continue to buy and build on such land because they are desperate for housing. In January 2020, during a meeting with the Landowners Federation, Land Affairs Minister Pierre Mbaïla announced that the allocation of all land located in the peripheral zones has been prohibited until further notice.

With assistance from international partners, such as the United Nations Development Programme and UN-Habitat, Congo is designing a sustainable national policy for construction, housing and urban development. The policy will allow each Congolese to have access to decent housing, in line with environmental and cultural requirements, as well as basic collective and quality social services.

Availability of data on housing finance
There is no centralised database for housing information in the Republic of Congo. However, some information is available at the Ministry of Construction, Urbanism and Habitat, the Property Registry (Conservation foncière), as well as at SOPRIM, the state agency that manages social housing projects.

Banking and finance information can be found at BEAC and the Commission Bancaire de l’Afrique Centrale Congo offices and the Ministry of Finances and Budget.

Investors can contact the Agence pour la Promotion des Investissements – Congo and check the iGuide Congo (Guide de l’investissement de la République du Congo). Information is readily available.

For online research, the best site for housing (logements sociaux) is the Agence d’Information d’Afrique Centrale, which has a comprehensive report on housing, land, property tax and land management. The Journal Officiel de la République du Congo (Government Gazette) is also a credible source for laws and regulation on property construction, land occupation and land management.
Opportunities
There is an opportunity in developing the rental market by targeting the urban poor; mostly dwellers of Brazzaville and Pointe-Noire. There is also an opportunity to provide thousands of low-cost houses to low-income earners through rent-to-own schemes. There is also an opportunity to launch a poor-centred mortgage section, mostly aimed at the informal sector earners.

Websites
MUCODEC https://www.mucodec.com
Vivre au Congo https://www.vivreaucongo.com/
Banque Congolaise de l’Habitat http://www.bch.cg/
Ministère de la Construction et de l’Urbanisme http://www.construction.gouv.cg/
SOFRIM https://sofrimcongo.wordpress.com
API-Congo https://apicongo.org/
IGuides Congo https://theguides.org/public-docs/guides/congo/databases
Stehroniope http://www.stehroniope.com/
Overview
Côte d’Ivoire’s economic growth has slowed but remained high at 6.86 percent in 2019, significantly above the West African Monetary Union (WAMU) average of 6.6 percent.¹ Côte d’Ivoire gained 12 places in the World Bank Doing Business 2019 ranking (110 out of 190 countries). The momentum to maintain a sustained growth regime over the medium term remains. The Ministry of Construction, Housing and Urban Development (MCLU) is concerned about two indicators – the granting of building permits and the transfer of property ownership.² The process of registering a property remains at 30 days and six procedures and, although unaffordable for most of the population, it is among the lowest in the region.

An economic slowdown in 2020 is likely, linked to the COVID-19 pandemic and the possibility of presidential elections that could weaken private sector arrangements. Growth could fall to 2.7 percent. The International Monetary Fund expects a strong rebound to 8.7 percent by 2021.³ The monetary stability guaranteed by the WAMU has kept inflation low (-1.1 percent in 2019 according to the World Bank). In 2020, the Central Bank of West Africa States (BCEAO) forecast that “the inflation rate will continue to rise” at around 1.9 percent in August 2020, “mainly due to continued increases in food and oil prices, in a context where markets will be under-supplied with local products.”⁴ A survey from the Ministry of Planning and Development noted a decrease of 82 percent decrease in turnover (compared to March 2019) and an estimated decline in employment of 39 percent.⁵

Despite this, the government continues to implement its economic and financial programme, notably through reforms outlined in the National Development Plan 2016-2020, including a social and economic housing construction programme (150 000 housing units by the end of 2020). Foreign investment is welcomed, particularly in the real estate development sector. Moreover, with a turnover of CFA1.562 billion in 2018 (US$2.673 million), the Ivorian construction sector and public works sector is, according to a study by GIBTP (Ivorian Building and Public Works Group), the third largest sector providing employment through 3 048 companies in real estate.⁶ The entire production chain has contributed to reducing the housing deficit in the country from 400 000 to 600 000.⁷ Since last year, it is even possible to buy cement bags via an e-commerce platform.⁸ The growth of producers of local materials is also a factor in this development.

Access to finance
Côte d’Ivoire has the most developed banking sector in the WAMU area and innovative activities are underway to promote financial inclusion. The country accounts for 30 percent of WAMU’s private accounts, 32 percent of ATMs and 70 percent of the subscriptions to mobile banking services in the sub-region.⁹ The banking sector comprises 29 banks, two financial establishments,¹⁰ 48 licensed decentralised financial systems (DFIs),¹¹ and two financial institutions.

Since March 2020, the financial sector has been weakened by COVID-19 and the associated economic downturn. “Money market Interest rates have fallen, and there is a liquidity pressure at the banking level”¹² in the context of implementing exceptional

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¹ World Bank Doing Business Report
² Ministry of Construction, Housing and Urban Development
³ International Monetary Fund
⁴ Ministry of Planning and Development
⁵ Ministry of Planning and Development
⁶ GIBTP
⁷ Ministry of Planning and Development
⁸ Ministry of Planning and Development
⁹ Ministry of Planning and Development
¹⁰ Ministry of Planning and Development
¹¹ Ministry of Planning and Development
¹² Ministry of Planning and Development

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Côte d’Ivoire

Lucie Crotat

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Africa Housing Finance Yearbook 2020
measures taken by BCEAO, through the promotion of electronic payments, the refinancing of banks (COVID-19 bonds), and the postponement of maturities for small and medium-sized enterprises (SMEs) in favour of microfinance institutions. Banks’ own liquidity has deteriorated, with strong government demand and higher imports. In view of the gradual recovery of the productive sectors, the Central Bank has decided to lower its key interest rates: “The minimum bid interest rate for liquidity injection tenders has been reduced from 2.5 percent to 2 percent and the interest rate on the marginal loan shop has been reduced from 4.5 percent to 4 percent”, effective from 24 June 2020.13 At the same time, the government’s response and recovery plans should have a moderating effect and reduce the economic impact of the pandemic on the banking system and ensure the financing of economic activities.

According to BCEAO, the country’s total is significantly lower than the previous year with CFA 135.6 billion (short-term credit of US$232 million) and CFA 62 billion (long-term credit of US$27.7 million) in April 2020.14 The prime rate charged by the Ivorian banks is on average 10.82 percent with an average interest rate of 14.51 percent.15

In general, banks finance mortgages through their deposits, the BCEAO or the Regional Mortgage Refinancing Fund (CRRH-UEMOA).16 Its mission is to provide long-term resources for the refinancing of mortgage loans to UEMOA’s credit institutions, which are shareholders, by mobilising these resources on the WAMU financial market or with development partners.17

Banks can also mobilise two specific tools for housing financing: the Housing Support Fund and the Housing Mobilisation Account (CDMH). CDMH aims to provide long-term resources to banking institutions, thereby facilitating access to mortgages (the “revolving” financing principle). Resources are provided at below-market rates (two percent), in return for a cap on the exit rates of 5.5 percent.18 But this method is neglected.19 These measures should be supplemented by the government to facilitate access to loans for developers and purchasers, as well as the establishment of a guarantee fund to compensate for financial weaknesses which, combined with the reduction of administrative delays, should encourage developers to invest in the production of affordable housing.

With an Ivorian economy strongly based on the informal sector, 80 percent of the population are not using banking facilities and are without access to these formal financing methods. The 48 approved DFS20 also participate in the formal inclusion of nearly two million people for a total outstanding loan book of CFA 348.8 billion (US$597 million) and 326,151 loans granted in 2019.21 The microfinance sector could contribute to the provision of financing access for housing, especially for the undercapitalised households.22 In Côte d’Ivoire, only UNACOOPEC (“l’Union Nationale des Coopératives d’Epargne et de Crédit de Côte d’Ivoire”) funds construction and home improvement. MAZE experiments with acquisition, Abengourou’s microcredit CREP and rural CEPE-CI housing projects.23 A study by CAHF specifically addressing the role of COOPEC (Coopératives d’Epargne et de Crédit) showed that “real estate credits account for only 3.1 percent of the credits provided by DFSes”.24 Due partly to the “limited size and youth of the sector, the prioritisation of other activities, limited financial resources, and the relative dynamism of banks”.

Affordability

Housings needs in the country are estimated at between 400 000 and 600 000 dwellings. Two-thirds (68 percent) of Ivorians are tenants, with up to four out of five households in Abidjan in 2015.25 A PWC study estimates housing demand of 40 000 to 80 000 units per year in Abidjan by 2030.26 According to the 2008 Employment Survey, earnings for both salaried workers and non-employees, was uneven and mostly low, with 86 percent of monthly earnings below CFA 183 000 (five times the monthly SMIG (guaranteed minimum interprofessional wage) of US$313). In 2019, a CAHF study showed that nearly 94 percent of households surveyed earned less than CFA 300 000 (US$500) a month. The income comes mainly from trade of goods (for almost two-thirds of women as heads of households) and wages.28

Housing is therefore becoming increasingly difficult to access in the economic capital. In 2015, housing-related spending accounted for about one-third of Abidjan household spending (compared to 14 percent nationally).29 Only a small proportion of Abidjan households are able to acquire housing, and this acquisition is usually made at a later stage.30 Approximately seven out of 10 homeowners have accessed the property by inheritance. As a result, very few low-income households invest in housing. It is similar for the tenants. The average monthly expenditure on housing is CFA 182 (US$27) for a three-bedroom unit in Abidjan.31 The rent levels of the housing stock highlight the barriers to residential mobility.

For the financing of real estate projects, 23 local banks offer home loans, mainly located in Abidjan, and they apply an average rate of 8.38 percent over an average term of 15 years.32 The borrowers contribute via a minimum personal down payment of 10 percent and monthly instalments within the limit of the transferable quota (from 33 percent to 57 percent of income).33 The National Investment Bank proposes to support its clients in their first real estate acquisition with 5.5 percent interest and over a period of 20 years, particularly in the context of business partners operations (Addoha Group for example). These provisions were put in place to encourage the use of banks to finance housing while only “4 percent of homeowners who have bought or built their homes have used bank financing or microfinance”.34

Unsurprisingly, the economic downturn linked to the COVID-19 pandemic has had a significant impact on household affordability. It is still too early to illustrate these difficulties, but demand from the poorest households is likely to increase. For those who are likely to be excluded from the housing market, 50 000 households have received a quarterly allowance (social safety net) of CFA 35 000 (US$50) since 2019.35

Housing supply

In Côte d’Ivoire, the housing supply is mainly made up of informal houses, built by the households themselves. In Abidjan, the average household size is 5.4 compared to 3.9 (its previous number) in 2015. Common yard housing and band houses (housing identified by low fences and quiet spaces) are the most common forms of habitat in Abidjan (42.7 percent and 27.6 percent in the greater area in 2015).36 Shacks represented 6.3 percent of housing stock in 2015 and are located on undeveloped and illegally occupied land. According to the World Bank, 56 percent of the urban population lives in slums.37

Real estate development was dominated during the 1970s and 1980s by two public entities in charge of property development and management: SICOGI (Ivorian Society of Construction and Real Estate Management), and SOGEFIHA (Financial Management and Housing Corporation). Disengagement by the state since 1987 has encouraged the development of private property developers.

To meet housing needs, the government has been involved for nearly a decade in the mass production of affordable homes (economic and social). To date, of the 150 000 economic and social housing units to be built by 2020, 15 000 have been delivered or are being delivered mainly on the outskirts of Abidjan in Songon-Kassémbié, Bingerville and Grand Bassam. Incentive tax measures (a 50 percent

COVID-19 response

Measures were put in place from the beginning of the pandemic. The government declared a state of emergency on 23 March 2020.37 A night curfew was imposed and Greater Abidjan was isolated for nearly four months, affecting inter-regional traffic, and the supply of materials from the interior of the country.38 After a few months, construction sites resumed operations.39 In addition, the closure of the borders has prevented the arrival of new international investors and real estate developers planning to participate in the national construction effort.

The Central Bank has proposed measures, including the postponement of deadlines for SMEs, to reduce the impact of the pandemic on the financial sectors and the economy.

The government has ordered a suspension of eviction proceedings and a ban on any increase in rents for a period of three months,40 and Minister Bruno Nabagné Kone made recommendations on the landlord-tenant relationship and the payment of rents.41
Côte d’Ivoire has gradually adopted comprehensive regulation on housing and urban planning. The land acquisition procedure remains cumbersome despite the introduction of the one-stop-shop for building permits in March 2019 because it requires the mobilisation of many ministries and services. This reform was accompanied by a reduction in registration fees and miscellaneous costs and the introduction of an electronic land registry to streamline land acquisition.

Opportunities
Housing needs remain extremely high and are far from being met. The economic and social impact of the COVID-19 pandemic and the presidential elections at the end of October 2020 make the business climate relatively uncertain. However, regulatory reforms initiated at the beginning of the year support the development of the housing sector, providing an improved framework for supply development and private investment. The creation of a unique window for domestic and international private investment reinforces the scheme (“business creation procedures, investment approval and industrial land applications”).

In this context, the government must redouble its efforts to make up for the delays in implementation of the ambitious Presidential Social and Economic Housing Program and make land acquisition procedures fluid. Partnerships with foreign investors and developers should be realised once international travel become easier again and this should boost housing production.

Availability of data on housing finance
While some of the data is made available by major international organisations and the National Institute of Statistics (created in 1996), the challenge of accessing recent housing finance data remains a major one in Côte d’Ivoire. The Central Bank provides a lot of short-term data on financial dynamics but little on the housing sector (especially mortgages). Knowledge of supply and demand remains approximate and explains, in part, the difficulties encountered in housing production.

At different levels, public authorities have tackled the problem: the government has set up an open data platform with the support of the African Bank of Development, the MCLU has committed to producing a 2012-2017 Statistical Yearbook, with the support of the European Union and the geo-referencing of the recently produced West African universities to establish a Centre of Excellence for Housing, which aims to set up data collection and provision of data for all stakeholders in the eight WAMU states.

Property markets
The real estate market in Abidjan is considered as one of the largest in the West African region and has grown by 18 percent annually since 2011. This is expressed by a competitive real estate market, reaching high prices for the Abidjan population seeking to stay in the most attractive neighbourhoods. A four-room apartment can be rented for between CFA800 000 and CFA1.2 million a month (between US$1 369 and US$2 071) in Cocody or Plateau. Even the neighbourhoods usually home to the most modest populations (Yopougon, Abobo, Bingerville) offer houses for between CFA100 000 and CFA200 000 a month (US$171 to US$342). This forces the most modest households to rent only one room for around FCFA50 000 a month (US$86).

The purchase price per square meter is estimated at an average of CFA600 000 (US$1 027). The cheapest house on the Abidjan market is CFA15 million (US$25 672), located in Yopougon, with three rooms built on a plot size of between 55m2 and 120m2. The sale of so-called “social houses” is capped at CFA12.5 million (US$21 393) for social housing and CFA23 million (US$39 363) for economic apartment offering.

The office and commercial real estate market are growing in the economic capital in “Green Plateau, Eco Bank, Bridge or Workshop with an average rent of around CFA20 000/m² (US$34) per month.” It is still too early to measure the impact of COVID-19 on the Abidjan real estate market. Government measures to protect tenants from evictions and prohibit rent increases for a period of three months have, however, delayed the difficulties faced by the residents.

Policy and legislation
A new Building and Housing Code was introduced in 2020, repealing “the previous provisions, including the area of residential leases, building permits, building sales, and real estate development” but also “the profession of real estate agent, property administrator and agent for sale or lease of commercial funds.”

reduction in income taxes for developers that allocate 60 percent of their production for social housing) and the servicing and purging of customary rights were meant to support developers, but the high cost of land delays in servicing, lack of experience in large-scale development projects, and lack of dedicated funding has hampered the implementation of the programme.

The Alliance and Addoha Groups are starting to deliver a standardised and economical apartment offering (such as Akwaba Residences). According to a 2015 study by Knight Frank, the new housing supply in the capital was less than 3 000 units a year. In 2019, the government wanted to forge partnerships with international partners with more advanced financial capacity and technical skills, such as China and Indonesia, to produce nearly 250 000 homes, prioritising affordable housing and leasing (65 percent). Unfortunately, the arrival of these partnerships has been delayed by the COVID-19 pandemic, but should be effective once international travel becomes easier.

Annual income profile for rural and urban households based on consumption (PPS), 2019

- **Urban households**
  - PPP$401 – PPP$1 000 000
  - PPP$1 001 – PPP$2 400
  - PPP$2 401 – PPP$3 600
  - PPP$3 601 – PPP$5 000
  - PPP$5 001 – PPP$8 000
  - PPP$8 001 – PPP$12 000
  - PPP$12 001 – PPP$23 000
  - PPP$23 001 – PPP$40 000
  - PPP$40 001 – PPP$10 000 000
  - >PPP$10 000 000

- **Rural households**
  - <PPP$800
  - PPP$801 – PPP$1 600
  - PPP$1 601 – PPP$2 400
  - PPP$2 401 – PPP$3 600
  - PPP$3 601 – PPP$5 000
  - PPP$5 001 – PPP$8 000
  - PPP$8 001 – PPP$12 000
  - PPP$12 001 – PPP$23 000
  - PPP$23 001 – PPP$40 000
  - PPP$40 001 – PPP$10 000 000
  - >PPP$10 000 000

- **Average annual household income needed for the cheapest newly built house by a formal developer, 2019**
- **Average annual household income using expenditure, 2018 (PPS)**
Websites
Central Bank of West Africa States https://www.bceao.int/
Association Professionelles des Banques Etablissements Financier de Cote d'Ivoire http://www.apbef-ci.net/
National Investment Bank https://www.bni.ci/index
Ministry of Construction, Housing and Town Planning http://construction.gouv.ci/
Addouha Africa https://www.addouha.ci
Alliances http://alliances.ci
Statista https://www.statista.com/
Ministry of Economy and Finance https://www.tresorerieconomie.gouv.ci/
Ministry to the Prime Minister http://www.investissementprive.gouv.ci/

27 Interview with Sylvain Gbongue TIA, Director of Housing at MCLU, August 20, 2020, Abidjan, Ivory Coast.
30 Interview with Sylvain Gbongue TIA, Director of Housing at MCLU, August 20, 2020, Abidjan, Ivory Coast.
31 Interview with Sylvain Gbongue TIA, Director of Housing at MCLU, August 20, 2020, Abidjan, Ivory Coast.
Overview

The Democratic Republic of Congo (DRC) is a classic example of the paradox of plenty, being simultaneously rich in natural resources while the population remains extremely poor. The DRC is Africa's largest copper producer and the world's largest cobalt producer, but its political instability and high inflation rate discourage international investors. Consequently, there is a high expectation from the new coalition government, led by Félix Antoine Tshisekedi Tshilombo, who assumed office in January 2019, to address this political and economic uncertainty.

The DRC covers an area of 2.344.858 km² and includes a population of 86.790.587. Twelve of the DRC’s major cities have been growing by approximately 4.7 percent a year. Accompanying this growing population, the urbanisation rate has climbed over 30 percent in the past 50 years, reaching 40 percent in 2015. This urban dynamic has led to a related surge in building and housing supply. Nonetheless, the DRC has a housing deficit of about four million units with an estimated 77.5% of the urban population living in slums.

The DRC’s national development plan (Plan National Stratégique de Développement) covers five years (2017 to 2021). This plan focuses on developing the DRC into an emerging market economy by 2030. As part of this process, the government of the DRC has articulated its will to reorganise and improve the housing sector.

The DRC’s real gross domestic product (GDP) is projected to drop by about six percentage points from 2019 to 2020, lowering from 4.4 to -2.2 percent.

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Accompanying this economic contraction, inflation derived from changes in the consumer price index (CPI) is set to average 11 percent in 2020, up from 4.8 percent in 2019. There has also been a depreciation in the Congolese franc over the past year.

Access to finance

The DRC’s banking system, which functions largely through the central bank, the Banque Centrale du Congo (BCC), is being reorganised with a view to its improvement. The financial sector includes 19 licensed banks, a national insurance company (Société Nationale d’Assurances, the National Social Security Institute, one development bank, the Société Financière de Développement and a savings fund (Caisse générale d’épargne du Congo). The host of smaller institutions facilitating access to finance encompasses: 120 microfinance institutions and cooperatives; 78 money transfer institutions (dispersed, 91
primarily through Kinshasa, Kongo Central, North and South Kivu and the former Katanga provinces; three electronic money institutions, and more than 16 foreign exchange offices.16

The Banking Association of Congo reports that banks increasingly offer savings accounts that pay approximately three percent interest, and 65 percent of the population saves, but only 4.7 percent do so through a bank.17 The World Bank ranked the DRC at 152 out of 190 countries for ease of accessing credit in 2020, and, in the same year, for ease of doing Business, placed it at 184 out of 190 economies.18 A credit bureau needs to be set up, and bankruptcy laws reinforced, to protect the rights of borrowers and lenders to bolster lending.19 Public debt and external debt was low, at 17.5 percent of GDP and 9.9 percent of GDP, respectively, in 2020 which may mostly reflect limited access to financing for the government.20

Numbeo mortgage analysis reveals that, in Kinshasa, the average mortgage as a percentage of income stands at 476.89 percent.21 Its analysis shows that in other cities the average mortgage as a percentage of income reaches 832.05.22 Mortgage interest rates vary from 17 percent to 25 percent a year; for 20 years.23 Similarly, the interest rates for housing loans are high at 24 percent, but not nearly as high as the rates for microfinance loans, which range from 30 percent to 60 percent a year.24 The non-performing loan ratio rose to 17 percent in 2018, from 16 percent in 2017, while the regulatory standard is five percent.25 The provisions set aside to cover non-performing loans at the end of December 2018 were 47 percent, compared with 45 percent in late December 2017. Among the top 10 banks in the DRC, only Rawbank offers mortgage products to clients. However, the rise of major pan-African banks (Ecobank, Bank of Africa, Equity Bank, to name a few) raises the possibility of more banks offering mortgages to employees of major enterprises under the new government.27

The DRC’s financial sector has a key role to play in making growth more inclusive and less dependent on commodity prices.28 In pursuit of this, the DRC needs financial infrastructure and markets projects that modernise payment systems and increase availability of medium- to long-term financing to micro, small, and medium enterprises.29 The BCC is a prominent player in financial markets, providing finance and refinancing for banks, and loans and advances to credit institutions.30 An analysis of the DRC’s housing finance situation indicated that the DRC is one of the countries in the world with the least financial market proliferation, as only 26 percent of the adult population have any form of financial account, and only 15 percent have an account with an institution.31 This denotes a low level of access to finance and to financial institutions that could facilitate housing loans.

Affordability

The employment rate is 60 percent32 reflecting 40 percent of unemployment in 2019, with approximately 70 percent of the population living on less than FC3 604 (US$1.90) a day.33 This indicates that more than half of the population is excluded from access to housing finance.34

Housing demand is affected by high lending rates (26.7 percent)34 by commercial banks; making it hard for most Congolese to access financial services. The upshot of this is constrained effective demand, and a lack of access to affordable and sustainable housing.35 Ninety percent of workers make less than FC5 691 (purchasing power parity US$3.10) a day and are therefore classified as the “working poor”:36 a demographic excluded from access to housing finance.37 An analysis of housing affordability indicated that the cheapest affordable home built by a developer cost FC75 880 000 (US$40 000).38 This is even unaffordable for the average medical doctor who earns FC1 081 290 (US$570) a month. Even with such a relatively high salary, only 30 percent of this income bracket can afford such a relatively high salary, only 30 percent of this income bracket can afford

The prime yields for renting certain property are as follows: 10 percent can be realised in the DRC’s retail market, with rents of FC56 910 m2 (US$30 m2) a month; industrial property yields 15 percent at FC1 970 m2 (US$10 m2); offices yield 10 percent at FC56 910 m2 (US$30 m2) a month, and the residential market yields eight percent rent of FC1 897 000 (US$10 000) a month for a four-bedroom executive house.50 In Kinshasa, a hectare in well-serviced residential areas costs about FC1 897 000 (US$10 000), which is an indication of the higher values of serviced land.51 A one-bedroom apartment outside of Kinshasa’s centre costs between FC663 950 (US$330) and FC742 500 (US$22 500) a month.52 The prices canvassed cater to less than 10 percent of the population, and as such are not affordable for the vast majority of Congolese people.

According to Rand Merchant Bank (RMB), Kinshasa was placed within the top five cities across Africa on gross rental yields for the year of 2018.53 This confirms that it can be relatively lucrative to invest in the DRC’s real estate sector.

COVID-19 response

In the wake of the pandemic, the DRC has put in place housing-related responses to COVID-19, such as granting grace periods on loan repayments and prohibiting the eviction of tenants who did not honour their commitments from March to June 2020. The government of the DRC is also shifting spending to limit the projected financing gap in 2020 to the impact of the pandemic, and to avoid an increase in the stock of advances from the central bank. A lockdown period of three months was imposed.

The BCC has responded to the pandemic by decreasing the key rate from nine percent to 7.5 percent and the reserve ratio from two percent to zero percent in a bid to increase liquidity in the economy. To this end, it has postponed, until January 2022, any increase in the minimum capital requirements for banks, savings and credit co-operatives and microfinance institutions. The BCC has also introduced measures to stimulate company activity, making available finance from the Fund for the Promotion of Industry at a zero rate, and freezing loan classification rules, which will reduce penalties and fees for non-performing loans. The BCC has also implemented a special refinancing window with a maturity ranging from three to 24 months.

There is no documentation on government responses to informal settlements or evictions.

Housing supply

Many suppliers are needed to produce the annual housing requirement of 263 000 units a year.42 The firm Karmod is set to complete 900 houses in 2020.43 Private operators have also been completing social housing in different areas of Kinshasa.44 Several other construction companies, including Starstone and Hapi Congo, have built commercial buildings and residential houses.

The government has responded to the housing deficit by implementing supply-side interventions with particular attention to the cities of Kinshasa and Lubumbashi.45 However it must be noted that the typical unit price, which can be more than FC1 474 025 000 (US$25 000), is unaffordable for a typical working lower middle income household in Kinshasa.46 So while the demand for affordable housing is evidently high, past and ongoing housing projects from the government cater more for the needs of middle income and relatively wealthy individuals.47 These individuals earn above FC1 897 000 (US$10 000), and represent less than 10 percent of the population.48

The DRC’s informal housing market involves a process that takes years to complete housing. People start by purchasing a piece of land outside of the town and then incrementally build their home.

Property markets

The DRC real estate sector needs to attract investors as the country requires substantial investment in infrastructure to deliver affordable housing at scale. The real estate sector has very few developers, both private and public.49

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According to Rand Merchant Bank (RMB), Kinshasa was placed within the top five cities across Africa on gross rental yields for the year of 2018.53 This confirms that it can be relatively lucrative to invest in the DRC’s real estate sector.
However, COVID-19 is expected to depress real estate markets to the detriment of developers and contractors.\(^6\) The effect on real estate has been exacerbated, as housing developers are facing liquidity constraints due to reduced demand and reduced financing for borrowers, alongside decreasing access to finance for construction developers.\(^6\)

The World Bank Doing Business 2020 report places the DRC at 183 out of 190 economies for general ease of doing business, based on a mixture of objective indicators.\(^6\) A specific contributing indicator to this index is the “ease of dealing with construction permits”; ranking 144 of 165 economies in 2020, the DRC has been improving its position on the scale in recent years, a reflection of positive developments in the housing and construction sectors.\(^6\) Currently, it requires 13 procedures and takes 122 days to obtain a construction permit; this process costing approximately 13.8 percent of the warehouse value.\(^6\) The change from 2019 is notably positive, as in 2019 the process of obtaining a construction permit cost 15.8 percent of a warehouse’s total value.\(^6\) For property registration, the DRC is ranked 159 out of 190 economies, down from 156 in 2019.\(^6\) Property registration can be completed in 38 days through eight steps.\(^6\) There are, however, innovations which may improve these processing times. For instance, the potential to digitise land tenure and title systems is promising, as seen through developments in the housing and construction sectors.

The DRC presents enormous opportunities for investors, given the housing demand and deficit.\(^7\) The DRC will reach nearly 145 million inhabitants in 2050 (60 percent urban residents and 40 percent rural compared to 42 percent and 58 percent in 2014).\(^7\) The city of Kinshasa accounts for 34 percent of housing demand, with around 143,000 units a year needing to be constructed.\(^7\)

COVID-19 presents an opportunity to redefine and reinvigorate efforts to better plan and manage urbanisation in preparation of these demographic changes.\(^7\) The housing sector could continue to benefit from technological advancements in digitalising land titling, a possibility shown by Congolese firm Check.\(^7\)

### Policy and legislation

There are four legislative objectives for the DRC’s housing sector: reorganising the housing sector; enhancing land improvement policies; supervising the real estate sector; and fundraising to support housing for poor and vulnerable households.\(^6\)

Act 11/020 of 15 September 2011 lays out a framework within which microfinance institutions can operate\(^8\) and supports extending banking to the broader population. Act No. 15/005 of 17 March 2015 liberalises the insurance sector and creates an environment attractive for non-public insurance businesses. This Act established the Insurance Regulatory and Control Authority to control microfinance activities. Other policy decisions affecting the BCC are aimed at reducing policy interest rates.\(^6\)

The ownership of land, and the rights of use associated with land, are regulated by the 1973 General Property Law (Law No. 73-02).\(^6\) This law sets standards to regulate the purchasing, sale and leasing of land.\(^6\) In addition, the circular Note No. 005/CAB/MIN/AFF FUNC/2013 of 12 June 2013 details the procedure and the transfer period of land and property rights.\(^6\) The Land Law No. 15/023 of 31 December 2015 on leasing and non-professional rents regulates the real estate sector and lays out the role of real estate agencies.\(^6\)

The DRC’s regulatory framework is facilitative of public-private partnerships, and uses these to supply and demand more housing units.\(^7\) An example of one such public-private partnership is Karmod, which has partnered with Kinshasa Metro and Starstone, which formed a public-private partnerships with the national government of the DRC.\(^7\)

### Availability of data on housing finance

Data related to housing such as housing finance, housing affordability, housing supply, the property market, and the regulatory framework are limited.

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.

Therefore, information gaps apply more to data on access to finance for housing, household housing affordability, and the housing regulatory framework.

### Websites

- DR Congo National Agency for the Promotion of Investment https://www.investindrc.cd/
- Investors Clubs https://investorsclubs.org/
- Congo Invest Consulting http://www.congo-invest.com/
- The Heritage Foundation https://www.heritage.org/
Djibouti

Overview

Djibouti is a small country located in the Horn of Africa, with a population of about one million people. The population comprises 60 percent Somali, 35 percent Afar, originally from Ethiopia, as well as French, Italian and Arab minorities. The population is predominantly Muslim (94 percent) and six percent Christians but there is tremendous religious tolerance and peaceful co-existence. Between 1975 and 1991, a sizeable number of refugees escaping Ethiopian civil wars moved into the country, a trend observed until 2018 when Eritrea and Ethiopia signed a peace agreement. The country has less than 1,000 km² of arable land, which represents 0.04 percent of its total land area, making it almost entirely dependent on imports to address its food requirements.

Djibouti’s advantage comes from its strategic location along the Red Sea linking Africa and the Middle East. This strategic location has attracted a number of countries such as the United States, China and Japan, as well as the North Atlantic Treaty Organization, to establish military bases in the country. Djibouti Port is located along the Suez Canal, Red Sea and the Gulf of Aden shipping route, which connects the Mediterranean Sea and the Indian Ocean, considered one of the most important waterways in the world. It is estimated that 30 percent of all annual global shipping goes through this important, albeit narrow, passage. Analysts argue that Djibouti’s geostategic location coupled with its stability in a volatile region has made it a central focus for world powers.

Djibouti is highly urbanised with 85 percent of the population living in urban areas of which 64.5 percent live in slums. Its urbanisation is by necessity, in view of the little rural agricultural production possible because of its harsh climatic conditions. As such, no other nation in its lower middle income status is as urbanised. The poor rural conditions have effectively pushed most of the population to urban areas but with no employable skills or income to keep up with the cost of urban living. Basically, high urban population growth has significantly driven the need for housing without a corresponding supply. This is because demand must be matched by ability and willingness to pay for the housing at a given price over a given period. In 2018, Amina Abdi, Djibouti’s Minister for Housing was quoted as saying: “The Government of Djibouti has the ambition to eliminate slums in its territory and provide good living conditions to all its citizens.”

To address this commitment, Djibouti allocated Fdj 3.922 million (US$22,054,010), 6.1 percent of gross domestic product (GDP), to housing subsidies in 2020. In addition, Djibouti has over the years experienced a significant influx of refugees from war-torn neighbours such as Somalia, Eritrea and Yemen. The World Bank documents that, as of January 2020, the country was hosting 30,794 documented refugees and asylum seekers, largely concentrated in Ali Addeh, Hall and Markazi refugee camps. Djibouti requires, at a minimum, decent housing to accommodate 15 percent of its population that are currently deprived of the most basic amenities. An estimated 150,000 citizens live in refugee-like conditions but are undocumented. In addition, it is estimated that one-third of the Djibouti population lives in slums, and trend spurred by both internal and external migratory pressures and an absence of affordable accommodation options.

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**KEY FIGURES**

<table>
<thead>
<tr>
<th>Main urban centres</th>
<th>Djibouti City</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange rate (1 July 2020)</td>
<td>1 USD = [a] 177.84 Djiboutian Franc (DJF)</td>
</tr>
<tr>
<td>1 PPPS = [b]</td>
<td>103.91 Djiboutian Franc (DJF)</td>
</tr>
<tr>
<td>Total population (b)</td>
<td>973,560</td>
</tr>
<tr>
<td>Urban population (b)</td>
<td>758,549</td>
</tr>
<tr>
<td>Population growth rate (b)</td>
<td>1.52%</td>
</tr>
<tr>
<td>Urbanisation rate (b)</td>
<td>1.69%</td>
</tr>
<tr>
<td>GDP per capita (Current US$) (b)</td>
<td>US$3,408</td>
</tr>
<tr>
<td>Percentage of population below national poverty line (2017) (b)</td>
<td>46.3%</td>
</tr>
<tr>
<td>Unemployment rate (% of total labour force, national estimate) (2017) (b)</td>
<td>5.8%</td>
</tr>
<tr>
<td>Proportion of adult population that borrowed formally (2017) (b)</td>
<td>n/a</td>
</tr>
<tr>
<td>Gini coefficient (2017) (b)</td>
<td>41.60</td>
</tr>
<tr>
<td>HDI country ranking (2018) (c)</td>
<td>171</td>
</tr>
<tr>
<td>HDI country score (2018) (c)</td>
<td>0.50</td>
</tr>
<tr>
<td>GDP (Current US$) (b)</td>
<td>US$3,319 million</td>
</tr>
<tr>
<td>GDP growth rate (b)</td>
<td>7.47%</td>
</tr>
<tr>
<td>Inflation rate (b)</td>
<td>3.32%</td>
</tr>
<tr>
<td>Yield on 10-year government bonds</td>
<td>n/a</td>
</tr>
<tr>
<td>Lending interest rate</td>
<td>n/a</td>
</tr>
<tr>
<td>Number of mortgages outstanding</td>
<td>n/a</td>
</tr>
<tr>
<td>Value of residential mortgages (Current US$) (2019) (d)</td>
<td>US$84.56 million</td>
</tr>
<tr>
<td>Typical mortgage rate (Term</td>
<td>4.30%</td>
</tr>
<tr>
<td>Deposit) (2019) (c)</td>
<td>7%</td>
</tr>
<tr>
<td>Ratio of mortgages to GDP (2019)</td>
<td>22 years</td>
</tr>
<tr>
<td>Number of mortgage providers</td>
<td>n/a</td>
</tr>
<tr>
<td>Number of microfinance loans outstanding</td>
<td>n/a</td>
</tr>
<tr>
<td>Value of microfinance loans in local currency units</td>
<td>n/a</td>
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<tr>
<td>Number of microfinance providers (2019) (e)</td>
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</tr>
<tr>
<td>Total number of formal residential dwellings in the country</td>
<td>n/a</td>
</tr>
<tr>
<td>Total number of residential properties with a title deed</td>
<td>n/a</td>
</tr>
<tr>
<td>Number of formal housing units built in this year</td>
<td>5,400,000 DJF</td>
</tr>
<tr>
<td>Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2019) (f)</td>
<td>30,000 DJF</td>
</tr>
<tr>
<td>Size of cheapest, newly built house by a formal developer or contractor in an urban area (2019) (f)</td>
<td>57,597 DJF</td>
</tr>
<tr>
<td>Typical monthly rental for the cheapest, newly built house (2019) (f)</td>
<td>1,244 DJF (US$7.00)</td>
</tr>
<tr>
<td>Cost of standard 50kg bag of cement in local currency units (2018)</td>
<td>Computer - Scanner</td>
</tr>
<tr>
<td>Type of deeds registry: digital, scanned or paper</td>
<td>112</td>
</tr>
<tr>
<td>World Bank Ease of Doing Business index rank (g)</td>
<td>6</td>
</tr>
<tr>
<td>Number of procedures to register property</td>
<td>24 days</td>
</tr>
<tr>
<td>Time to register property (g)</td>
<td>5.6%</td>
</tr>
<tr>
<td>Cost to register property as share of property price</td>
<td>7</td>
</tr>
<tr>
<td>World Bank EGI Quality of Land Administration index score (0-30) (g)</td>
<td>1.52%</td>
</tr>
<tr>
<td>Percentage of women who own a house alone: Total</td>
<td>n/a</td>
</tr>
<tr>
<td>Percentage of households with basic sanitation services:</td>
<td>n/a</td>
</tr>
<tr>
<td>Total</td>
<td>n/a</td>
</tr>
<tr>
<td>Urban (h)</td>
<td>n/a</td>
</tr>
<tr>
<td>Total</td>
<td>n/a</td>
</tr>
<tr>
<td>Percentage of households with no electricity: Total</td>
<td>n/a</td>
</tr>
<tr>
<td>Percentage of households with 3+ persons sleeping per room</td>
<td>n/a</td>
</tr>
<tr>
<td>Total</td>
<td>n/a</td>
</tr>
<tr>
<td>Urban (h)</td>
<td>n/a</td>
</tr>
<tr>
<td>Percentage of urban population living in slums (2018) (i)</td>
<td>n/a</td>
</tr>
</tbody>
</table>

NB: Figures are for 2020 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Human Development Reports, United Nations
[d] World Bank Ease of Doing Business Indicators
[e] Demographic and Health Surveys, USAID
[f] World Bank Ease of Doing Business Indicators
[g] United Nations Human Settlements Programme (UN-HABITAT)
[h] Xe.com
[i] United Nations Human Settlements Programme (UN-HABITAT)
[j] World Bank World Development Indicators
[k] Human Development Reports, United Nations
[l] World Bank World Development Indicators
[m] Demographic and Health Surveys, USAID
[n] United Nations Human Settlements Programme (UN-HABITAT)
[o] World Bank World Development Indicators
[p] Human Development Reports, United Nations
[q] World Bank World Development Indicators
[r] Demographic and Health Surveys, USAID
[s] United Nations Human Settlements Programme (UN-HABITAT)
Access to finance

Djibouti has a well-functioning financial system, albeit undeveloped. The banking system is regulated by Banque Centrale de Djibouti (Central Bank of Djibouti), which manages the country’s currency and foreign exchange. Although the country is surrounded by war-torn neighbours, which account for the majority of its immigrants, it recorded economic growth of 7.47 percent as measured by real GDP in 2019 and one of the lowest inflation rates in Africa at 3.32 percent in 2019. Typical mortgage lending rates averaged seven percent in 2019.

Djibouti’s financial system expanded from 2000-2006, increasing access to banking from five percent to seven percent over the same period. Further, the country has one of the most stable interest rate regimes in the Horn of Africa region. While Djibouti’s laws mainly promote foreign investment, evidenced by absence of investment screening or related discriminatory approaches, complicated bureaucratic red tape is prevalent.

According to the 2020 Index of Economic Freedom, the country’s economic freedom score increased by 5.8 points to 52.9 compared to its 2019 score. The improvement in the score was largely due to a sharp increase in its property rights index. Djibouti’s property markets are largely underdeveloped, has low coverage and presence of several foreign military bases in Djibouti brings relatively high net worth spenders into the country. Chinese, Americans and Somalis are seen as major tourists and worth spenders in the country. Chinese, Americans and Somalis are seen as major tourists and worth spenders in the country.

Affordability

The majority of the population have low or negligible disposable income, evidenced by an extremely high poverty rate of 79 percent with 42 percent living in extreme poverty. In addition, unemployment rates rose from 10.26 percent in 2018 to 10.30 percent in 2019. While unemployment rates in the country grew by 0.04 percent pre-COVID-19, this was further aggravated by COVID-19 lockdowns that rendered many unemployed in 2020. Data is yet to be released on the full impact the lockdowns had on unemployment in 2020. Nevertheless, even those retained in employment were paid 70 percent of their salary, with 40 percent paid by employers and 30 percent by the government. The effect of these shocks is likely to suppress demand for decent housing and more resources directed to food items.

COVID-19 response

The country imposed COVID-19 restrictions on 23 March 2020 that entailed general lockdowns, save for essential services. The country has made tremendous efforts aimed at cushioning its people from the vagaries of COVID-19. For instance, according to the United Nations (UN), Djibouti footed the cost of repatriation of its citizens from Somalia, United Arab Emirates, Turkey, Pakistan and Ethiopia. In addition, the UN report observes that the government issued an order to the National Security Fund to offer employees compensatory indemnity to cover their partial inactivity. Under this indemnity arrangement, 30 percent of employees’ gross salaries were financed by the government while employers absorbed 40 percent for three months.

The Central Bank of Djibouti responded to COVID-19 by taking emergency measures at the bank level as well as for banking institutions and the market. The bank ensured that hygiene and containment provisions enacted by the government were adhered to while safeguarding the continuity of banking nationally. Alongside the government, the Central Bank also took action directed at stimulating financial markets to address the short- and long-term effects of the pandemic. The measures entailed the inclusion of the Central Bank governor and executives in the National Response Committees dealing with the socioeconomic impact assessment of the pandemic.

According to Numbeo, renting an apartment in Djibouti city centre costs between Fdj 107 247 (US$603) and Fdj 235 891 (US$1 326) a month for a one-bedroom and three-bedroom apartment, respectively and between Fdj 60 000 (US$337) and Fdj 88 772 (US$499) a month to rent a one-bedroom or two-bedroom apartment outside Djibouti city, respectively. Notably, it costs Fdj 285 000 (US$1 602) and Fdj 385 000 (US$2 161) a month to buy an apartment in the city centre and outside the city centre, respectively. In a country where unemployment rates are high and the average after tax salaries of workers absorbed 40 percent for three months.

Housing supply

The World Bank observes that management of land and urban services has not grown in tandem with migratory pressures, leading to poor supply of basic social amenities as well as access to these. Although urban development is growing, this has largely been uncontrolled, further exacerbating the mushrooming of slums without basic amenities. Djibouti is prone to earthquakes with implications for construction costs. For instance, according to the World Bank, the cost of including earthquake-prone building standards in construction is prohibitive in both the formal and informal sectors which affects the supply of affordable housing.

Property markets

Djibouti is a peaceful country even though it is located among countries ravaged by war, such as Somalia and Yemen. Although the majority of the population are extremely poor, a segment of the population has very high disposable incomes. It appears the country has no comprehensive and functional electronic database for checking mortgages.

The presence of several foreign military bases in Djibouti brings relatively high net worth spenders into the country. Chinese, Americans and Somalis are seen as the major buyers and/or renters of villas in Djibouti.

Conversely, immigrants into the country have been observed to contribute positively to Djibouti housing needs. For instance, the bulk of real estate development is driven by Somalis who prefer investment in property rather than keeping money in banks.
Evidence suggests that Djibouti has made significant strides in improving its business environment, as documented by the World Bank. The country impressively moved up 55 places globally in its Doing Business rank. The country moved from 154 globally in 2018 to 99 in 2019, effectively joining the top 100 countries. However, the World Bank Doing Business 2020 registering property score ranks Djibouti 117 globally. There are six procedures involved in registering property and on average the procedures take 24 days at a cost of 5.6 percent of the total value of the property. This implies that property transfer transactions take a short period and at low transaction cost compared to neighbouring countries. For instance, Ethiopia is ranked 142, Eritrea 178, Egypt 130 for registering property. As the World Bank Country Representative for Djibouti Mr Auto Sack observes, “the reforms undertaken by the Government of Djibouti to improve the business environment can be a catalyst for change in the country’s economic landscape.”

This will hopefully have a positive impact on property markets in the country.

Property markets may not be too significantly affected by COVID-19 considering the economy had reopened in September 2020. However, the impact may be delayed and affect property deals at a later date as a result of transactions delayed by government closures and lockdowns. The pandemic could also potentially end up creating more housing as development organisations mobilise to support housing in Djibouti, especially with refugee resettlement.

Opportunities

The World Bank approved approximately FDJ 4.5 billion (US$25 million) financial assistance to the country in 2020 to enable economic growth by improving access to essential services. According to the World Bank, the support will strengthen economic and social conditions in areas hosting refugees so as to support not only the refugees but also the host communities. In addition, the funding is aimed at supporting a long overdue population census, economic census (the first of its kind), national accounts preparation as well as a programme of economic and household surveys aimed at updating statistics and sustainable data generation. This funding, if properly used in line with the objectives, has a number of implications for both the country and potential home developers. First, increased data availability through the population and economic censuses will help address Djibouti’s lack of publicly available data. Therefore investors will be able to obtain reliable and timely data for business decision-making. Second, although the available information does not specifically state how the amount FDJ 1 778 361 427 (US$10 million) will be directed towards responding to displacement impacts, capacity will be required to develop the infrastructure for refugee host communities. The funding may also support incremental housing development, especially in refugee host communities while enabling construction of badly needed refugee housing.

Evidence suggests that lenders in Djibouti are averse to lending to borrowers with no adequate collateral and that Djiboutian finance their housing through personal savings. This implies that economic interventions to support homeownership in the country should perhaps focus on economic empowerment of the wider populace. Such economic intervention(s) may take the form of increased fiscal spending on public projects that create employment at the grassroots level to raise purchasing power, effectively spurring aggregate demand in the country. This will hopefully increase overall savings with wide and positive implications for poverty reduction and residential housing demand.

Lastly, relatively wealthy Chinese, Yemeni and Somalis have been arriving at a significant rate to take advantage of the peaceful environment in the country and the opportunities created by major infrastructure projects planned, such as roads, railways and ports. As such, although most locals may not afford new housing, the new projects continue to attract foreigners into the country who have high purchasing power and are in need of decent and affordable housing. This presents potentially attractive opportunities for possible investors in the Djibouti housing market.

Policy and legislation

Djibouti has building laws and regulations accessible to the public in official gazettes and through online platforms free of charge. Licensed engineers are required by law to verify whether building plans comply with existing building regulations.

In 2018/19 Djibouti introduced central and unified notice-based collateral registries. However, although the acquisition and disposition of property rights is officially protected by the country’s legal system, the Heritage Foundation observes that the quality of enforcement of the rights lags below the global average. This, the Heritage report argues, is mainly due to executive interference in the justice system and entrenched corruption.

In addition, the country has introduced policies which were not implemented by the government. For instance, in 2015 Djibouti committed itself to achieving 100 percent renewable energy status by 2020 with 60MW of wind power to be fully funded by the Qatar Development Fund and 200MW of solar photovoltaic energy developed by Canada-based Sky Power. As of September 2020, the government had made little progress in completing the planned projects.
Overview

Egypt is one of the most diversified and powerful economies in the Middle East with a population of over 101 million people. According to JPMorgan Chase, 1 Egypt is the only country in the Middle East and North Africa (MENA) that has successfully preserved the confidence of all three global rating institutions. 2 It is also one of the only two countries 3 in the MENA region whose economy is expected to grow at a rate of two percent 4 by the International Monetary Fund (IMF). The gross domestic product (GDP) grew by 5.6 percent during the 2018/19 fiscal year, compared 5.3 percent the previous year, and this is mainly driven by investments and net exports. This led to a decrease in the unemployment rate to 7.7 percent for the first quarter of 2020 compared to 8.9 percent of the first quarter in 2019. 5 The annual urban inflation recorded 4.2 percent in July 2020, compared to 8.7 percent in July 2019.

The issue of affordable housing is on the agenda of the government. The Housing Ministry estimates that Egypt needs 500 000 housing units to be built for five years to match the population growth and fill the housing gap. 6 Egypt’s population is growing at a rapid rate of two percent yearly (by about two million a year), which perpetuates the housing supply shortage. Rania Al-Mashat, Egypt’s Minister of International Cooperation, notes that “Affordable housing is essential to contributing to national socio-economic development and the achievement of the United Nations’ Sustainable Development Goals”. The Social Housing and Mortgage Finance Fund (SHMFF) is working to provide units for low and middle income segments through mortgage loans with a 20-year repayment period. To support the government’s target to provide more than one million homes to low-income households by 2024, the World Bank extended its support with E£500 million (US$31 million) to increase the SHMFF’s capacity, improve the affordability of the low-income households, and increase the number of beneficiaries by 31 percent. 7 Social housing has been noted by the Prime Minister as one of the important tools for the achievement of social justice. As such, the Egyptian government has committed the necessary funds for the SHMFF in a way that contributes to expanding the building of housing units for the social housing project. 8

In 2020 the government introduced measures to protect the economy as a response to COVID-19. On 15 March 2020, the Central Bank of Egypt (CBE) reduced the interest rates by 300 basis points. The overnight deposit and lending rates fell to 9.25 percent and 10.25 percent respectively, and the main operation and discount rates are both at 9.75 percent. Furthermore, the CBE postponed all credit entitlements for six months, without applying additional fees and fines for the delay in payments due.

Zeinab Sayed

Key Figures

<table>
<thead>
<tr>
<th>Main urban centres</th>
<th>Cairo, Alexandria, Giza</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange rate (1 July 2020): 1 USD = [a]</td>
<td>16.13 Egyptian Pound (EGP)</td>
</tr>
<tr>
<td>1 PPPS = [b]</td>
<td>3.64 Egyptian Pound (EGP)</td>
</tr>
<tr>
<td>Total population [b]</td>
<td>100,398,073</td>
</tr>
<tr>
<td>Urban population [b]</td>
<td>42,895,824</td>
</tr>
<tr>
<td>GDP per capita (Current US$) [b]</td>
<td>5,566</td>
</tr>
<tr>
<td>Percentage of population below national poverty line (2017) [b]</td>
<td>23.0%</td>
</tr>
<tr>
<td>Percentage of people living in slums (2018) [c]</td>
<td>20.1%</td>
</tr>
<tr>
<td>HDI country ranking (2018) [c]</td>
<td>8</td>
</tr>
<tr>
<td>HDI country score (2018) [c]</td>
<td>0.70</td>
</tr>
<tr>
<td>GDP (Current US$) [b]</td>
<td>US$303.175 million</td>
</tr>
<tr>
<td>GDP growth rate [b]</td>
<td>5.56%</td>
</tr>
<tr>
<td>Inflation rate (2019) [b]</td>
<td>14.50%</td>
</tr>
<tr>
<td>Total number of mortgages outstanding</td>
<td>3,200,000</td>
</tr>
<tr>
<td>Number of mortgage providers [g]</td>
<td>9</td>
</tr>
<tr>
<td>Number of microfinance loans outstanding [h]</td>
<td>17,800,000,000 EGP</td>
</tr>
<tr>
<td>Number of microfinance providers [i]</td>
<td>969</td>
</tr>
<tr>
<td>Total number of formal residential dwellings in the country</td>
<td>3,450,000</td>
</tr>
<tr>
<td>Total number of residential properties with a title deed</td>
<td>326,263</td>
</tr>
<tr>
<td>Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units</td>
<td>447,000 EGP</td>
</tr>
<tr>
<td>Size of the cheapest, newly built house by a formal developer or contractor in an urban area</td>
<td>123m²</td>
</tr>
<tr>
<td>Typical monthly rental for the cheapest, newly built house</td>
<td>4,500 EGP</td>
</tr>
<tr>
<td>Cost of standard 50kg bag of cement in local currency units</td>
<td>42 EGP (US$2.60)</td>
</tr>
<tr>
<td>World Bank Ease of Doing Business index rank</td>
<td>114</td>
</tr>
<tr>
<td>Time to register property</td>
<td>76 days</td>
</tr>
<tr>
<td>Cost to register property as share of property price</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

NB: Figures are for 2020 unless stated otherwise.

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

- Social Housing and Mortgage Finance Fund
- World Bank World Development Indicators
- Human Development Reports, United Nations Development Programme
- Central Bank of Egypt
- Ahalya Mortgage Finance
- IBC - Mortgage Finance
- Mortgage Finance Fund, Amwalalghad
- Financial Regulatory Authority of Egypt

Africa Housing Finance Yearbook 2020
Access to finance

The government is working hard to increase access to finance for low and middle income people through the World Bank’s Country Partnership Framework with Egypt, and different mortgage initiatives. In September 2020, there were 27 mortgage finance institutions made up of 19 banks and eight companies.10

The government has introduced a mortgage financing initiative for middle-income people worth E£50 billion (US$3.1 billion), which includes providing financing with a maximum of E£22.5 million (US$140 000) for the price of a fully finished unit with an area of 150m², at a 10 percent diminishing interest rate for 20 years. In terms of the initiative, a customer must pay 20 percent as a down payment of the unit value, provided that the customer’s monthly income does not exceed E£50 000 (US$3 098) for a family or E£40 000 (US$2 479) for an individual. Due to COVID-19, the interest rate has been modified to eight percent diminishing instead of 10 percent. Also, the Financial Regulatory Authority (FRA) ordered mortgage financing companies, factoring and leasing companies to give a six-month grace period to any client on request.11

During April 2020, the Mortgage Finance Fund did not provide any funds, compared to 489 contracts with a value of E£55.5 million (US$3.44 million) provided in April 2019. The total amount of mortgage finance granted decreased by 84.2 percent to E£62.7 million (US$3.89 million) in April compared to E£395.8 million (US$23.9 million) in April 2019. Between January and April of 2020, the mortgage finance companies provided funds worth E£750 million (US$46.5 million) compared to E£836.4 million (US$51.8 million) over the same period the previous year. Also, the refinance value sharply decreased by 79.5 percent in April to E£33 million (US$2 million) from E£161 million (US$10 million) in April 2020. The number of mortgage finance contracts also fell by 92 percent from 1,037 to 83 over the same period.12

The number of mortgage contracts given to people with an income of up to E£2 500 (US$154.9) was 179, with a value of E£18.3 million (US$1.3 million), while those falling within the income range of E£2 500 - E£3 000 (US$154 - US$217) received 68 contracts with a value of E£6.8 million (US$421 461) during January and April of 2020. Those with income more than E£3 500 (US$217) had 610 contracts with a value of E£725.1 million (US$44.9 million).13

During the first quarter of 2020, around 3.2 million customers benefited from microfinance with a value of E£17.866 billion (US$11.1 billion). Sixty-three percent of the beneficiaries were females and 37 percent were males. The microfinance companies’ share of the total figure represents 52 percent, with a value of E£9.296 billion (US$756.7 million) given to 1,192,192 citizens, while non-governmental organisation category provided about 40 percent. The FRA reported that 59 new entities were licensed to engage in microfinance activities. The number of microfinance entities thus increased to 969, alongside 1,618 branches, during the first quarter of 2020. Furthermore, there were 2,456 beneficiaries of nano-finance products receiving E£577.3 million (US$35 million) in the first quarter of 2020. Digital cash instalments reached E£79.9 million (US$6.1 million) delivered by 43,000 clients. A total of E£405 million (US$25 million) in finance had been granted through electronic means at the end of February 2020 to 30,000 customers.14

Affordability

According to the Central Agency for Public Mobilization and Statistics (CAPMAS) expenditure and income survey of 2017/18, about 32.5 percent of Egyptians lived below the poverty line compared to 27.8 percent in 2015. CAPMAS set the national poverty line at E£735.7 (US$45.6) a month. The extreme poverty line was set at E£500 a month (US$31) for three consecutive months starting on 13 April 2020. Since the second half of March 2020, house prices have been declining. The average price per square meter of residential land recorded an annual decrease of 12 percent, the average price of a residential apartment registered an annual decrease of 17.9 percent, and the annual growth of the average price of a residential villa declined to below 0.4 percent.17

The real estate sector in Egypt faces major challenges in catering for both consumer demand and limited purchasing power. To solve this gap, the Real Estate Development Chamber signed a co-operation protocol with Banque Misr, which aims at reviving Egypt’s mortgage finance sector and providing customers with an affordable and favourable payment plan to encourage the buying of housing units.18

Housing supply

The Government of Egypt is working hard to cover the estimated gap of 500,000 housing units by building new cities with more affordable prices across Egypt, such as: New Capital City, Al Alamein City, New Fayoum City, New Aswan City and New Mansoura City.19 The World Bank's ongoing Inclusive Housing Program will help Egypt to provide affordable housing to almost one million low and middle income Egyptians by 2024. Since 2015, 287,600 households across the country have already benefited.20

The Prime Minister has indicated there were government discussions around new finance mechanisms for the construction of 250,000 social housing units. In May 2020, the Housing Ministry announced that 428,000 units have been constructed while the building of a further 194,000 units are underway.21

According to CAPMAS, 281,300 units were built in 2018/19 at a total cost of E£94.6 billion (US$5.9 billion) compared to the 326,000 units built during 2017/18, showing a 13.8 percent decrease in units produced. Economic housing was ranked first with 151,700 units (53.9 percent) compared to 169,800 units the previous year. The government built 100,005 units (35.7 percent), 83,600 of which were economic housing units. According to the same report, the private sector built 180,800 units. The One Million Units Project, delivered 67,700 units in 2018/19. The number of built units in the Dar Mshar housing project of average housing was 4,500 compared to 13,000 units in 2017/18.22

Property market

The real estate sector contributes significantly to the Egyptian economy. It represents 20 percent of the total economic volume and 10.5 percent of the Egyptian Stock Exchange capital. COVID-19 has strongly affected the sector, causing a 50 percent decrease in its profits. The real estate sector, which has investments of almost E£200 billion (US$12.4 billion), recorded a decrease in sales and a decline in profits during the first quarter of this year, compared to the same period in 2019. The rate of collecting instalments from clients before the COVID-19 pandemic was close to 98 percent. However, this rate decreased in February.
and March to below 70 percent. This is likely going to affect the ability of companies to carry out new business. During the first quarter, companies experienced an increase of “cancellation of reservations” owing to consumer fears of the repercussions of the crisis and failure to fulfil their obligations which affected the companies’ liquidity.23

According to the Nationwide Building Society, Egypt’s real estate index fell by 34.14 percent during the first quarter of 2020, compared to the previous year, a 22.61 percent year-on-year decline, and house prices fell sharply by 29.67 percent between the last two quarters.24

According to the Cairo Real Estate Market Performance report, primary and secondary rents in the retail market have increased by five percent to 10 percent yearly. It also reported that the real estate market remained stable in the second quarter of 2020, despite the challenging global economic conditions.25

Dr Hussein Jumaa, President of the Real Estate Preservation Association, announced in June that 75 percent of real estate in Egypt is not registered, and 300,000 properties have technical problems. He added that the informal sector is a severe threat to real estate wealth, as it leads to the decrease in the prices of nearby formal properties, and in this case the price drops by almost half.26

According to the Doing Business 2020 report, Egypt ranked 74 out of 190 countries in the dealing with construction permits index compared to the 68th ranking attained last year. It takes 76 days and nine procedures to register a property in the country, and it costs 1.1 percent of the property value.27

Policy and legislation
President Abdel Fattah el-Sisi has removed restrictions on foreign ownership of land and property in Egypt to boost the housing market especially in projects such as the New Administrative Capital. He has also allowed the government to use its land for public-private partnership schemes, which makes Egypt an interesting market for foreign investment.28 The President has also ratified Law No. 23/2020 amending certain provisions of the Real Estate Tax Law. The new amendments authorise the cabinet to approve tax exemptions on completed properties used in productive industries and strategic services for a specified period as determined by the cabinet.29

In May 2020, the government temporarily suspended construction permits for six months for new private housing, which will affect the housing supply and the delivery date for different developers. This decision applies in Greater Cairo, Alexandria, and big cities nationwide.30 Building violations will be referred to military prosecutors. By July 2020, the government had submitted around 6,000 building violations to the military for prosecution and demolished thousands of unlicensed buildings. A total of 14,964 illegal buildings have also been demolished.31 In November 2019, the FRA approved a microfinancing programme called Nano Finance to integrate the informal economy in the formal sector.32 In Egypt, the real estate tax is imposed on real properties, and is paid by the owner. Whether the property is leased out or not, the tax is imposed on the rental value of the property, which is assessed every five years by the tax authority. The real estate tax is levied at a flat rate of 10 percent.33

Opportunities
The Housing Minister said that the ministry is offering support to investors and real estate developers. The aim is to accelerate the development of real estate projects34 and to attract Arab and foreign investments in the sector through facilitating land allocation procedures and solving problems that were faced in previous periods. He mentioned that the National Strategic Plan for Urban Development in Egypt 2052 aims to double Egyptian urban areas from six percent to 14 percent, in order to provide various development opportunities.35

Due to the government and CBE initiatives, it is expected that the property sector will flourish despite the pandemic. However, sales may remain low until the end of 2020.36 In addition, the Real Estate Development Chamber’s chairman announced that the chamber is working on projects in co-operation with the investment climate committee for developing the business environment for developers.37

Availability of data on housing finance
In Egypt, the main source for macroeconomic data is the Central Bank of Egypt, which provides data related to GDP, balance of payment, investments, and monetary sector data. The Ministry of Finance is responsible for budget sector data, which it releases a monthly bulletin. With statistical data, some housing finance related statistics can be found on the Central Agency for Public Mobilization and Statistics website. It publishes a census report, the monthly informative bulletin, and an annual housing report. These reports include data on the number of housing units built during the year and the type of housing built, including social housing or private investments. It also publishes a monthly bulletin with information on building material prices. Data related to mortgage and microfinance can be found on the financial regulatory authority website. However, there is a shortage of data related to loans to construction and building purposes. There is no data published related to housing resale or building cost.
Websites

Central Bank of Egypt https://www.cbe.org.eg/
Central Agency for Public Mobilisation and Statistics https://www.capmas.gov.eg/
Egyptian Ministry of Finance https://www.mof.gov.eg/
Global Property Guide https://www.globalpropertyguide.com/
Ahram online http://english.ahram.org.eg
Egypt Property Law http://www.egypt-property-law.com/
JL https://www.jl.co.uk/
Almaisy Alyoum https://www.almaisyalyoum.com/
Social Housing and Mortgage Finance Fund https://www.shmff.gov.eg/

1 JPMorgan Chase & Co. is an American multinational investment bank and financial services holding company. See https://www.google.com/search?q=JPMorgan+Chase&sourceid=chrome&ie=UTF-8
8 Al Eqtisadiah (2020). The real estate market begins its activity after the Eid Al-Adha holiday, with a weekly social housing units. 11 May 2020. https://alborsaanews.com/2020/05/11/1340899
18 Arabic News. (2020). The government is discussing new mechanisms to finance the construction of 250,000 social housing units. 11 May 2020. https://alborsaanews.com/2020/05/11/1340899
20 Egypt Property Law http://www.egypt-property-law.com/
31 JPMorgan Chase & Co. is an American multinational investment bank and financial services holding company. See https://www.google.com/search?q=JPMorgan+Chase&sourceid=chrome&ie=UTF-8
Overview

The Republic of Equatorial Guinea is an upper middle income country composed of a small mainland, Rio Muni, and small islands including Bioko where the capital Malabo is located. The country is a member of the Central African Monetary and Economic Community (CEMAC) subregion with an estimated population of over 1.3 million. It is well endowed with natural resources including oil, gas and arable land, and mineral resources including gold, petroleum, uranium, diamond and columbite-tantalite. The CEMAC subregion has a central bank and a common currency – the CFA franc, which is pegged to the euro.

In 2018, Equatorial Guinea scored 1.92 out of 10 on 60 indicators on the Economist Intelligence Unit’s Democracy Index. On this Index, Equatorial Guinea was ranked 161 out of 167 countries, making it one of the most authoritarian governments in the world. The country has further faced ongoing issues with corruption. According to Transparency International’s 2018 Corruption Perceptions Index, it scored only 16 points out of 100, halved in 2018 to CFA6.1 trillion (US$11.03 billion). The economy has, however, been shrinking. At its peak in 2012, its gross domestic product (GDP) was CFA12.5 trillion (US$22.39 billion). GDP growth for 2020 is -5.5 percent.

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Equatorial Guinea's Horizonte 2020 programme has aimed since 2017 to worked hard to attract investors. Equatorial Guinea boasts modern infrastructure, an interconnected 'transport network of roads, airports and seaports; an electrical grid that has capacity to cover 95% of the country's energy requirements and programmes that now focus on developing Equatoguinean human capital; technological advancement and a government wholly invested in creating an enabling business and economic environment'.

The economy has, however, been shrinking. At its peak in 2012, its gross domestic product (GDP) was CFA12.5 trillion (US$22.39 billion). GDP halved in 2018 to CFA6.1 trillion (US$11.03 billion). The projected real GDP growth for 2020 is -5.5 percent. 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 derived from oil.
between 2006 and 2018. The National Bank of Equatorial Guinea (BANGE), established through a commercial alliance between the Equatorial Guinea government and the Philippines Bank of Commerce, is the only bank operating in the country whose parent company is local. Like similar small countries, which rely on foreign-located banks, this can be a challenge if these banks move their investments abroad, given scarce domestic investment opportunities or low profitability. The microfinance sector of the CEMAC subregion has grown significantly in recent years. Among other things, it has promoted financial services to people previously excluded from the traditional banking sector. Despite this, the microfinance sector remains constrained, which impedes access to financial services for low income groups.

According to the Banque Des Etats De L’Afrique Centrale (BEAC), “rates charged by Equatorial Guinean banks during the 2nd half of 2019 were up compared to their level of the 1st half of 2019. The effective rates overall average increased by 3.96 basis points to 12.86% versus 8.90% a half year earlier. At the same time, average nominal rates have maintained the uptrend observed in the 1st half of 2019, rising from 7.48% to 10.99%.” Bank non-performing loans as a percentage of total gross loans were 27 percent in 2018. The country had 32.9 borrowers and 302 depositors per 1 000 adults making its per capita rates relatively high compared to many countries in the region.

The total number of institutions providing mortgages is not available. However, one advertised product is provided by BANGE. It is a mortgage product for “the purchase of first or second houses, construction and improvement of a single-family home”. The term is five years, at an advertised interest rate of 2.5 percent per annum. This interest rate looks unusually low (the same bank advertises rural credits for six percent and microloans for seven percent per annum) and is significantly lower than current effective rates. More information, particularly on the terms for origination of the loans, is required.

The World Bank Doing Business Report 2020 highlights challenges with the depth of credit information available (score of two out of eight, against the Sub-Saharan average of 3.9, and Organisation for Economic Co-operation and Development (OECD) average of 6.8). In this case, bureau or registry credit scores are not presented to help banks and financial institutions assess the creditworthiness of borrowers with loan origination. Neither can borrowers rightfully access their data in the credit bureau or a registry by law. Only 10.8 percent of adults are covered by the credit registry (which is above the Sub-Saharan Africa average of 8.3 percent but below the OECD score of 24.4 percent).

Affordability

Equatorial Guinea has historically had some of the highest economic growth rates in Africa, which allowed it to achieve a GDP per capita PPP (purchasing power parity) of CFA11,425 million (US$19.327) in 2019, although this represents a significant and decline from the highs of 2012. This means it is classified as a middle income country. Yet the country ranks 141 out of 188 countries in the Human Development Index, currently scoring 0.59, which shows the highly skewed distribution of wealth in the country. Therefore, average income figures should be viewed with caution. The country has reported relatively modest unemployment levels compared to others in the continent, at 6.9 percent in 2018. The oil-dominated economy requires a small highly skilled labour force, which makes the country heavily dependent on foreign workers. 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.

The country’s last household survey was conducted in 2006 and there was a Housing and Population Census in 2015. It was reported that over 79 percent of the rural population and 30 percent of the urban population live below the poverty line in 2006. According to the 2015 census, there were 262,157 homes with an average size of 4.7 people per home. The Island Region represents 339,695 (27.8 percent) of the population and 882,747 (72.2 percent) live in Continental Equatorial Guinea.

Data for average housing prices is not available, however, average expenditure per household on housing and utilities represented 25.3 percent of total household expenditure in 2018, which was a noticeable decline from 28.3 percent in 2014.

COVID-19 response

In response to the COVID-19 pandemic the country implemented a state emergency with travel restrictions from 17 March 2020 until the last extension on 15 May 2020. With 5,000 COVID-19 cases and 83 deaths as of 10 September 2020, and to fight against the potential negative impact of the health crisis on the economic sector; the sub-regional central bank implemented several economic stimulus measures including the following:

- A decrease of the interest rate to 3.25 percent and a decrease of the marginal lending facility rate by 100 basis points to five percent.
- A suspension of absorption operations and an increase of liquidity provision from CFA240 billion to CFA500 billion.
- A widening of the range of private instruments accepted as collateral in monetary operations.
- The Monetary Policy Committee supported BEAC’s management’s intent to propose to postpone by one-year principal repayment of consolidated central bank credits to member states.
- On the 25 March 2020, the Commission Bancaire de l’Afrique Centrale informed banks that they can use their capital conservation buffers of 2.5 percent to absorb pandemic-related losses but requested banks to adopt a restrictive policy with dividend distribution.

Similarly, at the financial institution level, decisions for facilitating remote channels and granting moratoriums to customers in sectors affected by COVID-19 have been implemented. Specifically to avoid crowds and limit customer travel to agencies, remote service channels have been strengthened, and BANGE eliminated for two months (April and May 2020) commissions for using these services. Also, BANGE clients affected by the coronavirus can access facilities to credit payments and customers can request a moratorium on their credit.

According to one source, the average price per square meter for an apartment in the city centre is CFA500 000 (USD845). A 50m² apartment would therefore be CFA25 000 000 (USD42 226). Another source advertises a five-bedroom house at CFA30 000 000 (USD51 000). Taking the lower figure, and the mortgage product of BANGE, it would take a monthly income of CFA350 000 (USD603) to afford a mortgage. This is not within the reach of most citizens, with an average salary of CFA250 000 (USD431) in 2018.

Housing supply

There are 1,400,000 inhabitants in Equatorial Guinea and an increasing population density (moving from 36 in 2001 to 45 inhabitants/km² in 2015), according to the Housing and Population Census from 2015. Currently, 40.3 percent of the population live in urban settlements, with the urbanisation rate estimated at 4.28 percent annually (2015-2020). The broader population growth of the country is 3.6 percent.

Housing is mainly self-built from natural materials such as wooden planks, palm thatch, cane and mud walls. The government is expanding basic services to improve the quality of housing, with a first phase of 17,919 social housing launched in 2007, of which 1,813 homes have been completed and 14,282 are still under construction.

The state programme for social housing includes better access to service infrastructure. This has, however, been variously described as too small to be effective, vulnerable to corruption and elite capture and poorly targeted. Further data on expenditure, product types and delivery is scarce. The Centre for Affordable Housing Finance reported in 2018 that the state planned to spend CFA 492 billion (USD76 billion) on social housing. By mid-2014, only CFA388 billion (USD670 million) or 26 percent had been spent. No further figures are available. According to CAHF, the government funded a series of public housing blocks in Bioko Norte, for low income earners in 2015.
Over 1,000 houses were also built on Sampaka, a small town north of Malabo. Another recent report states that more than 8,600 state-subsidised homes were delivered on the island of Bioko in 2019.

**Property markets**

The Republic of Equatorial Guinea government selectively enforces property rights. While the government has laws on the rights of property owners, it can seize land in the interest of the country with little, if any, due process via the judicial system. Mortgages exist under a Social Housing Program with payments made to the government via CCEI Bank, a commercial bank. The length of time varies and can be more than 20 years. Interest rates are high, ranging from 12 percent to 18 percent. Non-payment for six months results in the foreclosure of the property.

According to the World Bank Doing Business report, registering property in Equatorial Guinea required six procedures and usually takes 23 days. Equatorial Guinea is ranked 163 of 190 for “registering property.” Equatorial Guinea’s score for Doing Business in 2020 is 41.1 out of 100, giving it a global ranking of 178 out of 190.

**Policy and legislation**

Equatorial Guinea, having ratified Agenda 21 of the Millennium Development Goals in 1992, and adopted in the National Plan for Economic and Social Development the Strategic Objective No. 20, “ensuring housing for all”, progress has been made in reducing the percentage of people living in urban slums from 66.5 percent in 1992, and adopted in the National Plan for Economic and Social Development, to 51.6 percent in 2014, which shows that the national goals projected for 2020 will be reached.


Horozonte 2020 was launched in 2007 as the country’s strategic plan. It identifies, as part of its projected outputs, the “creation of urban local plans for all cities”, “development of the water and sanitary sector” and “collection and treatment of household waste.” Other priorities include developing and implementing adequate regulations for the housing market and increasing and diversifying financial support for social housing construction projects. The government has created the Social Development Fund with a budget of US$1 billion (CFA 584 billion). Little information is available on the successes of this programme, although the challenges of government oil revenues declining significantly has reportedly had an impact on these plans.

Access to credit has improved through amendments to the Organization for the Harmonization of Corporate Law in Africa (OHADA) Uniform Act on Secured Transactions in 2012. 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.

Further, the regional public credit registry (for the Central African Monetary Union) now provides online access to information for banks.

**Opportunities**

Economic opportunities lie in diversifying beyond the oil industry into other economic sectors, something the state has acknowledged. From a housing perspective, this means providing products that target the more affordable segments. The limited finance market with restricted access does not target lower income earners and there are no innovative housing financing products such as housing microfinance.

**Availability of data on housing finance**

This is important as the state generally provides little information on its activities. The country also does not have the numerous multilateral actors and donors, whose activities are often available to 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 Enhanced General Data Dissemination System, which publishes essential macroeconomic data. The data therein, while still insufficient, should improve with time. The BEAC provides some data on housing credit, the Ministry of Finance, Economy and Planning provides limited data on housing costs and inflation and the National Institute of Statistics tracks household expenditure patterns including housing over time.
Websites

Bank of Central African States www.beac.int
National Bank of Equatorial Guinea www.bangne.com
Government of the Republic of Equatorial Guinea www.guineacostapress.com
National Institute of Statistics www.inegq.gq
Ministry of Finance, Economy and Planning www.miniaciudades-gcb.com


10 Interview with Mbodji Sara, CEOE Bank Guinea Equatoriale, 20 August 2020.
Eritrea

Dr Moses M. Muthinja, Kenyatta University

Overview

Eritrea is an East African country bordering Ethiopia, Sudan, Djibouti and the Red Sea and is considered one of the world’s least developed countries, with 65 percent of the population living in rural areas. According to UN-Habitat, all the urban centres in Eritrea were badly affected by the 30-year war that created an extreme need for housing and shelter. All Eritrean land is considered state-owned and citizens have no property rights. As such, even in rare cases where private property exists, property can be expropriated by the state without recourse to legal process or compensation. The judiciary is considered largely understaffed, militarised, underfunded, politicised and unprofessional. This limits investment in housing as it comes with considerable risk. UN-Habitat further observes that the problem of housing in Eritrea is exacerbated by the influx of Eritrean refugees returning to the country after the peace agreement with Ethiopia.

The African Development Bank (AfDB) observed a decline in the country’s (real) gross domestic product (GDP) to 3.1 percent in 2019 due to suppressed final demand for investments and exports. The real GDP rate in Eritrea can be accounted for by the activities of agriculture and mining, while the most visible economy is dominated by investments in energy, roads and irrigation infrastructure.

Although the country endured over a decade of a “no peace, no war” standoff with Ethiopia, the two countries signed a declaration of peace and friendship in 2018. According to the Heritage Foundation, 80 percent of the rural population rely on subsistence farming for their livelihood and are largely dependent on favourable weather conditions. Within the Horn of Africa, Eritrea was one of the countries ravaged by a locust invasion earlier this year.

On the positive side, consumer prices in goods have persistently declined for three consecutive years since 2017 due to low priced imports and illicit trade: by 13.3 percent in 2017, 14.4 percent in 2018 and 27.6 percent in 2019.

Moreover, the country benefited from a US$1.5 million grant by the AfDB as part of a special relief fund to Eastern and Horn of Africa countries, particularly aimed at fighting desert locust infestation. Financially, Eritrea has a small financial system characterised by small loans and a notable lack of asset-based securities, as well as an absence of formal capital markets. The nonconvertible nature of the country’s currency (nakfa), however, and a prohibition of foreign ownership and investment in the country, is a major roadblock to potential foreign investment.

Access to finance

Eritrea has an undeveloped financial sector that offers a limited number of financial services, as well as a banking sector wholly controlled by the state. Accordingly, the lack of fiscal and legal transparency curtails efficient assessment and development of the financial sector. The country has three state-owned banks, namely the Bank of Eritrea, Commercial Bank and the Commercial and Housing Bank. These do not publish

KEY FIGURES

Main urban centres

| Exchange rate (1 July 2020): 1 USD = [a] | 15.00 Nakfa (ERN) |
| 1 PPPS = [b] | 5.93 Nakfa (ERN) |
| Total population (2018) [c] | 3,213,872 |
| Urban population [d] | n/a |
| Population growth rate [b] | n/a |
| Urbanisation rate (2018) [b] | 25.7% |
| GDP per capita (Current US$) (2017) [b] | US$514 |
| Percentage of population below national poverty line (2017) [b] | n/a |
| Unemployment rate (% of total labour force, national estimate) (2017) [b] | 6.4% |
| Proportion of adult population that borrowed formally (2017) [b] | n/a |
| Gini coefficient (2017) [b] | n/a |
| HDI country ranking (2018) [c] | 182 |
| HDI country score (2018) [c] | 0.43 |
| GDP growth rate (2017) [b] | -8.70% |
| Inflation rate (2019) [b] | 9.00% |
| Yield on 10-year government bonds [b] | n/a |
| Lending interest rate [b] | n/a |
| Number of mortgages outstanding [b] | n/a |
| Value of residential mortgages (Current US$) | n/a |
| Typical mortgage rate | 10% |
| Typical mortgage term | 25 years |
| Ratio of mortgages to GDP [b] | n/a |
| Number of mortgage providers [d] | 1 |
| Number of microfinance loans outstanding [e] | n/a |
| Value of microfinance loans in local currency units | n/a |
| Number of microfinance providers [e] | 2 |
| Total number of formal residential dwellings in the country | n/a |
| Total number of residential properties with a title deed | n/a |
| Number of formal housing units built in this year | n/a |
| Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2019) [d] | 296,296 ERN |
| Size of cheapest, newly built house by a formal developer or contractor in an urban area (2019) [d] | 30m² |
| Typical monthly rental for the cheapest, newly built house (2019) [f] | 2,125 ERN |
| Cost of standard 50kg bag of cement in local currency units (2019) | 489 ERN (US$32.60) |
| Type of deeds registry: digital, scanned or paper [g] | Paper |
| World Bank Ease of Doing Business index rank [g] | 189 |
| Number of procedures to register property [g] | 11 |
| Time to register property [g] | 78 days |
| Cost to register property as share of property price [g] | 9.0% |
| World Bank GI Index of Land Administration index score (0-30) [g] | 6.5 |
| Percentage of women who own a house alone: Total | n/a |
| Percentage of households with basic sanitation services: | n/a |
| Total | n/a |
| Urban (2002) [h] | 26 |
| Percentage of households with no electricity: | n/a |
| Total | n/a |
| Urban (2002) [h] | 67.8% |
| Percentage of households with 3+ persons per sleeping room: | n/a |
| Total | n/a |

Notes: Figures are for 2020 unless stated otherwise.

[a] xe.com
[b] World Bank World Development Indicators
[c] Expatistan.com
[d] World Bank Ease of Doing Business Indicators
[e] Human Development Reports, United Nations Development Programme
[f] Demographic and Health Surveys, USAID
[g] United Nations Human Settlements Programme
[h] Eritrea Community Development Fund (ECDF)
financial statements, which instills considerable public mistrust. While commercial banks are controlled by the state, the foreign currency transfer system used for incoming foreign remittances (Himbol Financial Services) is operated by Eritrea’s single political party. Thus, access to finance in Eritrea needs to be viewed within the context of state suppression of the private sector.

A limited number of large private enterprises do operate in the country, but within forced and restricted partnerships with the government. In addition, foreign exchange controls introduced in 2015 limit the amount of hard currency withdrawals per month from commercial banks by depositors. According to the Central Intelligence Agency (CIA), these forex controls have resulted in exchange fluctuations and a scarcity of hard currency in the market. Numerous regulations are clearly impediments to foreign and domestic investments in credit markets or financial system. Further, credit costs are high, and access to financing very limited. Even when credit may be available, loans are hampered by a low quality of contract enforcement and a lack of judicial processes, an area in which the country performs dismally. Eritrea ranks 186 out of 190 countries globally for obtaining credit and position 107 on contract enforcement of loans, which usually banks 490 days at a cost of 16.6 percent of the claim value.

Thus, the country has the lowest score for credit in the SSA region and falls far below the regional average. Notably, the World Bank Doing Business 2020 could not obtain data to calculate Eritrea’s credit score. This highlights the challenges of obtaining credit data. Although microfinance has been in operation for a considerable time in Eritrea, it is largely undeveloped. Microfinance mainly takes the form of rotating credit groups commonly known as ekubs and idris as well as moneylenders (or shylocks) who lend money to rural residents at extremely high and unaffordable interest rates. Nevertheless, the country has two major microfinance institutions, namely Southern Zone Saving and Credit Scheme and Saving and Micro Credit Program which focus on lending to the poor. A number of microcredit schemes are also operated jointly by the government and non-governmental organisations.

Commercial Bank of Eritrea is a government-owned commercial bank and the sole banking entity in the country offering full retail commercial banking. The bank has a wide network across the country. Previous studies found that financial institutions mostly rely on loan collateral to reduce the level of information asymmetry in credit markets. However, mutual mistrust, conservatism, the stringent credit policies of the Commercial Bank of Eritrea, as well as a lack of financial understanding by small firms limit credit access in the country.

### Affordability

Given that about 65 percent of Eritrea’s population live in rural areas and are subsistence farmers, formal unemployment rates are high. Eritrea’s unemployment rate rose from 5.1 percent in 2018 to 5.14 percent in 2019. The average salary after tax deductions amounts to Nkrf 3 000 (US$200), according to Numbeo. These findings suggest that decent housing, though desirable, may not be the top priority for many Eritreans. Considering land is legally owned and controlled by the state, investments in housing always have to consider that land can be expropriated by state operatives.

According to Numbeo, renting an apartment in Asmara city centre costs Nkrf 500 (US$100) and Nkrf 995 (US$133) a month for a one-bedroom and three-bedroom apartment respectively. Numbeo also reports that it costs Nkrf 1 005 (US$67) a month to rent an apartment outside the city, which is relatively cheaper (they have no data on the cost of a three-bedroom apartment outside Asmara). The report finds that it costs Nkrf 25 050 (US$1 670) and Nkrf 1 535 (US$969) per square meter to buy an apartment in the city and outside the city respectively.

### Housing supply

Eritrea is faced with daunting housing and urban growth challenges even though it has a low urbanisation rate by global standards. According to UN Habitat (2005), access to housing and urban infrastructure services is mainly hindered by poverty, and a lack of adequate institutional capability to facilitate urban development. There is a notable shortage of land, urban planning services, finance, building materials as well as skilled construction labour. As Eritrean refugees return from neighboring countries following the declaration of peace with Ethiopia, the demand for housing in the country especially in the urban centres, continues to rise. However, documented threats of forced eviction by the government since the start of 2015, whereby authorities bulldoze houses that leave hundreds of families homeless, continues to worsen the fragile housing situation.

Eritrea is one of the poorest countries globally, with a rural population largely dependent on wood and other natural sources for their energy and housing needs. According to the Food and Agriculture Organization (FAO), the majority of people live in the densely populated highlands in traditional hidmo houses that require significant amounts of wood to build. These houses have no resale market owing to their temporary nature and cultural source. In addition, while the rich may want to buy houses, Eritrea’s underdeveloped financial markets are highly illiquid owing to government regulations restricting cash withdrawals to a maximum of Nkrf 5 000 (US$333) a month. It requires a homeless buyer a number of years to withdraw enough cash to buy a house as the market does not support bank transfers. In 2017, the government introduced price controls on rental properties, thus disrupting a practice whereby rental property rates were determined by market forces. The frustrations Eritreans face in the real estate sector are expressed in this excerpt from Awate (2017).

Over the years, due to corruption or to purposely to impoverish the citizens, the government seemingly turned a blind eye on the buildings that were being constructed. However, every now and then it demolished some houses and left its residents in the open. Three years ago, the government launched a massive campaign to demolish “illegally licensed” buildings and razed hundreds of houses to the ground. As of last summer, on top of being the major landowner in Eritrea, the ruling party assigned itself two additional roles: landlord and real estate broker.

The government has made a number of promises in the past to build new houses in Eritrea, but there is no evidence to suggest that such projects were either started or even completed. For instance, in 2013, the government, through the Housing and Commerce Bank of Eritrea, promised to start constructing 1 048 modern apartments, 376 residential houses and 256 buildings for business in the Sembel district of Asmara. However, there is no documented evidence of the project being completed. More recently, in 2019, the government developed a master plan for building new houses in Asmara city, but social media reports suggest that this was just a political statement.
Property markets
The World Bank Doing Business 2020 score\(^{26}\) for registering property ranks Eritrea at position 178 globally. According to the World Bank Report, Eritrea has an overall registering property rank of 178 out of 190 countries, an indication of poor performance on that parameter. It is estimated that 11 procedures are required to register property, which can take up to 78 days at a cost of 9 percent of the property value. Eritrea uses the cadastral system of land registration and the Cadastral Office is generally responsible for the registration of immovable property in the country, recorded linked databases. However, immovable property records are not publicly available. Based on Registration Law number 95/1997, all immovable properties must be registered with the Cadastral office to make them opposable by third parties where necessary. Although in developed countries residential homes have a resale market, this is not necessarily always the case in SSA and Eritrea in particular. In SSA, traditional homes on communal land are regarded as usable assets rather than resale assets due to cultural priorities and lack of documentation.\(^{27}\)

Policy and legislation
Eritrea uses a cadastral system of land registration and the Cadastral Office is responsible for the registration of immovable property. Nevertheless, property rights seldom exist and nearly all land in the country is state-owned and can be expropriated. The situation is made worse by the absence of an effective constitution or the rule of law.\(^{28}\) As such, open discrimination is entrenched in the country for land allocation whereby a selected few have obtained usufruct rights to the land with customary law backing. Further, property owners are required to sign rental agreements at the nearest government office, while in other cases property rent is collected by government officials from tenants and delivered after tax rent to landlords. These practices make property business a hotbed of corruption mainly perpetrated by state actors. Eritrea has been listed by the United Nations General Assembly as a persistent human rights abuser, leading to massive refugee emigration from the country.\(^{29}\)

Opportunities
Economic opportunities in Eritrea have arisen from the dividends accruing from the declaration of peace and friendship with Ethiopia in 2018, which ended hostilities between the two countries as well as with neighboring Djibouti. The United Nations (UN) lifted decade-long sanctions in 2018,\(^{30}\) which opened more doors for engagement with international development partners to support the fledging economy. This raises hopes for a positive macroeconomic outlook and possibility for further financial reforms in Eritrea.\(^{31}\) A UNDP commissioned study in 2018 concluded that the one of the major investments in Eritrea after the war, the Colluli Potash Project, had the capacity to stimulate the local economy and achieve sustainable development goals.\(^{32}\) Eritrea was also admitted as the 24th member state of the Africa Finance Corporation in 2019, which enabled the creation of the Colluli Mining Share Company to develop the Colluli Potash Project.\(^{33}\)

The ADB states:
“The main opportunities are in mining, tourism, and agriculture. Increased investment in copper, zinc, and Colluli potash is expected to drive growth in mining. The Africa Finance Corporation and the Africa Exim Bank will jointly finance potash production. And investors from Italy and the Eritrean diaspora have expressed interest in developing the islands and coastlines, which would boost tourism. Agriculture is attracting development partner investments in irrigation, microcredit, and alternative livelihoods. The Horn of Africa initiative is focusing on infrastructure and human development as drivers of growth. Debt distress could culminate in a drop in the sovereign rating and a rise in interest spreads, constraining growth. Given the dominance of state enterprises and their dependence on state financing, the spillover effects of sovereign debt on these enterprises could reduce output.”\(^{34}\)

Eritrea has also prioritised human capital development by investing in technical and vocational skills aimed at stimulating economic growth and poverty reduction.\(^{35}\)

Availability of data on housing finance
There is no reasonable single source of housing data in Eritrea and the country has not conducted a population census since independence. Population figures are largely based on estimates made by international organisations.

While Eritrea has a monetary institution (Bank of Eritrea), the bank's website is non-existent and "under construction".\(^{36}\) Notably, the largest commercial bank in Eritrea (wholly government-owned) has no website or publicly available data on its operations.

There are no credible public or private institutions focusing on data collection in Eritrea whether for housing or other purposes. As such, housing studies painfully glean data from multiple websites and social media pages operated by individuals or organisations outside the country. Further, most of the available data is outdated and websites are rarely updated.

Population numbers are also not reliable, since they are normally estimations and therefore unclear. The implication is that economic parameters such GDP gross national product (GNP), the Human Development Index, and others that rely on population numbers are not reliable. Owing to massive censorship in the country, individuals are unwilling or unable to provide data or any information.
Additional sources


Websites

Housing and Commerce Bank of Eritrea http://hercbo.com/ 
Numbeo https://www.numbeo.com/ 
African Development Bank (AFDB) https://www.AFD.org/
Awate http://awate.com/ 

Overview
The Kingdom of Eswatini is a landlocked country covering an area of approximately 17,368km², with a population of approximately 1.148 million. The Kingdom of Eswatini is classified as a low middle income country with a gross domestic product (GDP) at market prices of US$4.5 billion. In 2018, 75 percent of the total population lived in rural areas and 25 percent lived, largely in the urban centres of Mbabane and Manzini. Despite the country's lower middle income status, the proportion of the population living below the extreme poverty line is expected to increase to approximately 30 percent in 2020 and an estimated 32 percent of the urban population live in slums. Access to low and middle income housing and housing finance is constrained by affordability levels, despite Eswatini's residential property market being extremely diverse.

The Kingdom of Eswatini is economically dependent on South Africa for 60 percent of its exports and approximately 85 percent of its imports. The manufacturing and services industries are the largest contributor to GDP, while agriculture has been declining. In 2019, the services sector, manufacturing and agriculture contributed 53.15 percent, 33.8 percent and 8.77 percent respectively. The construction sector has also been in decline since 2017. Real GDP contracted by an estimated one percent in 2019 following 2.4 percent growth in 2018.

In 2020, the impact of the coronavirus outbreak will be felt on Eswatini's economy through various channels. Due to the impact of the COVID-19 pandemic on key economic sectors, coupled with severe droughts and unsustainable fiscal deficit (forecasted to reach 10.2 percent of GDP in 2020), real GDP is expected to contract by 1.1 percent as 2020 ensues. This economic contraction is expected through 2021. The socio-economic impact includes job losses, affecting the welfare of already vulnerable households. The Lilangeni/South African Rand, weakened by more than 20 percent, hitting a record low during the first quarter of 2020. Furthermore, forecasted inflation has been revised upwardly, largely due to higher costs of imported goods (which Eswatini is highly dependent on). A Supplementary Appropriation Bill (No. 5) was approved in March 2020, allocating E100 million (US$5.8 million) to the public health sector. The Central Bank of Eswatini cut lending rates by 275 basis points (to 3.75) in March 2020, reducing the prime interest rate to 7.25 percent.

Additional COVID-19 policy responses included targeted monetary and macro financial measures to cushion the impact on vulnerable groups. In its 2020 budget speech, the Ministry of Finance highlighted its commitment to supporting a private sector-led recovery, including improving the ease of doing business (Eswatini ranks 121 out of 190 in 2020). The country's dependency and strong economic links to South Africa, the performance of the South African economy amidst the COVID-19 pandemic will dictate Eswatini's growth and recovery.
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 Eswatini Building Society (EBS). Three of the four commercial banks operating in the country are subsidiaries of parent South African banks – Standard Bank, First National Bank and Nedbank. The fourth commercial bank is the Eswatini Development and Savings Bank, which is state owned.

The Kingdom of Eswatini has a dynamic microfinance sector with approximately 114 microfinance institutions (MFIs) registered with the Eswatini Financial Services Regulatory Authority (EFSDRA). 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 EFSDRA.

The National Financial Inclusion Strategy for Swaziland 2017-2022, highlights its strategic vision to increase the depth of financial inclusion and grow the percentage of adults with access to two or more formal products. The 2018 FinScope Consumer Survey indicated that 13 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. Although the banking sector has traditionally served the government, corporate and middle to high end market, financial inclusion has improved by 14 percent since the last survey conducted in 2014.

In its Private Sector Credit Report for June 2019 to June 2020, the Central Bank of Eswatini notes that outstanding loans related to housing amounted to E3.6 billion (US$208.0 million). The main mortgage dispersing financial service providers include Standard Bank, First National Bank (FNB), Nedbank, EBS 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 lending rate is currently at 7.25 percent, with the actual interest rate applied on a mortgage dependent on the applicant’s personal credit score.

Residential mortgages and other household lending account for the largest (25.1 percent) component of bank lending to the private sector as at May 2019, while construction and real estate accounted for 12.3 percent of total lending. However, Eswatini’s weakening macroeconomic environment and highly leveraged households has had a negative impact on the credit and banking sector, with credit growth falling from 7.5 percent in 2017 to 3.5 percent in 2018.

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.

The EBS 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.

The Eswatini Housing Board (EHB) is mandated to provide housing loan finance to Swazis wishing to develop their own properties. The EHB is not subsidised by the government and has found it necessary to tap into higher income markets to expand their income streams, to allow them to develop infrastructure and finance their affordable homes. In recent years the EHB has financed its developments through borrowings from local banks, as well as the Public Service Pension Fund (PSPF) and Swaziland National Provident Fund (SNPF).

In response to the COVID-19 pandemic, banks have introduced measures to assist customers affected by the pandemic. This includes short term financial support or relief on credit products that will be assessed on an individual basis.

Affordability

On average, a household comprises four members with an average of two members of the household being income-earning. Only 20 percent of those surveyed in the 2018 FinScope Consumer Survey indicated that they received income from the formal sector. While access to (productive) credit has increased slightly, as more adults seek to invest in businesses, education and property, affordability remains a key issue in Eswatini. The 2018 FinScope Survey shows that for the adult population that do and do not have access to a bank or mobile money account, affordability determines access to financial instruments. 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 unemployment rate in the Kingdom of Eswatini increased slightly to 22.90 percent in 2019 from 22.5 percent in 2018. The minimum wage rate is E531.6 (US$30.84) a month for a domestic worker; E4120 (US$24.36) a month for an unskilled worker; and E600 (US$34.80) a month for a skilled worker. The minimum wage was last revised in 2011. 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$290.02). The maximum loan term across all the lenders is approximately 25 years. The EBS offers mortgages slightly below the prime rate.

Housing supply

Housing delivery on behalf of the government of the Kingdom of Eswatini is delegated to the EHB, 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.

Under the Institutional Housing Project, the EHB 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 involves the construction of 364 units for three government agencies. Phase two of the programme involves developing 236 two to three bedroom semi-detached housing units to be allocated to Ministry of Health employees, and Swaziland Civil Aviation Authority employees.

The Construction Industry Council highlights that COVID-19 pandemic forced approximately half of the companies surveyed to scale down of operations. Most companies also faced difficulty sourcing construction materials and price hikes for materials such as cement and steel. The construction sector’s economic contribution has remained negative in recent years and has worsened amid the pandemic. Consequently, COVID-19 is likely to have an adverse impact on the property market and by extension (private and public) construction and housing delivery.

COVID-19 response

Eswatini reported its first case of COVID-19 on 14 March 2020. The Government imposed a partial lockdown on 27 March 2020, with the Manzini region (the country’s hotspot) facing a full lockdown a month later. The process of easing the lockdown began in early May 2020.

To strengthen the national health system, the Government approved a supplementary budget and received health emergency financial assistance from the World Bank and IMF.

Eswatini implemented targeted (monetary and fiscal) policy responses to protect vulnerable groups, including wider social protection and an array of tax relief measures. The commercial banking sector introduced (customised) short term financial support and payment arrangements. The Central Bank deployed monetary policy tools to ease market liquidity, reduce the cost of debt and boost credit extension. It reduced its lending rate from 6.5 percent to 3.75 percent since March 2020.

No specific housing related measures were reported.
Property markets

Eswatini’s residential property market is diverse with a wide range of properties and prices. However, the lower to middle income market is in short supply of quality rental housing. The shortage is evident in major cities (such as Mbabane and Matsapha) where there is significant demand for rental housing priced between E4 000 (US$22.32) and E8 000 (US$46.4) a month.32

The EHB manages and leases affordable 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 Mbeni Estate development; the unit has two bedrooms, a shared bathroom, kitchen, and living room. The monthly rental for this unit is E1 665 (US$96.58). The six estates across its Mbabane residential portfolio accommodate 666 households. There appear to be no specific COVID-19 responses for renters, as the EHB published a notice stating that there is no suspension of rent, amid misleading information in March 2020.33

The sales portfolio of the EHB consists of properties developed by the EHB, some of which are in Woodlands, Nhlanini, Mhobofeni and Thembelisihla.34 The Mhobofeni township development has 18 plots which each have 400 square metres, and the units range from one to three bedrooms. The cheapest housing unit in the development is a one bedroom and one bathroom 52.83 square metre unit, with a sale price of E406 315 (US$23 568.16).35

It takes 21 days to register a property in the Kingdom of Eswatini, much less than the Sub-Saharan Africa average of 53.6 days. Nine procedures are required, and the overall process is estimated to cost approximately 7.3 percent of the property value.36

The Eswatini Deeds Registry is situated under the Ministry of Natural Resources and Energy and was established under Section 3 of the Deeds Registry Act No. 37 of 1968.37 For the period October to December 2019, the Deeds Registry’s quarterly performance reports show there were 230 deed transfers and 253 mortgage bond registrations. Comparatively, for the period July to September 2019, 364 deed transfers and 367 mortgage bond registrations were recorded. On average, Mbabane accounted for 25 percent of all deed transfers and 35 percent of mortgage bonds registered between July to September 2019.38

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. In September 2018 local real estate agents met to deliberate the formation of Eswatini Realtors Association, but the association is yet to be registered.39

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 1998 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 1911.40 The Sectional Titles Act of 2003 is still awaiting approval from the King. The lack of sectional title properties and supporting legislation has been cited as a constraining factor for Eswatini’s residential property landscape, which excludes the middle income class from ownership. The legislation is therefore seen as an opportunity for this gap market.41

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 EHB.

The Constitution of the Kingdom of Swaziland formally recognises a dual land tenure system, with a dominant customary land tenure system. The King holds 60 percent of the land, called Swazi Nation Land, “in trust” for the Swazi people. The remainder (40 percent) is privately owned Title Deed Land.42 In 2013 a draft Land Bill was introduced. While steps have been taken to finalise both the draft Land Policy and the draft Land Bill, neither have been passed.43

The Human Settlements Authority Act of 1998 as amended in 1992 (Act No. 13 of 1992) establishes the Human Settlements Authority, whose functions include assisting the government in formulating policy relating to human settlements, ensuring the orderly development of existing and future urban and rural settlements and establishing a finance mechanism for ensuring the supply and maintenance of approved shelter and infrastructure throughout the Kingdom of Eswatini.44

Opportunities

There is great opportunity to either partner with, or invest in, institutions like the EHB and the EBS. 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.

There are various ways in which investors could support the EHB’s mandate to provide housing finance, 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.
Websites:
Central Bank of Eswatini https://www.centralbank.org.sz
Eswatini Banks Association http://www.ebba.sz/index.php
Eswatini Financial Services Regulatory Authority http://www.frsas.co.sz
Swaziland Building Society https://www.sbs.co.sz
Eswatini Housing Board https://www.nhib.co.sz
Southern African Development Community http://www.sadc-dfrc.org
Standard Bank Eswatini https://www.standardbank.co.sz
African Unions for Housing Finance http://www.aufhf.co.za
African Development Bank https://www.afdb.org

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.


Overview
Ethiopia is the second most populous country in Africa with an estimated population of more than 110 million people. Although classified as a low income country, Ethiopia emerged as one of Africa’s fastest-growing economies, averaging 10.5 percent a year from 2004 to 2018. The country’s real gross domestic product (GDP) growth is expected to drop from 9 percent in 2019 to 3.2 percent in 2020, due to the combined impact of COVID-19 and continued political unrest. The government has a strong development orientation, and ambitious projects coupled with elevated public investment and credit. However, in the 2020 fiscal year, the country’s public debt and fiscal deficit are forecasted to increase to 56.9 percent and -3 percent, respectively. At a national level, effort is being made to broaden private sector participation and increase competitiveness.

Ethiopia was considered one of the least urbanised countries on the continent, but this has been rapidly changing. The country’s urban population was 21.2 percent in 2019, with an urbanisation rate of 4.9 percent. Rapid urbanisation has outpaced urban investment needs and development of infrastructure and service delivery. An estimated 1.2 million housing backlog exists in the country with a projected demand of 655,800 housing units during 2015-2025. As such, Ethiopia’s cities are characterised by little formal planning, an organic road network and widespread informal housing.

The largest industrial sub-sector, construction, which accounted for 12.5 percent of GDP in 2018 and is currently the largest employer, has underpinned Ethiopia’s high growth. The government has invested significantly in social housing projects attracting foreign and local building contractors, and stimulating the expansion of integrated industries.

Ethiopia entered the COVID-19 pandemic with a strong growth rate, but real GDP growth is expected to decline from pre-pandemic estimates of 7.2 percent to 3.2 percent. In the first quarter of 2020, inflation increased by more than five percent mainly due to a weakening currency and disruptions in imported food supplies and energy. The African Development Bank estimates that reduced economic activity could result in up to 2.5 million job losses, putting Ethiopian livelihoods at risk. The economic contraction will likely have a negative impact on housing investment and delivery. The Government’s policy response to COVID-19 includes large fiscal stimulus packages, supported by international financial institutions, liquidity and macro-prudential measures to contain the effects on the banking system and employment relief measures to protect the private sector and vulnerable groups. Overall, non-resource intensive countries, such as Ethiopia, are expected to be more resilient to the effects of COVID-19.

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. The country’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. The government has invested significantly in social housing projects attracting foreign and local building contractors, and stimulating the expansion of integrated industries.

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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. The National Bank of Ethiopia (NBE) is responsible for regulating banking and microfinance. In November 2019, the NBE repealed the controversial ‘NBE Bill’ which imposed periodic directives on private commercial banks to buy 27 percent of bonds for every loan disbursed. This constrained banks’ liquidity and their capacity to stimulate private
sector credit. The repeal is expected to increase liquidity and thus the cost of funding. The NBE also sets the minimum interest rate for deposits (currently at 7 percent) but does not limit rates banks can charge for loans.

Banks and microfinance institutions (MFIs) play an important role in construction financing. Microfinance loans are smaller and for shorter terms compared to banks. MFIs are cheaper with an interest rate of 14.3 percent a year compared to 17 percent charged by private 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.

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 Integrated Housing Development Program (IHDJP), 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.13 The other state-owned bank, the Development Bank of Ethiopia (DBE) provides loans to investors, for viable development projects in strategic sectors, but none specific to housing. The DBE, which is undergoing restructuring, has a history of high non-performing loans and inefficient capital allocation.

It is reported that “not much is known about the soundness of banking operations in Ethiopia”, and it appears that there is very little oversight of private banks. Private banks are not obligated to honor the government’s “directed credit” mandate, which would ensure that credit is extended to productive, strategic (and profitable) activities. Recently, private banks have been permitted to take loans from international institutions for domestic on-lending, in order to generate foreign reserves, without acquiring a permit from the central bank. This has raised concerns given the country’s high external debt.14

The banking sector is expected to grow and its contribution to GDP to double by the next decade.15 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.16 The country has introduced policies to establish interest-free banks and one policy focussed on providing residential mortgages.17 The new mortgage bank, Gah Betoch (housing) Bank, which is in its final stages of establishment, could meet the high demand for affordable loans for housing construction and contribute to solving Ethiopia’s housing problem.18 By its fifth year of operation, the bank plans to invest approximately Br7 billion (approximately US$201 million) annually in housing development, with a projected 32 percent return on investment. Although foreign banks are currently not permitted to operate in Ethiopia, there are plans in place “to open the financial sector to the global market”19 and the NBE is moving forward to launch a stock market in 2020.

Microfinance institutions (MFIs) play an important role in construction financing. The country has 37 MFIs, with nearly 1,800 branches, 4.7 million borrowers and 16 million accounts as of March 2018.20 Although MFIs are intended to serve the financial needs of the poor, 80 percent of the poor depend on informal lenders,21 suggesting that MFIs can achieve greater outreach.22 Still, MFIs have a better reach than banks in financing housing and construction projects. Less than four percent of loans by all banks are extended to individuals and developers for housing construction.23 Microfinance 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.24 Households generally do not have access to credit to build, repair or improve residential units.25 Given limited access to finance for housing projects, informal loan arrangements with friends and family is still the norm.

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, small by African standards. The state-owned CBE dominates the small mortgage market (69 percent of total mortgages).26 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) or a lower down payment and longer amortization periods (25 years versus 10–15 years for regular customers).

Overall, the Ethiopian mortgage market primarily serves upper and upper-middle-income salaried households. In the context of COVID-19, it is unclear if commercial banks cut lending rates. However, to ease financial sector liquidity constraints, facilitate debt restructuring and prevent bankruptcies triggered by the pandemic, the central bank injected Br15 billion (US$431 million) to private banks.27 The largest commercial bank (CBE) was provided with additional liquidity of Br33 billion (US$948 million) and introduced a three-month (April to June 2020) debt relief on mortgages, for affected clients. The Federal Housing Corporation announced a 50 percent reduction in rent for the month of April, to 18 153 residential, commercial, and corporate housing units.

Affordability

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.28 The World Bank estimates that 400,000 new housing units would need to be delivered annually, to meet new demand.29

Due to the country’s low income per capita, household saving power is extremely low. Affordability is exacerbated by costly construction material and unreasonably high land prices.

The government IHDP condominium scheme is the dominant housing programme in urban Ethiopia. Opportunities to buy newly built IHDP housing are allocated by lottery. 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).”30 The cost of construction for IHDP houses is Br4 918 (US$141) per m2 (excluding costs of finishing and infrastructure connection).31 If land costs, administration and compensation costs for people

COVID-19 response

On 8 April 2020, a five-month state of emergency was declared in Ethiopia and a National COVID-19 Ministerial Coordination Committee was established to manage containment measures. Although no hard lock down was imposed, social distancing, school shutdowns, banning of large gatherings, border closures and suspension of international flights were implemented as control measures. The Government largely encouraged production and other economic activities and prohibited layoffs by private employers during the pandemic.

A US$1.6 billion Multi-Sectoral Preparedness and Response Plan was prepared and allocated to the health sector; food distribution and provision of emergency shelter and non-food items. Furthermore, the IMF approved a Br14.8 billion (US$41.1 million) in emergency assistance to Ethiopia, as well as debt service relief. The central bank also injected Br15 billion (US$431 million) of liquidity to private banks to facilitate debt restructuring and prevent bankruptcies. The Commercial Bank of Ethiopia was provided with additional liquidity of Br33 billion (US$948 million)

The government accelerated the processing of VAT refunds to increase cash flow within the private sector. Other measures included forgiveness of all tax debt prior to 2014/15, tax amnesty on interest and penalties for tax debt between 2015/16 – 2019/19, and exemption from personal income tax withholding for four months for firms who pay salaries despite not operating during COVID-19.

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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 Br16 725 (US$480) (against the approximately Br15.000 or US$287 winning households pay) which suggests a 40 percent subsidy.31 The down payment required to be saved in the event of winning a lottery and the monthly contributions registrants need to pay generally exceeds a household’s annual consumption, making the scheme largely unaffordable for those for whom it is targeted.

Unlike a traditional subsidised social housing lottery, winners are free to rent out their apartments 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 for public servants, with an estimated capital investment of Br2 billion (US$57 million) by over five percent due to COVID-19) plays a big part in the increase, higher property values have been increasing. While inflation (which has also increased by over five percent due to COVID-19) plays a big part in the increase, higher consumption power among the emerging middle class, speculation, and corruption also play a role. In Ethiopia’s capital, the booming low-cost condominium housing has attracted a number of brokers and agents. Agents (most of whom are not licensed) are emerging as integral players in the rental market with the “power to evict tenants and raise rental prices.”32

According to the Ministry of Urban Development and Construction, a new draft bill, the Real Estate Development Marketing Proclamation, which seeks to regulate the real estate sector, including price hikes, is to be approved by parliament in 2020. The bill also prohibits foreign investors from selling unfinished property, requires that 40 percent of houses constructed are allocated to low income groups, and further incentivises investors to source construction materials locally.40 Under this proclamation, land allocation for real estate development in cities will be managed under the Urban Land Lease Law.

During COVID-19, the country’s rental body, the FHC, provided rental relief for tenants. The FHC reduced rent for its 13,131 residential, commercial and corporate housing units by 50 percent for the month of April 2020. This in turn reduced the corporation’s rental income by 50 percent.41

**Policy and legislation**

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. Furthermore, government policies have focused largely on ownership of houses through the IHDP with substantial subsidies benefiting the lucky few.42

Urban land in Ethiopia is governed by the Lease Holding of Urban Lands Proclamation No. 272/2002. In 2014, the Urban Landholding Proclamation No. 818/2014 was passed. In principle, the law should provide Ethiopians with reliable land information and security of tenure and modernise the country’s property registration system.43 However, public ownership of land has constrained the development of the 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.

**Opportunities**

The demand for housing in Addis Ababa and regional cities where the emerging middle class lives and migrates to, represent important potential markets for investors.44 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, including foreign investment in the housing sector.

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**Property markets**

Ethiopia’s rank on the 2020 Ease of Doing Business index is 159 (out of 190). It registered the best score (ranked 67) in enforcing contracts and scored worst in protecting minority investors (189) and getting credit (176). The Prime Minister’s Office has a dedicated initiative for improving the ease of doing business.

Property values have been increasing. While inflation (which has also increased by over five percent due to COVID-19) plays a big part in the increase, higher consumption power among the emerging middle class, speculation, and corruption also play a role. In Ethiopia’s capital, the booming low-cost condominium housing has attracted a number of brokers and agents. Agents (most of whom are not licensed) are emerging as integral players in the rental market with the “power to evict tenants and raise rental prices.”32

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**Annual income profile for rural and urban households based on consumption (PPP$), 2019**

<table>
<thead>
<tr>
<th>No. of households (thousands)</th>
<th>PPP$4 000 – PPP$5 000</th>
<th>PPP$5 001 – PPP$6 000</th>
<th>PPP$6 001 – PPP$8 000</th>
<th>PPP$8 001 – PPP$10 000</th>
<th>PPP$10 001 – PPP$12 000</th>
<th>PPP$12 001 – PPP$14 000</th>
<th>PPP$14 001 – PPP$16 000</th>
<th>PPP$16 001 – PPP$18 000</th>
<th>PPP$18 001 – PPP$20 000</th>
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<td>3</td>
<td>2</td>
<td>1</td>
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</tr>
</tbody>
</table>

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**E thiopia**

<table>
<thead>
<tr>
<th>urbanisation rate</th>
<th>cost of cheapest newly built house:</th>
<th>urban households that could afford this house with finance:</th>
</tr>
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<tbody>
<tr>
<td>4.78%</td>
<td>600 000 ETHB</td>
<td>3.52%</td>
</tr>
</tbody>
</table>

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**Population:** 112 076 730

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**Office has a dedicated initiative for improving the ease of doing business.**

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**Housing supply**

The IHDP condominium scheme is currently the dominant government-initiated housing programme in urban Ethiopia. As at 2020, government, through the IHDP has built 400 000 condominiums, indicating that there is still a significant supply gap.30 In an effort to increase home ownership opportunities, the government of Ethiopia’s 10-year development master plan sets out to build 4.4 million houses. The private sector is expected to meet 80 percent of this target.37

Rental houses also meet a substantial demand. Most of the rentals in the 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 Federal Housing Corporation (FHC), which is a public enterprise administering and renting out corporate housing units by 50 percent for the month of April 2020. This in turn reduced the corporation’s rental income by 50 percent.

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**Opportunities**

The demand for housing in Addis Ababa and regional cities where the emerging middle class lives and migrates to, represent important potential markets for investors.44 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, including foreign investment in the housing sector.
Furthermore, the draft bill intended to regulate the real estate sector could
stimulate both local and foreign investment in the residential market, while the
furthermost, 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 and Ministry of Federal Affairs are
down, while the website of the Ministry of Finance and National Bank of Ethiopia are
not updated regularly. The Central Statistics Agency recently launched a more user-friendly website which
includes data portals and dashboards, but still lacks updated data.

Available data on housing finance

Agencies compiling and reporting data on housing finance include:

National Bank of Ethiopia, the Central Statistics Authority, the Ministry of
Urban Development and Construction, the Ministry of Federal Affairs and
the Ministry of Finance. Although Ethiopia’s statistical capacity is
higher than the Sub-Saharan average,45 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 in 2007. Due to security challenges, the NBE postponed the 2012/13
and as of 6 November 2020, was the last conducted

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Overview

Gabon is a member of the Central African Economic and Monetary Community (CEMAC) and covers an area of 267,667 km² accommodating a population estimated at 2,119,275. More than 86 percent of the population lives in urban areas, mainly in the capital Libreville and Port Gentil, the second largest city. Gabon has a housing deficit of about 200,000 units with urban growth estimated at around 30,000 inhabitants per year on average. Given this, the Government of Gabon recognises the need to promote the well-being of households and alleviate poverty through social housing development programmes providing decent housing. The main challenge for this, the Government of Gabon recognises the need to promote the well-being of households and alleviate poverty through social housing development programmes providing decent housing. The main challenge for the government is managing the high rate of urbanisation given the geography of the main cities with marshy zones and informal construction limiting urban slums which are built with no regard to cadastral and town planning standards.

Gabon’s economic growth is mainly dependent on the performance of the oil industry. However, due to the COVID-19 pandemic, which has affected the oil price and the market negatively, the economy is under severe pressure. This has had the effect of slowing down the projected economic growth, as well as weakening the fiscal and external position. The country is expected to have 5.4 to 7.5 percentage point loss in growth for 2020 while the budget deficit is expected to widen by 6.2 percent and the gross domestic product (GDP) by 1.47 percent. Due to the global pandemic, the inflation rate could drop to 0.9 percent or 1.6 percent in 2020.

Before the global health crisis of COVID-19, Gabon’s macroeconomic performance was improving compared to the same period in 2018. The current account deficit inched lower to 10 percent in 2019, financed primarily by government borrowing from the banking sector through the issuance of treasury bills. Economic growth was stimulated by the mining, timber and rubber sectors with an estimated GDP growth of 3.4 percent in 2019. Exploitation of petroleum accounted for 11.8 percent and the export of non-petroleum products 18.6 percent in 2019. The inflation rate decreased from 4.8 percent in 2018 to 3.4 percent in 2019. The policy of diversification of the economy initiated by the government has resulted in the development of a new sector of the economy which includes agribusiness. Agribusiness has attracted a direct investment of CFA1 109 billion (US$2 billion) since 2010 from the Singaporean company Olam Group. Palm oil and rubber cultivation have been industrialised.

The consequence of poor economic performance and lack of integrated socioeconomic policies pushed almost two-thirds of the population into poverty, with a high unemployment rate at 35.95 percent in 2019.

Access to finance

The banking sector in Gabon is young but growing and it is concentrated around a few key dominant players. The key players are Banque Gabonaise et Française Internationale (BGFIBank), Banque internationale pour le commerce et l’industrie du Gabon (BICIG), Crabank, Ecobank, Citibank, United Bank for Africa Gabon,
Union Gabonaise de Banque (UGB), Frinatra (a subsidiary of BGFi), Alios Finance and Bicig-Bail (a subsidiary of BCFIC). The microfinance sector is starting to emerge in the country with the registration of regulated microfinance institutions (MFIs), but coverage is limited to a segment of the population. However, a significant number of unregulated MFIs are said to be operating in the country.

Three banks, BGFIBank, BICIG and UGB, dominate the market and account for 75 percent of the working population account holders. BGFIBank is the market leader followed by BICIG and UGB. Out of the CFA1.764 billion (US$3 billion) worth of loans in February 2019, BGFIBank held 40 percent of the market share, far ahead of UGB at 19 percent, BICIG at 19 percent and the four other banks which together held a total of 22 percent. However, with the number of accounts opened in banks, the situation varies: UGB occupies first place with 36 percent of bank accounts opened in Gabon, followed by BICIG with 28 percent, Ecobank with 12 percent and BGFIBank with 11 percent.

The rapid growth of mobile finance as an alternative to the traditional banking system has resulted in a large part of the population now being banked.13 Traditional banks concentrated in urban centres failed to reach low-income customers located in more remote areas. Mobile phone coverage, coupled with its ease of use, has resulted in mobile finance reaching remote and vulnerable parts of the population, as well as traders and employees. As a result, the value of mobile banking transactions has grown dramatically in Gabon in a short time, competing with traditional banks by charging competitive rates. Gabon has made significant progress in increasing the level of financial inclusion. In 2017, 58.6 percent of adults had a bank account, up from 33 percent in 2014. The financial inclusion rate for Gabon is higher than the average for Sub-Saharan Africa, which is 42.6 percent, but lower than that of upper middle income countries.14

**Affordability**

The socioeconomic reality of Gabon is characterised by disparities which affect the affordability of several households, especially in times of a global pandemic like COVID-19. In Gabon, 21 percent of the population lives below the poverty line and income inequalities persist.15 The income per capita is at CFA10 223 010.07 (US$17 010) and the unemployment rate is at 20 percent.16

A pressing issue affecting affordability is that almost 75 percent of the population in urban areas live without land title. Very few Gabonese are owners because of factors such as the complexity of acquiring land title; the high cost of building materials; and the desire to build in the city despite the lack of space.17 A bag of 50kg of cement costs CFA5 000 (US$9). The rent for a standard newly built two-bedroom house in the urban centre costs CFA300 000 (US$540).18 Furthermore, in 2020 the country was ranked 141 in dealing with construction permits and 171 for registering property.19

The country is behind on the development of basic socioeconomic infrastructure such as transport, sanitation and education. The Gabon Emergent Strategic Plan (Plan Stratégique Gabon Emergent (PSGE)) was launched in 2012 to deal with this. This plan defines the guidelines for making Gabon an emerging country by 2025 by diversifying and developing new industries away from oil, building smart cities that take into account social housing needs, and job creation.

**Housing supply**

To deal with the deficit in infrastructure and housing, estimated at 200 000, the country launched the National Infrastructure Master Plan (NIMP), along with the PSGE, in 2012. Action 152 of the NIMP indicates that the government planned to build 35 000 houses with the aim of increasing housing supply across the country. Based on this vision, a number of public-private partnerships for housing development projects have been negotiated. Among these are the Mondah with 150 houses planned. In addition, in 2013, BGFIBank granted a loan of CFA100 billion (US$185.5 million) over three years to Société Nationale Immobilier (SNI) for the construction of more than 3 800 housing units in 10 different locations in the country, of which approximately two thirds are for home ownership and the rest for rental.

The Société Nationale des Logements Sociaux (SNLS) was created in 2013 with the objective of improving the housing offer for Gabonese with low incomes and to help resolve the housing crisis in the country. In line with its mission to help alleviate the housing shortage, the SNLS has initiated projects such as the one in Avorbam, north of Libreville, where 750 two-bedroom and three-bedroom apartments are still being built.20 In a project in Port-Gentil, the economic capital, 500 housing units are being built. In addition, the SNI is working in partnership with a mining company known as Compagnie Minière de l’Ogooué to complete the construction of 2 000 houses for low income earners in Bikélé. This project is financed through a partnership between 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.

**COVID-19 response**

The government imposed a country lockdown as soon as the first cases appeared in the neighboring country, excluding the movement of goods. The lockdown included the closure of institutions open to the public as well as a partial curfew between 8pm and 6am.

The central bank did not take any financial decision to reduce the interest rate to alleviate the impact of COVID-19 on economic growth. Nevertheless, the government has put in place economic stimulus measures such as loans and moratorium on debt repayments. These measures include the payment of water and electricity bills for the most vulnerable people; the suspension during the time of lockdown of rent payments for people with no income; coverage by the state for the losses by small property owners related to the suspension of the payment of rents.

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 in the south of Gabon. There is a housing project for the development of 3 133 houses in Estuaire. This project was initially planned to be completed at the end of 2016, but only 2 048 houses have been completed so far. A housing development is taking place for the construction of about 200 units north the city of Libreville, the municipality of Akanda, Avorbam district. This development is being carried out by Avorbam Investment, which was born from the merger between the Caisse des Dépôts et Consignations du Gabon and the company T2G, a subsidiary of the Moroccan group TGGC.21

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 a buyer’s credit. Furthermore, the government has planned to divert housing bonuses usually paid to public servants towards financing housing cooperatives. However, it must be noted that some of Gabon’s housing development projects have suffered financial setbacks due to the drop in oil prices, which has forced the government to reallocated funds to more prioritised projects. The main housing projects which have suffered setbacks include the Alvia Okolassi housing project planned to build 650 social houses from 2016 to April 2018, and the social housing project of Bikélé, which suffered major setback due to financial maladministration and corruption.22 Another major project is the housing development of Mangoumba which was delayed due to a lack of funding. Projects have also been delayed because of delays by government in building access roads and for providing services so that the land can be developed for housing purposes.23

**Property market**

Gabon’s real estate sector is not yet fully developed as it remains dependent on the performance of the oil sector and the demand from expatriates working in the oil industry. It is characterised by high-end sales and expatriate rentals, followed by demand for social housing.24 Nevertheless, due to the rapid urban population growth, the government has set in place strategies, such as reducing the procedures required to register a property to six and ensuring that the process takes 72 days to complete, to boost the growth of the property market. Demand for high-
quality residential properties is on the rise. Since the African Cup of Nations 2012 took place in the country, the property market has been boosted, and the government and private sector are working hard to address the issues affecting the housing and property market, which include land title reform.

To boost its housing and property market, the National Laboratory and Public Works Department has become the strategic institution for the development of the real estate market.26 To alleviate the administrative burden and regulatory obstacles hindering the growth of the property market sector; the government has engaged in institutional reforms that include the creation of specialised housing agencies such as the National Planning and Surveying Agency ("l’Agence National de l’Urbanisme, des Travaux Topographique et du Cadastre) and the National Council of Housing. These will oversee all land and real estate development projects, maintain and expand the national cadastral as well as facilitate the purchase and transfer of housing. Government involvement in the property market, including legislative and institutional reform, has facilitated the creation of new property developers, and attracted local and international property investment in the country.

Policy and legislation

Gabon’s economic policies and regulations are driven by the objective of transforming the country into an emerging economy. To eradicate slums and improve the daily lives of Gabonese, the government is making efforts to prevent the growth of these through housing development programmes based on a new political will expressed by policies such as the PSGE, which aims to attract and encourage private, public and foreign investment in the housing sector.

The Gabon Constitution of 1991, as amended, acknowledges the right to housing for every Gabonese citizen in Article 1, 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 just and prior compensation. Notwithstanding, the dispossession of abandoned buildings justified by public utility or lack of development is regulated by the law. Further, according to Article 1 (11) of Gabon’s constitution of 1991, all Gabonese have the right to freely fix his or her domicile or residence in any part of the national territory.27

To execute the constitutional right Gabonese have to housing, the government has put in place some key legislation related to housing development. These are:

- Decree No. 84 / PR / MHU of 8 April 2010 fixing the modalities of issuance of subdivision permits;
- Ordinance No. 00000005 / PR / 2012 of 13 February 2012 establishing the land ownership regime in the Gabonese Republic;
- Order No. 338 / PM of 29 May 2017 on the creation, organisation and functioning of the Commission responsible for examining problems in the housing sector;
- Decree No. 00140 / PR / MHUCV of 27 April 2018 determining the modalities of issuance of building permits.

Investment in the country is governed under the Law No. 15/98 of 23 July 1998, which is based on the investment code written and updated in accordance with CEMAC’s investment regulations. It provides equal rights to foreign and local companies operating in Gabon.

Opportunities

Gabon is known for its political and social stability with a relatively high GDP per capita. Its geographical location, with forest covering 88 percent of the country and 800km of coastline and biodiversity, offers great opportunities for investment.28

To increase investment opportunities in the country, the government is actively trying to attract foreign direct investment through strategies such as the PSGE. This aims to make Gabon an emerging economy by 2025 by diversifying the economy and making Gabon an internationally competitive investment destination. These development strategies plan to increase public and private investment, modernise infrastructure and improved human capital. The government has also created a special economic zone where companies benefit from tax advantages, preferential customs duties and simplified customs procedures.

Availability of data on housing finance

There is a major challenge in getting actualised data on housing and housing finance in Gabon. Among the most pressing issues are the non-digitalisation of housing records and the lack of centralised housing registers. Nonetheless, efforts have been made by the government to improve the housing sector through capacity building.

The main institutions involved in the collection of housing and housing finance data such as residential mortgages, residential property land title deeds and plot size are the National Agency for Town Planning Topography and Cadastral, the Ministry of Housing, the Development Bank of Gabon Agency, the National Agency for Major Works, the National Social Housing Company and the Housing Guarantee Fund.

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**Source:** https://www.cgidd.com/ (2020)
Société Nationale Immobilière (SNI) www.sni-gabon.com/

Agence Nationale de l’Urbanisme des Travaux Topographiques et du Cadastre www.anuttc.ga/

Ministère de l’habitat, de l’urbanisme et du logement: http://www.habitat.gouv.ga/

La Conservation de la Propriété Foncière et des Hypothèques : www.conservationfonciere.ga/


Overview

The Gambia is one of the smallest countries on the West Coast of Africa with a population of approximately 2.1 million. Most of the population lives in the Greater Banjul Area (57 percent), making it one of the most densely populated countries in Africa. The urban-based demand for housing continues to exceed supply, with a housing deficit of around 50,000 cited by the Ministry of Lands and Regional Government in 2015.

President Adama Barrow formed the National People’s Party (NPP) in December 2019 and is hoping to seek reelection in 2021. A new draft Constitution, to replace the 1997 Constitution, was produced in November 2019. Parliament is yet to approve this and is seeking support for the new draft by the Gambian people through a referendum.

With an estimated economic growth of 6 percent, the fiscal deficit reduced from 6.2 percent of GDP in 2018 to 2.6 percent of GDP in 2019. This was brought about by strong growth in tax revenues and donor inflows. The Gambia was able to improve its chronic debt situation with debt relief from the International Monetary Fund (IMF) Staff-Monitored Programme. This sustained development helped improve international reserves to within reasonable levels, reduced interest rates and inflation.

Economic growth in The Gambia is constrained by internal factors such as bad crops and climate change as well as external factors such as tourism and remittances. Agriculture and aquaculture contribute a large share of economic output and employment but the country is subject to frequent droughts and the movement of fishing grounds, all triggered by climate change. Due to an overreliance on erratic rainfall, lack of investment in irrigation infrastructure, and deteriorating soil quality, productivity in these sectors remains low. Erosion of the coastal areas is also greatly impacting the quality and quantity of sand available for construction, which is affecting low cost housing and hence the speed at which houses are completed for residential and commercial purposes.

Added to these issues, COVID-19 has had severe socioeconomic consequences for the country. The World Bank expects that GDP growth will be reduced from 2.5 to around 2.4 percent in 2020. The collapse of Thomas Cook in 2018, a major tour operator in key markets in Europe, coupled with the pandemic, has resulted in the reduction of the number of tourists visiting the country; thus disrupting trade, foreign currency flow and employment.

The government, with support from international development partners (the European Union (EU), World Bank and Internal Monetary Fund (IMF)), has introduced measures to curb the spread of the pandemic in the country. The IMF has approved the Catastrophe Containment and Relief Trust debt relief of US$2.9 million, supported through its D500 478 887 (US$9.7 million) Covid-19 Emergency Response Project and Social Safety Net Project of D309 574 569 (US$6 million).

<table>
<thead>
<tr>
<th>Key Figures</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Main urban centres</td>
<td>Banjul, Brikama, Kanifing</td>
</tr>
<tr>
<td>Exchange rate (1 July 2020): 1 USD = [a]</td>
<td>51.60 Dalasi (GMD)</td>
</tr>
<tr>
<td>1 PPPS = [b]</td>
<td>16.54 Dalasi (GMD)</td>
</tr>
<tr>
<td>Total population [b]</td>
<td>2,347,706</td>
</tr>
<tr>
<td>Urban population [b]</td>
<td>1,453,958</td>
</tr>
<tr>
<td>Population growth rate [b]</td>
<td>2.92%</td>
</tr>
<tr>
<td>Urbanisation rate [b]</td>
<td>55.5%</td>
</tr>
<tr>
<td>GDP per capita (Current US$) [b]</td>
<td>US$751</td>
</tr>
<tr>
<td>Percentage of population below national poverty line (2017) [b]</td>
<td>29.8%</td>
</tr>
<tr>
<td>Unemployment rate (% of total labour force, national estimate) (2017) [b]</td>
<td>9.5%</td>
</tr>
<tr>
<td>Proportion of adult population that borrowed formally (2017) [b]</td>
<td>n/a</td>
</tr>
<tr>
<td>Gini coefficient (2017) [b]</td>
<td>n/a</td>
</tr>
<tr>
<td>HDI country ranking (2018) [c]</td>
<td>174</td>
</tr>
<tr>
<td>HDI country score (2018) [c]</td>
<td>0.47</td>
</tr>
<tr>
<td>GDP (Current US$) [b]</td>
<td>US$1,763 million</td>
</tr>
<tr>
<td>GDP growth rate [b]</td>
<td>5.98%</td>
</tr>
<tr>
<td>Inflation rate (2019) [b]</td>
<td>7.12%</td>
</tr>
<tr>
<td>Yield on 10-year government bonds</td>
<td>n/a</td>
</tr>
<tr>
<td>Lending interest rate (2018) [b]</td>
<td>28.00%</td>
</tr>
<tr>
<td>Number of mortgages outstanding (2019) [d]</td>
<td>49</td>
</tr>
<tr>
<td>Value of residential mortgages (Current US$) (2017) [d]</td>
<td>US$0.81 million</td>
</tr>
<tr>
<td>Typical mortgage rate</td>
<td>17%</td>
</tr>
<tr>
<td>Term</td>
<td>15 years</td>
</tr>
<tr>
<td>Ratio of mortgages to GDP</td>
<td>40%</td>
</tr>
<tr>
<td>Number of mortgage providers [d]</td>
<td>1</td>
</tr>
<tr>
<td>Number of microfinance loans outstanding [d]</td>
<td>n/a</td>
</tr>
<tr>
<td>Value of microfinance loans in local currency units [e]</td>
<td>309,686,436 GMD</td>
</tr>
<tr>
<td>Number of microfinance providers [e]</td>
<td>75</td>
</tr>
<tr>
<td>Total number of formal residential dwellings in the country</td>
<td>n/a</td>
</tr>
<tr>
<td>Total number of residential properties with a title deed</td>
<td>n/a</td>
</tr>
<tr>
<td>Number of formal housing units built in this year</td>
<td>n/a</td>
</tr>
<tr>
<td>Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [f]</td>
<td>707,272 GMD</td>
</tr>
<tr>
<td>Size of cheapest, newly built house by a formal developer or contractor in an urban area [f]</td>
<td>50.000 GMD</td>
</tr>
<tr>
<td>Typical monthly rental for the cheapest, newly built house [f]</td>
<td>5,000 GMD</td>
</tr>
<tr>
<td>Cost of standard 50kg bag of cement in local currency units [f]</td>
<td>520 GMD (US$5.23)</td>
</tr>
<tr>
<td>Type of deeds registry: digital, scanned or paper [g]</td>
<td>Paper</td>
</tr>
<tr>
<td>World Bank Ease of Doing Business index rank [g]</td>
<td>155</td>
</tr>
<tr>
<td>Number of procedures to register property [g]</td>
<td>6</td>
</tr>
<tr>
<td>Time to register property [g]</td>
<td>73 days</td>
</tr>
<tr>
<td>Cost to register property as share of property price [g]</td>
<td>7.8%</td>
</tr>
<tr>
<td>World Bank CPI Quality of Land Administration index score (0-100) [g]</td>
<td>9.5</td>
</tr>
<tr>
<td>Percentage of women who own a house alone: Total</td>
<td>5.1%</td>
</tr>
<tr>
<td>Total</td>
<td>4.5%</td>
</tr>
<tr>
<td>Percentage of households with basic sanitation services: Total</td>
<td>37.9%</td>
</tr>
<tr>
<td>Urban (2013) [h]</td>
<td>45.9%</td>
</tr>
<tr>
<td>Percentage of households with no electricity: Total</td>
<td>55.5%</td>
</tr>
<tr>
<td>Urban (2013) [h]</td>
<td>33.6%</td>
</tr>
<tr>
<td>Percentage of households with 3+ persons per sleeping room: Total</td>
<td>32.1%</td>
</tr>
<tr>
<td>Urban (2013) [h]</td>
<td>33.2%</td>
</tr>
<tr>
<td>Percentage of urban population living in slums (2018) [i]</td>
<td>27.1%</td>
</tr>
</tbody>
</table>

NB: Figures are for 2020 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Human Development Reports, United Nations
[e] UN-HABITAT
[f] Blue Ocean Properties Limited
[g] World Bank Ease of Doing Business Indicators
[h] Demographic and Health Surveys, USAID
[i] United Nations Human Settlements Programme
[j] Central Bank of The Gambia

Value of microfinance loans in local currency units: 309,686,436 GMD
Number of formal residential dwellings in the country: n/a
Total number of residential properties with a title deed: n/a
Number of formal housing units built in this year: n/a
Price of the cheapest, newly built house by a formal developer or contractor in an urban area: 707,272 GMD
Size of cheapest, newly built house by a formal developer or contractor in an urban area: 50.000 GMD
Typical monthly rental for the cheapest, newly built house: 5,000 GMD
Cost of standard 50kg bag of cement in local currency units: 520 GMD (US$5.23)
Type of deeds registry: digital, scanned or paper: Paper
World Bank Ease of Doing Business index rank: 155
Number of procedures to register property: 6
Time to register property: 73 days
Cost to register property as share of property price: 7.8%
World Bank CPI Quality of Land Administration index score: 9.5
Percentage of women who own a house alone: Total: 5.1%
Total: 4.5%
Percentage of households with basic sanitation services: Total: 37.9%
Urban (2013): 45.9%
Percentage of households with no electricity: Total: 55.5%
Urban (2013): 33.6%
Percentage of households with 3+ persons per sleeping room: Total: 32.1%
Urban (2013): 33.2%
Percentage of urban population living in slums (2018): 27.1%
Unfortunately, the government does not invest directly in housing construction or through the provision of financial support to private or commercial enterprises but rather encourages housing investment through liberal policies and other state actors like Social Security and Housing Finance Corporation (SSHFC). This has resulted in the mushrooming of informal housing in the Greater Banjul Area, which are poorly planned and are lacking in basic sanitation and amenities, as many households are unable to afford housing in the formal markets.

Access to finance

The financial services sector in the Gambia is dominated by four very large banks. There are 12 commercial banks in operation, but the smaller banks are struggling to make any meaningful impact. This has impacted on banking penetration which is at a disappointing 35 percent nationwide. However, the major banks are leveraging on technology to digitize most of their operations and are partnering with mobile phone operators to reach out to even the most remote parts of the country through mobile money transfers. The microfinance companies also continue to play a part in the financial inclusion drive of the country with the addition of two mobile money companies and a microfinance company called Bayba Financial Services Company Limited at the beginning of the year.26 The Central Bank of The Gambia (CBG) describes the banking sector as profitable, Bayba Financial Services Company Limited at the beginning of the year.

The CBG has mandated the Home Finance Company of The Gambia Limited (HFC) to provide mortgage housing finance loans to the general populace. However, some banks provide services similar to this and it is such, the HFC does not really offer anything different to what already exists in the market. The national mortgage market remains underdeveloped, a fact evidenced by the HFC’s narrow portfolio, with just 47 mortgages on its books as of July 2020.27 The total portfolio of approximately D1 736 408 (US$89 299) is insignificant when compared to the total banking industry construction finance loan portfolio of approximately D1 391 350 000 (US$26 966 362).28 An example of the HFC’s mortgage products is one that can finance up to 75 percent of the value of a property payable over a maximum period of 15 years. The company maintained its mortgage interest rate at 17 percent in 2019 through to 2020. However, it continues to be constrained by non-performing loans (NPLs), which accounts for over 50 percent of its loan portfolio since 2018. This has slowed the growth of the number of mortgages underwritten by the company as it focuses on loan recoveries, which, when coupled with the pandemic, significantly lowered the amounts of mortgages disbursed in 2020.

Although microfinance entities are gaining popularity in the financial services sector, they are prohibited by the CBG to provide housing or construction finance facilities to their customers.29 Bayba Financial Services Company Limited was granted a license to conduct microfinance business in addition to its money transfer. The other microfinance entities in operation include Credit Unions, Mobile Money Operators and Village Savings and Credit Associations.

The Social Security and Housing Finance Corporation (SSHFC) is the only government institution mandated to provide federated pension schemes. Its housing finance division provides low cost housing to middle-income earners over a 15 year period with a minimum down payment of around 25 percent of the selling price. However, it is important to note that the SSHFC hasn’t embarked on new housing development in the past couple of years. This lack of delivery has also adversely affected the stock of affordable housing in the country.

The World Bank’s Doing Business 2020 report ranks The Gambia at 152 out of 190 economies for getting credit, and at 143 for registering property.30 There is therefore a need for government to continue with reforms to improve the business environment, which is especially pertinent for the housing finance sector.

The government has not directly intervened during the pandemic in providing finance to address any funding gaps despite some banks and other financial institutions slowing down on lending. The CBG has not made any pronouncements regarding debt deferrals or waivers of interest etc. regarding

COVID-19 response

Government instituted a partial shutdown of the country in April 2020 for 90 days, which was then extended for an additional month. Minimal economic and social activities continued during this time and all borders, schools, provincial markets, nonessential establishments, mosques and churches were closed. Government enforced the wearing of face masks and washing of hands, social distancing and the prohibition of gatherings of more than 10 people.

Furthermore, in order to cushion the impact of the pandemic on the lives and livelihood of the populace, the government increased health sector spending by D0.5 billion (US$9 690 718) (0.5 percent of GDP) under the Ministry of Health’s COVID-19 Pandemic Action Plan, prepared with the support of development partners.29 This has helped enforce containment measures, strengthen health security and logistics across the country and build laboratory capacity. Government also adjusted domestic fuel prices in line with global market prices, reallocated resources from non-priority spending, and froze energy subsidies, travel and vehicle expenses.30

The government is helping the most vulnerable by providing food aid (a bag of rice, a bag of sugar, and 10 liters of cooking oil). It also took supportive steps to protect jobs in key sectors, such as covering the salaries of workers in the tourism sector for three months (April–June 2020) through social security. Included in the toolkit of the response were extensions for Tax returns for businesses.

The central bank (CBG) reduced its policy rate by 50 basis points in February 2020 to 12 percent and increased the standing deposit facility rate by the same margin to three percent to boost liquidity and support private sector growth. As of the end of June, the central bank had further reduced the policy rate to 10 percent, and the standing deposit facility rate to 2.5 percent.

Finally, regarding informal settlements, apart from the provision of food and other items to the populace, the government has not provided any support to those in the informal settlements.

Affordability

Generally, it is expensive to buy a house from developers or build one in The Gambia due to high costs of borrowing and materials. The price of a three-bedroom house (220 m²) is approximately D4.5 million (US$87 216), while a two-bedroom house is D2.31 million (US$44 771) based on the prices offered by SSHFC. One of the major property developers, TAF Africa Homes, indicated that it would cost around D9 156 (US$177) a square meter to buy a two or three-bedroom house in the urban areas, which approximates to D1 716 750 (US$33 273) and D2 887 500 (US$55 964) a property, respectively.31 Mortgage providers and developers normally require a down payment of between 25 and 35 percent of property values before any deal is struck. This makes mortgage financing beyond the reach of many low and middle income earners.

The cost of renting a decent apartment is even more expensive since the agents demand a minimum of six months deposit and a consultation fee, which most people cannot afford. This also increases the eviction rate and rent tribunal cases. It costs between D6 000 (US$126) and D12 000 (US$233) a month to rent a one- or three-bedroom apartment in the urban areas of The Gambia.16

The high concentration of the majority of the population in the urban areas also has not helped the cost of low cost housing since the demand is more than the supply and this continues to rise. However, no published data to track and report on trends in housing prices exists.
**Housing supply**

The government does not invest directly in the construction of affordable housing or in the provision of financial support to private or commercial enterprises in support of affordable housing, but rather encourages the development of affordable housing through liberal policies and other state actors like the SSH-IFC.

As of August 2020, the SSH-IFC is engaged in three housing projects, the Brikama Jamisa project, the Jabang project and the Tujereng project. The SSH-IFC is therefore 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.

Other key players in the private sector such as Blue Ocean Properties, Swami India International, Global Properties, Amiscus Horzons and Taif Africa Homes continue to increase their footprint in the affordable housing sector in 2020. However, most of these companies target high net-worth individuals and people in the diaspora for their housing units. There are also lots of small and active private sector players who mainly sell cheaper estate land for affordable housing development.

The COVID-19 pandemic has contributed to the housing woes of the country. The government's partial lockdown which started in March 2020 affected housing development since it restricted the movement of people and the availability of construction materials like sand, basalt and cement. The Gambia is heavily import dependent and the lack of available construction materials has slowed the completion of additional housing units.

**Property markets**

The property market in the Gambia continues to attract interest from Gambians in the diaspora and others alike. This sustained increase in demand for properties has resulted in increased house prices.

The country has a Deeds Registry at the Ministry of Justice, which is being digitized. The first phase of the digitization was completed earlier this year and funding is needed to complete the second phase. Land tenure continues to be a problem due to traditional ownership of land especially in rural and in some urban areas. This is compounded by the number of procedures and time (at least three years to secure a title deed) it takes to register a property with the associated costs ($4 000 (US$78) in transfer tax to the municipality and $40 000 (US$775) in capital gains tax per transaction).

Generally, the property market is buoyant in The Gambia with lots of formal and informal players. It is, however, highly regulated. Properties are freely transferable provided the various taxes are paid to the state and councils, whether the parties are foreign citizens or not.

The pandemic has affected the property market since both developers and potential buyers have had to slowdown and observe the impact on the general economy before committing resources. Lenders have also not been keen on extending credit during this time and therefore there has not been much investment in the housing market in the last year.

**Policy and legislation**

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 a 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 the 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, markets, hospitals, parks or office buildings.

The new government has not instituted any housing specific legislations/regulations or designed any policies guiding the urbanization process. The existing policies that govern the housing sector were developed in the 1980s and 1990s. The most recent Act is the Rent Act of 2014.

The government does not play a direct role in housing development through policy and legislation, except through the SSH-IFC. It rather facilitates the housing process by making the acquisition and development of land easy for individuals and private developers.

**Opportunities**

There is a shortage of affordable housing in the country, which represents opportunities for potential investors in the sector to fill the gap. Coupled with the liberal macroeconomic policies of the transitional government in terms of lower interest rates, reduced tax rates and reduced levels of bureaucracy, banks and other lenders will be availed the needed resources to lend to their customers including those in the affordable housing sector. This could positively impact both the speed of housing development and the stock of housing available for use.

The increase in the number of microfinance companies (54) and the size of the existing major ones, present opportunities for the informal and self-built houses in terms of access to finance, although microfinance companies are not yet allowed to directly fund long term housing projects.

With the increase in the number of Real Estate Agents and the strengthening of their Association, most of the members have now regularized their legal and financial status. This will facilitate access to finance especially from banks and also enhance their lobbying with the government in terms of access to affordable and reliable power supply, water, sewage, low cost finance and land for commercial development. They will also be able to pursue better regulation since the industry is large self-regulated.
Availability of data on housing finance

There is no government institution or an association the responsibility to collate and make available affordable data on housing finance. Rather, data is available from so many different sources which impact the reliability and timeliness, and therefore usefulness of information for housing finance decision making.

The first phase of the digitisation of the title deeds at the Deeds Registry was completed this year, with the second phase yet to start. The Deeds Registry is yet to secure funding for the needed D5 million (US$96 907) to complete the process.21

The major mortgage lenders do not publish information on the number, value of and nonperforming part of their mortgage portfolio. This makes trend analysis difficult or even assess the impact on COVID-19 on the performance of these loans.

It is also difficult to gather meaningful information or to seek clarification from some government entities since public officials are either not available or are able to only provide limited information.
Overview
Ghana’s rapid urbanisation of 56.7 percent\(^1\) has occurred at a time when there is a huge affordable housing deficit of 5.7 million rooms\(^2\) in the country. The mortgage system in the country is at an elementary stage of development but appears promising as the government has pledged commitment to make housing finance available.

Ghana recorded a real GDP growth of 6.5 percent representing a 0.5 percentage point gain over 2018’s figure of 6.3 percent.\(^3\) Ghana’s GDP growth positions the country as one of the Africa’s six economies leading the world’s 10 fastest growing economies. The service sector dominates the economy with a share of 47.2 percent followed by the Industry (34.2 percent) and Agriculture (18.5 percent) sectors.\(^4\) The Real Estate sector witnessed appreciable gains as its contribution increased from 1.0 percent in 2013 to 2.7 percent in 2019.\(^5\) This represents an annual growth rate of 0.25 percent from 2013 to 2019. Mortgage to GDP ratio has remained below 0.5 percent\(^6\) and the price of housing units built in this year (2019)\(^7\) has occurred at a time when inflation in the country has remained in the single digits. The end of year inflation rate for 2019 was 7.9 percent for the consumer price index. Average lending rate witnessed a marginal decline from 23.9 percent in 2018 to 23.6 percent in 2019.\(^8\)

The policy direction for the economy has been to reposition it from tax-dependent to production-based. Consequently, the government is promoting its initiative of establishing an industry in each of the 260 districts. For 2020, the IMF predicts the economy to grow by 1.5 percent.\(^9\) This contraction in growth is due to COVID-19’s impact on global activities.

Access to finance
Ghana’s financial sector broadly comprises the banking and the non-banking systems with insurance and capital markets as the components of the non-banking system. Microfinance institutions operate under the non-banking system, offering services classified as formal, semi-formal and informal which are available to all classes of households.\(^10\) Currently, 23 banks operate as universal banks, a significant reduction from the 34 banks that operated before the implementation of the new minimum capital requirement.\(^11\) FNB Bank, Republic Bank, Cal Bank, Stanbic Bank, Fidelity Bank, Société Générale Ghana and Omni Bank offer a range of mortgage products including home construction, home purchase, home improvement, refinancing, and land purchase. On average, mortgages in Ghana are granted for a term of 15 years with a maximum loan-to-value ratio of 85 percent. In 2017, total mortgages in Ghana amounted to GH¢14.1 million (US$19,789,042) which grew to GH¢21.6 million (US$37,495,028) in 2018. On the contrary, the rate of non-performing loans in 2019 was 13.9 percent, depicting a significant decline of 4.3 percent from 2018.\(^12\)

The pandemic’s impact on Ghana’s financial sector has led to the establishment of policy responses to counter the impact. These include the moratorium granted for microfinance loan repayments that are due for up to 30 days, as well as the reduction of provisions for loans in the “Other Loans Especially Mentioned” (CLEM) from 10 to five percent for all banks and Special Deposit Institutions.\(^13\) These measures are expected to lessen the financial sector’s losses from the pandemic.
The delays in operations owing to the temporary closure of some financial institutions and additional operational costs incurred in equipping staff to work remotely due to the pandemic pose a significant risk to revenue. Moreover, high levels of uncertainty, decline in value of many financial assets and higher foreign exchange rate potentially subjects the financial sector to increased market risk, possible increase in credit risk and increased liquidity tightening.12 To further improve access to finance, the Government of Ghana intends to set up the National Development Bank which will provide periodic dedicated funds for intervention in key areas including the housing sector.13

Affordability
Access to basic mortgage facilities is a challenge for the majority of households in the low- and middle-income brackets who cannot access affordable housing. In September 2019, the Government announced an increment of 12 percent in base salaries for public sector workers and a further 40 percent increment in some categories of allowances.14 The promised increment would yield a real increment of 4 percent, taking into account the projected inflation for 2019 – the first time in 20 years a net positive increment had been granted. Unfortunately, the pandemic has eroded the targeted inflation. Admittedly, public sector workers represent a small share of the total workforce of the country and given the historically low levels of wages, the announced increments were barely adequate to cover housing costs, and the corresponding increments. In Accra, it has been observed that land price appreciation of building lands ranged from 8 to 11.5 percent between 2018 and 2019.15

Exemplifying the challenge faced by most households, banks providing mortgage loans set a debt-to-income ceiling not exceeding 45 percent of net income with 15 percent down payment by borrowers required upfront. A typical monthly mortgage instalment is estimated at 45 percent of household net income16 which, according to the IMF’s definition of housing affordability, constitutes a relatively unaffordable housing to the average Ghanaian household.

Following the COVID-19 outbreak, Government’s engagements with investors in respect to the delivery of affordable housing have stalled. The lockdown measures instituted to repress the spread of the virus led to partial or complete loss of jobs and subsequently substantially reduced household incomes for both formally and informally employed. As part of the Government of Ghana’s policy response to the pandemic, it is expected that the significant reduction in key monetary requirements would contribute to increased money supply and eventually reduce cost of credit in the mid to long term period, anticipating that the negative impact of the pandemic subsides.

Furthermore, the Government’s initiative to support small and medium scale enterprises through the provision of loans estimated at GHS 580 million (US$100 681 094) is one measure that has the potential to drive employment, enhance household income and consequently increase housing demand.

Housing supply
The annual housing growth rate of the decade before and including 2010 was 4.4 percent.17 This resulted in a total housing stock of 3 392 745 in 2010 and an estimated figure of 5 218 626 in 2020, assuming a compounded annual rate. The average number of persons per house has seen a decrease since 1984, reflecting the increase in housing ownership due to improved economic conditions. In 2010, the average number of persons per house was 7.3. Based on the estimated 2020 housing stock, the average number of people per house is expected to drop further to 5.9. In 2010, more than half (57.3 percent) of the housing stock was houses (57.3 percent) account for the highest typology of house occupied, followed by separate houses (28 percent), semi-detached houses (4.7 percent), flats/apartments (3.3 percent). Flats and apartments have been an emerging demand spurred by the expatriate community, and non-resident Ghanaians. They view these types of accommodation as more secure than the widespread horizontal development that has led to urban sprawl. Compound houses (57.3 percent) account for the highest typology of house occupied, followed by separate houses (28 percent), semi-detached houses (4.7 percent), huts (4.8 percent) and flat/apartments (3.3 percent). Flats and apartments have not seen a popular demand due to their relatively high cost and an entrenched socio-cultural preference for individualised spaces. However, recently there has been an emerging demand spurred by the expatriate community, and non-resident Ghanaians. They view these types of accommodation as more secure than the traditional approach of incremental construction on lands which are frequently subjected to multiple sales, ownership disputes and outright stealing. Often, the high interest charged on mortgages by the various mortgage and financial institutions and additional operational costs incurred in equipping staff to work remotely due to the pandemic pose a significant risk to revenue. Moreover, high levels of uncertainty, decline in value of many financial assets and higher foreign exchange rate potentially subjects the financial sector to increased market risk, possible increase in credit risk and increased liquidity tightening.12 To further improve access to finance, the Government of Ghana intends to set up the National Development Bank which will provide periodic dedicated funds for intervention in key areas including the housing sector.13

Exemplifying the challenge faced by most households, banks providing mortgage loans set a debt-to-income ceiling not exceeding 45 percent of net income with 15 percent down payment by borrowers required upfront. A typical monthly mortgage instalment is estimated at 45 percent of household net income16 which, according to the IMF’s definition of housing affordability, constitutes a relatively unaffordable housing to the average Ghanaian household.

Following the COVID-19 outbreak, Government’s engagements with investors in respect to the delivery of affordable housing have stalled. The lockdown measures instituted to repress the spread of the virus led to partial or complete loss of jobs and subsequently substantially reduced household incomes for both formally and informally employed. As part of the Government of Ghana’s policy response to the pandemic, it is expected that the significant reduction in key monetary requirements would contribute to increased money supply and eventually reduce cost of credit in the mid to long term period, anticipating that the negative impact of the pandemic subsides.

Furthermore, the Government’s initiative to support small and medium scale enterprises through the provision of loans estimated at GHS 580 million (US$100 681 094) is one measure that has the potential to drive employment, enhance household income and consequently increase housing demand.

Housing supply
The annual housing growth rate of the decade before and including 2010 was 4.4 percent.17 This resulted in a total housing stock of 3 392 745 in 2010 and an estimated figure of 5 218 626 in 2020, assuming a compounded annual rate. The average number of persons per house has seen a decrease since 1984, reflecting the increase in housing ownership due to improved economic conditions. In 2010, the average number of persons per house was 7.3. Based on the estimated 2020 housing stock, the average number of people per house is expected to drop further to 5.9. In 2010, more than half (57.7 percent) of the housing stock was located in rural areas.18 However, in 2020 it is expected that the rapid urbanisation will increase the percentage share of urban areas’ total housing stock to a little more than half.

The stock of houses increased by 60.1 percent between 2000 and 2010, surpassing the population growth rate of 30.4 percent over the same period. For that same period, the housing backlog was 1.7 million.19 According to Ghana’s Housing Policy, 5.7 million rooms are required by end of 2020 at a preferred occupancy threshold of 2 persons per room, to bridge the deficit and offer accommodation to new households. To address this, over 100 000 housing units are needed annually to meet the current demand.20

COVID-19 response
A partial lockdown covering Kumasi and Greater Accra Metropolitan Areas was imposed for three weeks in April 2020. Though no moratoriums on evictions were put in place, the Minister for Works and Housing called for sympathy towards tenants. That notwithstanding, the government expressed preparedness to bail out tenants threatened with evictions due to inability to pay rent, although a budgeted amount could not be stated.

The Central Bank of Ghana reduced the monetary policy rate by 150 basis points to 14.5 percent and increased liquidity in the banks by supporting key sectors of the economy by reducing the Primary Reserve Requirement from 10 percent to 8 percent. It also reduced the capital adequacy requirement from 13 percent to 11.5 percent, provided support to industries through the provision of a GHS30 billion (US$520 764 281) syndication facility and by offering of six-month moratorium on principal repayments for selected businesses. Lastly interest rates based on the Ghana Reference Rate were reduced by 200 basis points.

To reduce the hardships brought about by the pandemic, the government absorbed utility bills on water for households and businesses. Water was mobilised for vulnerable communities who did not have constant supply. In addition, electricity bills for lifeline consumers of electricity who consume less than 50 kilowatt hours a month, were fully absorbed while all others had half of their electricity bill absorbed. This relief package was extended to last the whole year. During the lockdown, food items were distributed to the vulnerable and needy, especially those in informal settlements.

The housing market, segmented into the formal and informal, has a high share of informal activity made up of actors who acquire their own land and engage the services of tradesmen to build incrementally based on resource availability. This allows for affordable construction but may sometimes affect the quality. Formal developers have often focused on the middle to high income segment of the housing market, with only a few catering to the low income segment. Despite the presence of formal real estate developers catering to the lower income segment, the prices of houses are often beyond the means of low-income earners as the buildings are priced in foreign currency. For example, the price offered by Damax Construction for its lowest price house is at GHS 115 400 (US$20 000). However, national average annual income is GHS 33 937 (US$5 891) while expenditure is GHS 12 857 (US$2 231).21 Hence, assuming all savings were used to purchase the house, it will take 5.5 years before full payment is made.

The majority of households in Ghana (42.1 percent) own their dwelling unit while 29.7 percent live rent-free. Rent-paying occupants account for 27.6 percent while perching and squatting account for a combined 0.5 percent.22 Many Ghanaians prefer to build and own their houses incrementally which accounts for the widespread horizontal development that has led to urban sprawl. Compound houses (57.3 percent) account for the highest typology of house occupied, followed by separate houses (28 percent), semi-detached houses (4.7 percent), huts (4.8 percent) and flat/apartments (3.3 percent). Flats and apartments have not seen a popular demand due to their relatively high cost and an entrenched socio-cultural preference for individualised spaces. However, recently there has been an emerging demand spurred by the expatriate community, and non-resident Ghanaians. They view these types of accommodation as more secure than the traditional approach of incremental construction on lands which are frequently subjected to multiple sales, ownership disputes and outright stealing. Often, the high interest charged on mortgages by the various mortgage and financial institutions deters workers from applying as they will rather prefer to use the equity of personal loans and other income sources.

In efforts to bridge the housing gap, the government is supporting the construction of affordable homes and enhancing access to housing credit through mortgages for government workers. Projects initiated since 2007 and abandoned for some time, have been resuscitated and completed, or are at various stages of completion.23 One such project is to be delivered by the United Nations Office
The Government has also embarked on several private-public partnerships (PPP). For example, in 2019 the government signed a PPP agreement with a Hungarian private company, Solin, to construct 10,000 affordable housing units across the country.24

Property markets
Land ownership is generally recognised under the two categories of customary and public lands. Customary lands are owned by stools, skins, families, or clans with the respective group leaders holding the lands in trust for the benefit of the members. Public lands are acquired and vested in the President of Ghana for the common good of the country. However, private ownership of lands can be acquired through grants, sale, gift, or marriage.25

Land tenure insecurity is prominent in both the urban and rural areas of Ghana, evident in the forms of land encroachment, multiple land sales, unapproved development schemes, undetermined boundaries of customary lands, conflicting land uses between mining and agriculture sectors, and weak systems to manage such conflicts. As a result, the Ghanaian land market is dysfunctional with low levels of investment in land owing to high transaction costs and sustained rural and urban poverty.26 Efforts to enhance transparency and efficiency of land administration led to plans to digitise the land registry in 2018. The Land Registration Division of the Lands Commission is responsible for the registration of title, deed and other interests or instruments affecting land.

The service of estate agents is key to the property market, however, there is no formal recognition of estate agencies in Ghana. An initiative is currently being pursued by the Ghana Real Estate Professionals Association and the Ghana Association of Real Estate Brokers for recognition as official licensing and training bodies.

As a result of the impact of the pandemic, estate developers currently operate at a maximum capacity of 30 percent with plans to shut down completely if conditions worsen. Moreover, conventional sales and marketing approaches are vastly distorted. Open house, property viewings, housing fairs and mortgage clinics are likely to be cancelled for the rest of the year with great losses to marketers.

Policy and legislation
Since 2019, the Draft Rent Control law has undergone a number of iterations in review to enhance its robustness and responsiveness to the rental market across the country. Presently, the latest draft has been submitted to Cabinet for consideration and approval, following which it will be taken through the formal legislation processes to become law.27

Additionally, the Government has signalled its intent to regulate the real estate practice, including the conduct of property transactions, with the submission of the Draft Real Estate Agency bill to parliament for passage into law. The Condominium Bill, which will regulate the management of shared or public spaces in multi-family residential developments remains on the drawing board, awaiting some further work by the Ministry of Works and Housing. Among its provisions, the mandatory insurance cover imposed on the owners, a novelty in its application in the country, will stimulate further development of the sector.

Following the completion and passage of the Ghana Building Code to regulate the standards of all construction activities, including those in the residential sector, the government with support from the International Finance Corporation (IFC) is currently undertaking the revision of the national building regulations (LI 1830) that was last updated in 1986. These reforms are part of measures put in place to improve competitiveness of doing business in Ghana.

The government has set up the National Housing and Mortgage Fund (NHMF) in partnership with Ghana Commercial Bank, Republic Bank and Stanbic Bank to deepen access to mortgage and residential housing finance. Through the NHMF, 250 housing units are being constructed as phase one, expected to be completed by September 2020 with an additional 200 housing units in phase two to be completed at Tema Community 22.28 Similarly through the NHMF partnering with GCB Securities, an Affordable Housing Real Estate Investment Trust (REIT) was set up to provide rental homes for public sector workers. The scheme is based on a rent-to-own model where public sector workers can access decent and affordable homes for between 15 to 20 years and pay a residual value to own the property.29 Lower interest rates (11.9 to 12.5 percent) are being offered as part of the scheme, compared with the nominal minimum rate of 24 percent for non-foreign currency or cedi-denominated mortgages.

The 2015 National Housing Policy continues to provide direction for housing development in the country, with emphasis on the private sector involvement in affordable housing finance and delivery. Local land use planning is also being streamlined through the implementation of the Land Use and Spatial Planning Act 925 (2016). The Act revises and consolidates the laws on land use and spatial planning. It stipulates the framework within which spatial planning at the national, regional and district level takes place. The Act elevated the Town and Country Department into the Land Use and Spatial Planning Authority with an objective to provide for the sustainable development of land and human settlements. The Land Use and Spatial Planning Act is also complemented by the recently passed Land Bill (2019). The new Land Bill is expected to provide a comprehensive legal regime for the land sector and support decentralised land service delivery to bring about enhanced accessibility and secured tenure.

Opportunities
With the increasing urban population, there is a huge opportunity for investors to engage in the production of quality construction materials and affordable housing for the urban areas using modern techniques that ensure timely and low-cost delivery of housing. Several innovative techniques have been piloted locally and globally such as expandable polystyrene products and use of recycled materials that allow efficient use of local resources to produce affordable buildings. The various research institutions such as the Building and Road Research Institute have...
been undertaking several researches into the use of locally sourced materials for construction that will require support to further finetune the design processes for replicability and scalability.

The Government has indicated its readiness to partner with the private sector in promoting rapid housing technology. For example, the government partnered with the Hungarian Government to roll out an Affordable Housing project using Rapid Housing Technology that permitted the construction of a three-bedroom house model within 11 days. The Government identifies such innovative technologies as a game changer in helping to bridge the housing deficit.

The housing sector is made up of several industries that are involved in the design, finance, construction, furnishing and technical support to the production of buildings. The roles of these industries who are mostly from the private sector are crucial not only to the real estate sector but to the economy through their contribution to GDP and job creation. The formal and informal sector would benefit from a higher participation of the private sector in both direct and indirect processes to leverage local resources and make more affordable housing available.

In 2019, Government announced measures to ensure a credible mortgage system where Ghanaians can access housing finance by using 30 percent of the incomes to own a house payable within a space of 15-20 years. This alone will not be enough and will require the full participation of the private sector in housing finance especially that targeted to the lower end of the market. Nonetheless, Ghana’s enabling environment and growing population makes it a fertile place for potential investors to contribute meaningfully to addressing a national issue by investing in the housing sector. Through the country’s progressive macroeconomic policies, the government has instituted several waivers and incentives for investors in the affordable housing sector. For example, a five-year corporate income tax holiday is offered to real estate companies with prior approval from the Ministry of Works and Housing for the construction of affordable housing. The strong rule of law and protection of individual liberties adds on to the country’s investment attractiveness.

Ghana’s vibrant labour market ensures a constant supply of needed labour force to execute project tasks which, coupled with existing supporting institutions such as banks, telecommunications, ports and Ghana Investment Promotion Council, ensures that the needed assistance is always offered to investors. However, the scarcity of land in the core city areas requires investors to be diligent in land transactions and to always follow due official processes.

### Availability of data on housing finance

Data on housing is sparse and data available is often outdated. The Ghana Statistical Service (GSS) collects and publishes data on housing after conducting the population and housing census which is undertaken every decade. Due to the pandemic, the census which was to be conducted in 2020 has been postponed to 2021. The data covered by GSS includes housing and land access, demand and supply, housing finance and infrastructure and access to basic services. The Bank of Ghana’s data on housing finance is very limited and only focuses on mortgage rates. This information is publicly available online.

The man data gaps related to housing finance include year housing stock increase, number of mortgages outstanding, mortgage loan performance, average property values, loan to value ratios, and disaggregated data on mortgages by region among others.

### Websites

- Bank of Ghana: https://www.bog.gov.gh/
- Ghana News Agency: https://www.ghananewsagency.com/
- Graphic Online: https://www.graphic.com.gh/
- Ghana Investment Promotion Council (GIPC): www.gipc.gh
- Republic Bank: www.republicbankghana.com
- Ghana National Housing and Mortgage Fund (NHMF): www.ghanahousing.com
- Ghana Statistical Service: https://stats.ghanagov.gh/
- Meqasa: www.meqasa.com/blog
- CalBank: https://calbank.net/

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5. Ibid. Pg. 3.
Overview

The Republic of Guinea is located in West Africa and covers an area of 246,000 km². It shares a border to the north with Senegal, to the northwest with Guinea-Bissau, to the west with the Atlantic Ocean, to the south with Sierra Leone and Liberia, to the east with Ivory Coast, and to the northeast with Mali. It comprises four natural regions, eight administrative regions, 33 prefectures and 307 sub-prefectures. According to the National Institute of Statistics, the population is estimated in 2020 at 12,559,623 inhabitants, more than half of whom live below the poverty line. Rapid population growth in urban centres, the decline in the human development index, and the lack of effective policy for the construction and housing sectors underline the main housing problems in the country.

Guinea’s gross domestic product (GDP) grew by six percent in 2018 and 6.2 percent in 2019. This rebound has been supported by increased foreign direct investment in the mining sector and some improvement in power generation. GDP growth would have been driven by policies to improve the quality of public financial management, the business environment, the efficiency of the banking system, the governance of the electricity sector, and better value in the mining and agricultural sectors. With the COVID-19 pandemic, GDP growth is now expected to be much lower; at 1.4 percent in 2020 and 5.8 percent in 2021 in the baseline scenario, and -1.8 percent in the pessimistic scenario. 2020 and 3.8 percent in 2021 in the baseline scenario, and -1.8 percent in 2020 as the COVID-19 pandemic requires economic slowdown. The tax burden is low, at 12.5 percent of GDP in 2018.

The budget deficit deteriorated from 1.5 percent of GDP in 2018 to 2.9 percent in 2019 under pressure from subsidies to the electricity sector. It is expected to deteriorate further in 2020 as the COVID-19 pandemic requires increased social and health spending and budgetary interventions to support the economy. Government revenue will also decline in the face of the general economic slowdown. The tax burden is low, at 12.5 percent of GDP in 2018.

This can be explained by a low level of civic-mindedness about taxation, inadequate control, and numerous tax exemptions. The level of debt, which had fallen significantly from 58.1 percent of GDP in 2011 to 27.2 percent in 2012, rose to 37.2 percent in 2017 and 39 percent in 2018. In 2019, public debt stock was estimated at 45 percent of GDP by the International Monetary Fund, well below the maximum threshold of 70 percent set by the Economic Community of West African States (ECOWAS). However, Guinea’s debt ratio could increase. This increase would be the result of the budgetary efforts needed to cope with the COVID-19 pandemic, but also from new loans taken out with China to finance road and energy infrastructure.
The direction of government spending has changed to prevent and reduce the risks of contamination. With this in mind, the government presented a plan to respond to the COVID-19 health crisis estimated at US$370 million (FG3 567 billion). The plan focuses on health, social and economic aspects including support for the recovery of the formal and informal private sector affected by the crisis. The management of the funds was initially assigned to a financial management commission for the response against COVID-19. External aid mobilised is not part of the funds for the government’s response plan.

Access to finance

The BCRG is located in the capital city of Conacry. There are 16 commercial banks, five of which offer mortgages or home loans. The five commercial banks offering housing loans are Société Générale Guinée; Banque Internationale du Commerce et de l’Industrie de Guinée; Ecobank; Afriland First Bank, and Vista Bank. Home loans are available for the purchase of land, the purchase or construction of a house, and the renovation of real estate properties. Housing finance is generally granted to bank staff, and employees with a guaranteed contract and a salary level well above the norm. Due to difficulties in collecting data on mortgage indicators, particularly from the BCRG, there is virtually no reliable data available. In the number of mortgages, growth in the number of mortgages, average loan terms, loan-to-value ratios and average mortgage size. Similarly, data on the percentage of non-performing loans is not available. However, the interest rate charged on mortgage loans and non-mortgage housing finance is 10 percent.

There are virtually no non-bank institutions offering housing finance in Guinea. Companies such as Jobomax Guinea/ American Homebuilders offer housing finance models such as construction financing for Guineans in the diaspora. This model allows for relatively flexible indebtedness of real estate buyers as repayment can be made for up to 10 years after payment of a 30 percent down payment.

Guinea has an active microfinance sector that plays an important role in providing access to financial services, especially for the low-income population. Crédit Rural de Guinée SA (CRG-SA) is the largest microfinance institution in Guinea with 178 outlets offering sustainable financial services to more than 400,000 clients. CRG-SA provides credit, money transfers, savings collection and daily tontine (a kind of savings). The CRG-SA finances several types of activities such as agriculture, livestock, fishing, crafts, and small trade. Since 2015, the CRG-SA has been financing small and medium-sized enterprises. It has 235 full-time employees, hundreds of co-workers and thousands of local elected officials. Since 1989, it has been actively involved in the development of the rural areas.

The Addoha Group also offers a system of financing for purchasers in the form of a guarantee contract and a salary level well above the norm. Crédit Rural de Guinée SA (CRG-SA) is the largest microfinance institution in Guinea with 178 outlets offering sustainable financial services to more than 400,000 clients. CRG-SA provides credit, money transfers, savings collection and daily tontine (a kind of savings). The CRG-SA finances several types of activities such as agriculture, livestock, fishing, crafts, and small trade. Since 2015, the CRG-SA has been financing small and medium-sized enterprises. It has 235 full-time employees, hundreds of co-workers and thousands of local elected officials. Since 1989, it has been actively involved in the development of the rural areas.

The National Housing Policy adopted for this purpose include, among others, the following interventions:

- The Société Nationale de promotion immobilière National Company for Real Estate Promotion;
- The L’Agence Guinéenne pour le Financement du Logement/ The Guinean Agency for Housing Finance; and
- The Fonds de Garantie Hypothécaire/ Guinea Mortgage Guarantee Fund.

To increase affordability, the state grants incentives to developers, such as the provision of land at a very affordable price of FG25 000 m² (US$2.60). The land is serviced and developers are provided with tax benefits throughout the construction and marketing period. Unfortunately, the state has difficulty in meeting its commitments to developers because of the lack of performance by those responsible for monitoring these public private partnership agreements.

COVID-19 has caused inflation and the depreciation of the Guinean franc against the US dollar. This has resulted in the selling price of houses increasing in the local currency, which will further reduce the chance of potential buyers being able to afford homes.

Apart from the payment of rents for public and private buildings, which have been blocked from April to December 2020, no other official measures are being taken by the housing finance sector to counter the impact of COVID-19.

Housing supply

Housing supply is well below demand. According to the Guinean Minister of Urban and Territorial Planning in the Council of Ministers on 14 February 2019, current housing needs are estimated at 47,200 dwellings a year. To date, with the developers in operation and without taking into account the actual data of the number of individual housing units built each year, there are 500 housing units built a year.

A Social Housing Financing Agreement was signed on 31 August 2018. In terms of this agreement the government, with the support of the BCRG and the collaboration of the Professional Association of Banks, put in place a financing mechanism. This consists of refinancing banks and credit institutions at low rates to allow an exit rate for the final borrower capped at a maximum of six percent a year. To facilitate this important mechanism, facilitation and risk management structures have been put in place. These include:

- The Société Nationale de promotion immobilière National Company for Real Estate Promotion;
- The L’Agence Guinéenne pour le Financement du Logement/ The Guinean Agency for Housing Finance; and
- The Fonds de Garantie Hypothécaire/ Guinea Mortgage Guarantee Fund.

The National Housing Policy adopted for this purpose include, among others, the following interventions:

- Financing for the acquisition of new housing in partnership with Guinean and foreign private property developers;
- Meeting the needs of the population for decent housing of all types in all cities of the country;

COVID-19 response

In response to the pandemic, the government has set up an Inter-ministerial Committee chaired by the Prime Minister. Three initiatives have been launched within this framework:

- Urgent requests for assistance;
- A national emergency priority programme; and
- An impact study and a recovery programme.

The government’s response to the housing pandemic has been to freeze or suspend rental payments for public and private buildings until December 2020.

A containment period was imposed as soon as the disease appeared on 12 March 2020. This period lasted the months.

The central bank did not reduce interest rates.

There has been no moratorium on evictions in Guinea.

The government did not provide a response to informal settlements.
Access to home ownership of decent housing for state employees in a first phase;

Job creation; and

The fight against social inequalities.11

On 13 July 2020, the United Nations Office for Project Services (UNOPS), the Government of Guinea and SHS Holdings Ltd signed an agreement for the construction of 200,000 affordable houses over the next 10 years. This agreement will help bridge the housing gap through innovative, sustainable and affordable solutions.

At private sector level, the company Jobomax Guinea, like many other real estate promoters in the area, has continued constructing housing in the prefecture of Coyah and is keeping on employees to support them during this pandemic period, despite the drastic reduction in clients visiting the construction sites. It is also, through a non-governmental organisation called EURO-Guinea, supporting health and hygiene measures, particularly the construction of latrines and supplying hygiene kits for the response to COVID-19.12

There are no data on the number of rural and urban houses and the average size of households in rural and urban areas.13

Property markets

In contrast to formal occupation, informal occupation is the most widespread form. Several land purchases and sales are carried out without deeds. There is no digitised land title system and no central deed registry. There is, however, a physical land title system which is produced after the intervention of professionals such as the notary, surveyor and land registrar. The latter is responsible for issuing, securing and archiving land titles. A process was put in place in 2019 to digitise land titles.

The cheapest three-room flat is FG364 258 461 (US$38,000) and the cheapest rental is FG500,000 (US$52). There is no data on the percentage of owner-occupied households and the percentage of tenant households.

There are two types of estate agents: estate agencies and direct sellers. One is a formal estate agent and the other is informal. The transfer of ownership takes 44 days, and the cost is 4.8 percent of the value of the property. It takes 151 days to obtain the building permit at an estimated cost of 7.3 percent of the value of the property.

The real estate market has been affected during the COVID-19 period because of the reduced number of customers. This reduction is not only due to the lack of work for some, but also to the containment measures taken by the local authorities.

Policy and legislation

The state, through the Ministry of Urban and Regional Planning, has implemented a policy of public-private partnership agreements to support and encourage developers to invest in the construction of affordable housing. The role of the state is to facilitate access to land, grant tax benefits to reduce construction costs, and facilitate access to all documents related to housing to create an environment conducive to the provision of housing by the private sector.

Financial sector legislation and all government regulations and policies that affect housing and housing finance are:

- The Fonds National de l'Habitat et de l'Urbanisme (National Housing and Urban Development Fund) is responsible for collecting and mobilising financial resources;
- The Société Nationale de l'Aménagement et de la Promotion Immobilière (National Real Estate Planning and Promotion Company) is responsible for planning, identifying developers and promoting affordable housing;
- The Fonds de Garantie Hypothécaire (The Mortgage Guarantee Fund) is responsible for the mortgage guarantee; and
- The Fonds de Sécurisation Foncière (Land Security Fund) is responsible for land guarantees.

The legal framework governing land includes:

- The Code on Private and State-owned Land; and
- The Building and Housing Code, which brings together the legislative and regulatory provisions relating to construction, property development, and social housing.14

Opportunities

The construction of quality and affordable housing is one of the most complex problems facing developed and developing countries alike. In West Africa, the problem is particularly serious. In Guinea, with an estimated population of more than 12 million in 2020, a recent analysis of the national housing market, carried out jointly by the Guinean government and the International Finance Corporation, provides new information on the housing deficit. According to this study, Guinea is facing a significant housing deficit estimated at 500,000 units with an annual demand of more than 47,000 dwellings. However, the metropolitan region of Conakry, which is home to one-sixth of the country’s population, is currently experiencing high growth of 6.3 percent per year”, according to recent demographic statistics. These figures may also be increased in the coming years despite the reforms carried out by the government in this sector.

Although mortgage financing options are almost non-existent due to extreme poverty, there is an important and emerging middle class, a diaspora determined to have decent housing, tax and customs benefits and easy access to land at a lower cost.
Availability of data on housing finance

Data collection has not been easy during the pandemic period. Due to the reorganisation of work programmes, the suspension by some services of face-to-face meetings, and to comply with barrier measures, some data is not available. Data that is available online comes from the following resources:

- Ministry of Urban and Regional Planning (www.mvat.gov.gn): information on land and planning through the land registry system to private developers.
- BCRG (www.bcrg-guinee.org): statistics related to inflation, GDP and external debt.

No data has been collected at the central bank level on the statistical census of mortgage loans, due to the unavailability of resource persons.
Guinea-Bissau

Dr Roland Igbinoba

Overview
Guinea-Bissau is a small, fragile, underdeveloped country in Western Africa that only covers 36,125km². It borders Senegal and the Gambia to the north and Guinea to the south and east, and, despite its size, the country is host to a large variety of ethnic groups, languages, and religions. The total population of Guinea-Bissau was estimated at 1.9 million people in 2019. Cashew production accounts for approximately 70 percent of employment and cashew nuts account for more than 90 percent of exports and are the main source of foreign exchange. The country is among the 15 poorest in the world in 2020 with a gross domestic product (GDP) per capita of 74.4% of Guinea-Bissau was estimated at 1.9 million people in 2019. Cashew production accounts for approximately 70 percent of employment and cashew nuts account for more than 90 percent of exports and are the main source of foreign exchange. The country is among the 15 poorest in the world in 2020 with a gross domestic product (GDP) per capita of CFA1370,972 (US$635) and purchasing power parity (PPP) GDP of CFA162,408 (US$1,989).

Guinea-Bissau has massive foreign debt and an economy that relies heavily on foreign aid. To stabilise the economy and finance the deficit, public debt securities totaling CFA10 billion (US$17,114,495) were issued in September 2020 on foreign aid. Guinea-Bissau has massive foreign debt and an economy that relies heavily on foreign aid. To stabilise the economy and finance the deficit, public debt securities totaling CFA10 billion (US$17,114,495) were issued in September 2020 on foreign aid.

In 2020, the urban population of Guinea-Bissau had increased to 44.9 percent from 15.1 percent in 1970 with 74.4 percent of the urban population living in slums. This puts the typical annual growth rate at 2.21 percent.

The COVID-19 pandemic has far-reaching implications for all sectors of the economy, and the spread of the virus has grounded economic activities, including the real estate sector. Foreign exchange earnings from the cashew crop have been hit hard. As the pandemic spread, the country could not export cashew nuts because of the lockdown and international border closures. This has greatly contributed to the economic breakdown of the fragile country.

Access to finance
Population growth in Guinea-Bissau contributes to the housing deficit in the country. The high poverty rate hinders the majority from owning their homes. Approximately 70 percent of Guinea-Bissau residents work in the informal sector. This set of people is served by microfinance institutions and large co-operative networks (classified as non-bank financial institutions). Some of these networks are supervised by the Central Bank of West African States – Banque Centrale des États de l’Afrique de l’Ouest (BCEAO) and serve twice as many clients as the mainstream banking system. Moreover, some microfinance banks provide housing loans of up to CFA1 million to CFA10 million (US$1.557 to US$17,114) from two to five years (microcredit) for salary earners only.

### Key Figures

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<td>Number of mortgages outstanding (2017)</td>
<td>350</td>
</tr>
<tr>
<td>Value of residential mortgages (Current US$) (2017)</td>
<td>US$0.11 million</td>
</tr>
<tr>
<td>Typical mortgage rate</td>
<td>11% (5 years), 13% (30 years)</td>
</tr>
<tr>
<td>Ratio of mortgages to GDP</td>
<td>0.01%</td>
</tr>
<tr>
<td>Number of mortgage providers</td>
<td>4</td>
</tr>
<tr>
<td>Number of microfinance loans outstanding</td>
<td>700</td>
</tr>
<tr>
<td>Value of microfinance loans in local currency units</td>
<td>CFA5.172 million</td>
</tr>
<tr>
<td>Number of microfinance providers</td>
<td>18</td>
</tr>
<tr>
<td>Total number of formal residential dwellings in the country</td>
<td>n/a</td>
</tr>
<tr>
<td>Total number of residential properties with a title deed</td>
<td>n/a</td>
</tr>
<tr>
<td>Number of formal housing units built in this year (2019)</td>
<td>250</td>
</tr>
<tr>
<td>Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units</td>
<td>CFA23,675,864</td>
</tr>
<tr>
<td>Size of cheapest, newly built house by a formal developer or contractor in an urban area</td>
<td>40m²</td>
</tr>
<tr>
<td>Typical monthly rental for the cheapest, newly built house</td>
<td>CFA36,928</td>
</tr>
<tr>
<td>Cost of standard 50kg bag of cement in local currency units</td>
<td>CFA5,843</td>
</tr>
<tr>
<td>Type of deeds registry: digital, scanned or paper</td>
<td>Paper</td>
</tr>
<tr>
<td>World Bank Ease of Doing Business index rank</td>
<td>174</td>
</tr>
<tr>
<td>Number of procedures to register property</td>
<td>5</td>
</tr>
<tr>
<td>Time to register property</td>
<td>48 days</td>
</tr>
<tr>
<td>Cost to register property as share of property price</td>
<td>5.4%</td>
</tr>
<tr>
<td>World Bank DBI Quality of Land Administration index score</td>
<td>3</td>
</tr>
<tr>
<td>Percentage of women who own a house alone</td>
<td>11%</td>
</tr>
<tr>
<td>Percentage of households with basic sanitation services</td>
<td>11%</td>
</tr>
<tr>
<td>Percentage of households with no electricity</td>
<td>11%</td>
</tr>
<tr>
<td>Percentage of households with 3+ persons sleeping room</td>
<td>n/a</td>
</tr>
<tr>
<td>Total</td>
<td>Urban</td>
</tr>
<tr>
<td>Percentage of urban population living in slums (2018)</td>
<td>74.4%</td>
</tr>
</tbody>
</table>

NB: Figures are for 2020 unless stated otherwise.

[a] Xor.com
[b] World Bank World Development Indicators
[c] Human Development Reports, United Nations Development Programme
[e] TheGlobalEconomy.com
[f] African Development Bank Group
[g] Findex Portal
[h] MACAUHUB
[i] Livingcost.org
[j] European Centre for Development Policy Management
[k] World Bank Ease of Doing Business Indicators
[l] Demographic and Health Surveys, USAID
[m] United Nations Human Settlements Programme
The microfinance banks are intensifying efforts to provide loans to eligible people to reduce the housing backlog, although the banks have limited capacity. There are 18 microfinance banks operating in Guinea-Bissau, with 19 service centres and 16 210 clients. The total amount of deposits is approximately CFA207 million (US$352 802) and the outstanding credit total of CFA53 172 000 (US$91 000) in 2020.27 The Professional Association of Decentralised Financial Systems of Guinea-Bissau was created in 2003, which currently includes 17 of 18 microfinance institutions in the country.27

In an effort to increase access to housing finance among people in the informal sector, the World Bank provided credit to the West African regional mortgage refinancing company Caisse Régionale de Refinancement Hypothécaire (CRRH). This is to empower selected non-bank financial institutions (that meet the criteria) by extending long-term financial loans in the form of mortgages, incremental construction loans, or housing improvement loans to borrowers who are not eligible for formal housing finance.18

Another source of housing finance for countries in the WAEMU zone is an annual fundraising of CFA1 460.8 billion (US$2.5 billion) by the World Bank. The purpose of this fund is to boost private sector investment and create jobs in low income International Development Association (IDA) countries with a focus on fragile and conflict-affected states. The donation was also done in 2019 and named IDA19 the International Finance Corporation – Multilateral Investment Guarantee Agency (IFC-MIGA) Private Sector Window (PSW).19

Guinea-Bissau also benefits from the WAEMU window of IDA-PSW combined concessional funding provided by IDA donors, with financing and guarantee instruments on commercial terms through blended finance. The blended finance approach helps to unlock private sector investment in the fragile country affected by conflict. On a yearly basis, 15 000 new mortgages are released through this financing. This is done to reduce an annual demand of 800 000 new homes across the WAEMU region.20

Another constraint the housing finance sector faces is the labour informality rate of 75 percent, which prevents access to mortgages as banks take the domiciliation of salaries as their main form of security. Weakness in land infrastructure is an additional challenge, as few people have access to a clean title. Further, mortgage enforcement is not common as the legal and judicial systems tend to be protective of family housing. Prudential rules require financial institutions to match the maturity of credit with that of funding since funding is mostly composed of short-term deposits, this limits the amount of long-term loans extended.

The interest rate for mortgage loans in Sub-Saharan Africa ranges from seven to nine percent and the average maturity for mortgage loans is seven years. This makes it difficult for majority of the people to afford mortgages. Instead, most people subscribe to micro-loans with incremental rates that can be paid over a longer term (over 10 years).21 Also, poor risk management, weak regulatory framework and political instability make it more difficult to access housing finance, especially among low income households in Guinea-Bissau.22

Affordability

Guinea-Bissau is characterised as a fragile country with a high population growth rate especially in urban areas. Its economy continues to deteriorate due to the political crisis coupled with corruption and poor public services. The high unemployment rate is an outcome of the political instability that has plagued the country. This has also contributed to the increased level of poverty that has put many people at the risk of death. Approximately 67 percent of the population in Guinea-Bissau lives in poverty and 33 percent are extremely poor.23 The unemployment rate was 11.6 percent in 2019,24 and one out of two people in Guinea-Bissau is illiterate.25 The country was ranked as the 13th poorest country in 2020 globally.26

La Fondation Abbé Pierre, in partnership with CFAtere (a research laboratory on earthen architecture founded in 1979),27 and Groupe de Recherche et de Réalisations pour le Développement Rural continue to promote and rehabilitate sustainable habitats in Guinea-Bissau. The foundation has reached approximately 12 000 people, funded 200 enterprises, rehabilitated 50 houses and trained 50 young people.28

COVID-19 response

Guinea-Bissau reported the first case of COVID-19 on 25 March 2020. On 27 March, the government of Guinea-Bissau declared a state of emergency to curb the spread of the virus. With this announcement, there was a total border closure and a curfew was imposed allowing movement only between 7am and 11pm. The state of emergency is still in effect.21 This has impacted the country’s economy especially as Guinea-Bissau is largely dependent on foreign aid.

As of 31 August 2020, there were 2 205 cases of COVID-19 in Guinea-Bissau with 172 recoveries and 34 deaths.25 Like other countries in Africa, Guinea-Bissau also received different global and regional donations to curb the effect of the pandemic. Some of the aid that the country has received includes: CFA157 761 188 (US$270 000) from United Nations Children’s Fund (UNICEF); CFA40 901 049 (US$70 000) from the Education Sector Plan Development Grant of the Global Partnership for Education; CFA35 058 042 (US$60 000) from Gavi – The Vaccine Alliance; and several other organisations.53 Guinea-Bissau is also one of 25 countries that the International Monetary Fund (IMF) has offered debt relief.54

Housing supply

The high cost of building materials and construction contributes to low housing supply in the country. A standard 50kg bag of cement costs CFA5 843 (US$10) and the total construction cost is approximately CFA485 355 (US$831) per square metre. The construction labour cost per square metre is estimated to be CFA131 046 (US$224).26

The country continues to enjoy international partnerships in supplying housing. China is providing support for the development of 1 000 residential units in the country, following the completion of 250 residential units in 2015. According to the Centre for Affordable Housing Finance (CAHF), in 2019 Moroccan property developers constructed a block of buildings of up to four floors in Bissalanca in partnership with the government of Guinea-Bissau.28 Morocco will continue to support Guinea-Bissau’s efforts to implement its infrastructure and socioeconomic development projects in 2020.29 Political instability has affected housing supply in the country. This worsened in February 2020 when two presidents and two prime ministers emerged.30 This concurrent instability continues to weight negatively on the growth of the economy.29

Challenges arising from urbanisation in Guinea-Bissau continue to increase as the urban population and annual growth rate reached 3.44 percent in 2020. Insufficient infrastructure and its poor maintenance are also common problems in the urban areas of Guinea-Bissau. In the capital, while the rural exodus intensifies and the population increases considerably (reaching 25 percent of the national population), the city and other main urban centres continue to lack functional infrastructure.40

Property markets

According to the World Bank 2020 annual business ratings, Guinea-Bissau was ranked 174 out of 190 economies in the ease of doing business with a score of 41.3 percent. The country was ranked 177 in dealing with construction permits with seven procedures that take at least 107 days. Its score, 45.2 percent, was the

136
lowest among comparator economies, and also lower in comparison to the regional average score (58.3 percent) for Sub-Saharan Africa. Moreover, Guinea-Bissau was ranked 132 in registering property (54.5 percent), 182 in getting credit (30 percent) and 114 in protecting minor investors (44 percent). The country was considered the lowest ranked among comparable economies such as the Gambia, Cabo Verde, Guinea and Mali. The low ranking of (the lowest among comparable countries, scoring below average) Guinea-Bissau hinders the rate of investment in the real estate market.

Stunted economic growth has crippled the real estate and housing market in Guinea-Bissau. Demand for standard housing is on the low side and rent is below average) Guinea-Bissau hinders the rate of investment in the real estate market.

Housing in 2005. The framework was designed to regulate urbanisation and city planning and improve access to land for its citizens.

To further develop the market, a legal framework that gives opportunities to individuals was established by the General Regulation of Construction and Urban Housing in 2005. The framework was designed to regulate urbanisation and city planning and improve access to land for its citizens.

In its efforts to promote slum upgrading and urban resilience, Guinea-Bissau benefited from UN-Habitat’s technical assistance (TA) programme for national and local governments on policies related to housing and sustainable urban development. The TA helped in strengthening the legal and institutional framework in the country. It also supported Guinea-Bissau in the development of infrastructure and basic urban services. The goal was to promote equitable urban development and better improvement of informal settlements. UN-Habitat’s work in Guinea-Bissau is helping to shape and transform its cities to become resilient and inclusive urban centres.

The Technical Assistance programme and the country’s 2030 Strategic Plan continuously promote the reduction of imbalances in land distribution and housing development between the regions in Guinea-Bissau.

### Opportunities

With internal support from the government and external assistance from different charitable organisations, multilateral agencies and the World Bank, the real estate investment horizon in Guinea-Bissau is bright, especially if all efforts by the Economic Community of West African States (ECOWAS) governing body to put an end to political instability in the country are achieved. The Nigerian government is at the forefront of leading this resolve and has also pledged political, economic and social assistance. To be able to harness the opportunities, a government of national unity is a likely solution to the political impasse and the easing of tensions, in the country, which has witnessed nine coups or attempted coups since independence in 1974. Putting an end to the political crisis will attract external investors and create more opportunities in the real estate sector.

Many developers have emerged because of the organised continuity of WAEMU financing for affordable housing. The refinancing system established by WAEMU through CRR1 provides huge opportunities for housing development for low income earners. Further, availability of microcredit has also eased housing development among non-salary earners. Private investors in the real estate sector have also favoured and modernised a grand plan called Resume Executif Guinea-Bissau 2025 – Plan Stratégeique Et Operationnel 2015-2020. The plan is aimed at encouraging investors for the economic development of the country.

The availability of technical assistance to strengthen policies and institutional framework in housing development in Guinea-Bissau makes the case for a better future in real estate investment. Development of infrastructure with support from UN-Habitat also provides for a strong future in housing development.

### Websites

- Secretariat of Forum between China and Portuguese Speaking Countries: [www.forumchinaplp.org.mo/](http://www.forumchinaplp.org.mo/)
- Ambassade de France en Guinée Bissau: [https://gwambafrance.org/Logement/](https://gwambafrance.org/Logement/)
- Global Partnership for Education: [www.globalpartnership.org/](http://www.globalpartnership.org/)
- WAEMU Affordable Housing Finance: [www.worldbank.org](http://www.worldbank.org)
- Housing Finance in Guinea Bissau: [www.housingfinanceafrica.org](http://www.housingfinanceafrica.org)
Availability of data on housing finance

Due to poor data systems and limited research publications in Guinea-Bissau, it is difficult to find recent and reliable data for many indicators. Local data suppliers such as estate developers and agents, among others, try their best to record and publish data. However, useful data on the housing market is still missing. To fill the gap, reports from some foundations, banks, and other organisations were reviewed. To a large extent, this improved the accuracy and integrity of the data. Some of the organisations and the websites helping to provide data in Guinea-Bissau include:

- Fondation Abbé Pierre, fondation-abbé-pierre.fc promotes and rehabilitates sustainable habitats in Guinea-Bissau.

- Millard Fuller Foundation. Cost of living, livingcost.org provides data on living costs including house rent and price.
- World Bank, documents www.worldbank.org, for gathering data on mortage and microfinance loans.
- West Africa Economic and Monetary Union (WAEMU), uemoa.int, makes housing finance affordable across the union.

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 lack of resources.
Overview

Housing is a backbone of Kenya’s real estate sector, which contributed approximately 8.3 percent of gross domestic product (GDP) in the first quarter of 2020. Championed by the government’s Big Four Agenda, which established the Affordable Housing Programme (AHP), activities by both the private sector and government have increased to resolve the housing deficit that stands at two million and grows annually by approximately 200,000 housing units.

The Kenyan economy recorded a 5.7 percent growth at the start of the year, ranking as one of the fastest growing economies in Sub-Saharan Africa. However, this is expected to dwindle to 1.5 percent following the outbreak of COVID-19, which has affected both the local and global economy. In response to the pandemic, the government introduced monetary and fiscal policies to minimise economic and social consequences. An example was the introduction of tax relief, thus increasing disposable income among Kenyans, part of which is used to meet housing needs.

For the financial year 2020/21, the housing sector recorded a decline in budget allocation, attributed to constrained fiscal space by the government as it grapples with economic effects of the pandemic, which means reduced development of affordable housing. Nevertheless, it seeks to protect those most vulnerable from the pandemic, with informal settlements having increased access to water through government initiatives. These efforts have been complemented by institutions such as the World Bank, which approved credit intended for informal settlement improvements.

Access to finance

Financial access (formal and informal) has improved in Kenya having expanded to 89 percent in 2019 from 26.7 percent in 2006, attributed to the introduction of mobile financial services and increased partnerships and innovations such as mobile banking. The 2019 repeal of the interest rate cap notwithstanding, banks continue to operate under tight underwriting standards, including the one-third rule whereby the borrower needs to maintain a net salary of one-third every month. In addition, despite 83 percent of total employment being in the informal sector, this portion of the population lacks access to mortgage loans due to insufficient credit risk information for meeting the criteria set in the mortgage products.

Housing finance is mainly through regular income and personal savings, with banks (formal credit) below 10 percent. Other alternatives include Savings and Credit Cooperative Organisation (SACCO) loans, inheritance and pensions benefits.
Individuals can purchase a residential home or secure a mortgage by using 40 percent to a maximum of KSh7 million (US$657.38) and 60 percent of their pension savings, respectively. Mortgage uptake has remained relatively low with the number of mortgage accounts at 26,504 against a total adult population of approximately 23 million people.9 and the mortgage to gross domestic product (GDP) ratio at 3.2 percent in 2017 compared to countries such as Namibia at 20 percent.10 This is attributed to relatively high interest rates and unavailability of long tenors making the terms unfavorable for the majority of households, amid low income levels. There were approximately 33 institutions extending mortgages at variable interest rates for different loan periods in 2018.11

Construction finance is mainly sourced from bank loans, equity or debt investment from development financial institutions and structured products. Nevertheless, bank dominate with more than 95 percent of funding being sourced from banks and only five percent from capital markets. The funding is at a relatively high cost (up to 18 percent per annum) resulting in a low supply of housing units and a high development cost, which are passed on to the end buyers thus compromising housing affordability. This has prompted increased developer focus on cash payment options incentivised through discount rates to enable access to buyer deposits and progress payments as an affordable form of construction finance, and a way to overcome the time delays caused by slow land titling. This delays the availability of offtake finance, altering project timelines.

The Kenya Mortgage Refinancing Company (KMRC) was established to support the affordable housing programme. The facility offers primary lenders cash for onward lending to households at an interest rate of five percent, thus enabling lenders to extend home loans capped at KSh4 million (US$37 565) for property within Nairobi Metropolitan Area and KSh3 million (US$28 174) elsewhere, at seven percent.12 The facility, which has raised funds from financial institutions, also plans to issue bonds in the capital markets. The facility will require vigorous fundraising to ensure sustainability of the lending rate, given the relatively high number of outstanding non-performing mortgages at KSh38.1 billion (US$257.8 million) in 2018.13 Otherwise, once the initial capital is exhausted, the facility could revert to the market rate of approximately 13.1 percent. Mortgage firms have shied away from writing housing loans, mainly due to a lack of long-term deposits in the industry to match them. KMRC will thus feed the lenders with long-term funding boosting housing finance.

Affordability

The home ownership and rental rate in urban areas stands at 21.3 percent and 78.7 percent, respectively. Low levels of home ownership are attributed to the unaffordability of housing units in the wake of spiking house prices, resulting from the high cost of land, construction costs and other costs such as the professional fees that developers must recover. Nationally, the rental market lacks formal supply with 88.5 percent being supplied through individual investors.14 The bulk of the rental stock is characterised by low quality and low levels of compliance, aimed at minimising development costs and enhancing affordability. The affordability problem has been exacerbated by the ongoing pandemic which has resulted in job losses as organisations restructure their business models. This has affected households’ ability to cater for their housing needs with approximately 21.5 percent of both formal and informal renting households unable to pay rent.15 The number of mortgage defaulters has also continued to rise through the pandemic, as is evidenced by Kenya Commercial Bank’s deteriorating ratio of non-performing mortgage loans from 8.3 percent in Q1 2020 to 10.3 percent in Q2 2020,16 attributed to constrained income levels.17

The National Housing Development Fund was expected to provide guaranteed offtake to developers and enable end-buyer uptake through a long-term subsidised Tenant Purchase Scheme and low interest rate mortgage loans. Unlike the initial structure, which involved a mandatory levy, the fund has since been restructured allowing individuals to voluntarily save a minimum of KSh200 (US$1.9) monthly towards home ownership.18 This has crippled mobilisation of adequate funds and compromised the affordable financing plans. In the wake of strict underwriting rules by banks especially when lending to the informal sector, KMRC is expected to partially resolve this by lending at a subsided rate to Kenyans earning below KSh150 000 (US$1,409) monthly, through primary lenders such as cooperatives. The loans will be directed towards home purchase, thus boosting households’ housing affordability.

The government has supported housing affordability through policy reforms such as expanding individual tax rate bands and increasing the individual annual personal relief by 70 percent to KSh28 800 (US$270) with the aim of increasing disposable income, part of which is for meeting household needs.19 In addition, banks are restructuring housing loans to ease the financial burden on borrowers.

Housing supply

The incoming supply of housing units stands at approximately 50 000 housing units a year with only two percent of this being for the low income market against an annual demand of 250 000 units. However, the value of residential buildings approved in the first two months of the year increased to KSh63.2 billion (US$593.5 million) from KSh20.8 billion (US$195 million) for the same period last year, attributed to the clearing of the backlog created in 2019 due to delays with the Nairobi City County technical planning committee.20

The AHP is a government initiative under the Big 4 Agenda, aimed at delivering 500 000 affordable housing units by 2020. The government is working with several Chinese companies as developers and continues to lobby for partnerships with local strategic partners in implementing the projects. AHP introduced incentives such as a 50 percent corporate tax break for developers of over 100 units and exemption of VAT on importation and local purchase of goods for the construction of houses under the scheme. Nevertheless, delivery of units has been sluggish with approximately 228 units delivered, suggesting that the programme will fall short of its 2022 target.

COVID-19 response

The first COVID-19 case in Kenya was reported in March 2020, leading to unprecedented actions locally including border closures, curfews, quarantining and cessation of movement in and out of selected cities for approximately 180 days. The President directed the National Treasury to implement immediate relief measures targeting individual taxpayers, businesses and investments, with an aim of increasing disposable income among Kenyans.

Both government and lenders launched a plethora of policies to support borrowers and lenders:

- The cash reserve ratio was lowered by one percentage point to 4.25 percent to increase the available cash for on lending;
- The Central Bank Rate was reduced to 7.25 percent from 8.25 percent thus reducing the cost of borrowing;
- CBK extended the maximum tenor of repos to 91 days to enable banks to accommodate customers for longer periods;
- Banks issued extensions to borrowers for repayments and other restructuring arrangements; and
- One hundred percent tax relief was provided for persons earning up to KSh24 000 (US$225) monthly.

A bill was also drafted by the Senate proposing a loan and mortgage moratorium and preventing lenders from imposing penalties or credit reference bureau listings for borrowers unable to meet their monthly payment obligations. The bill also included a directive for landlords to enter into tenancy agreements with tenants unable to meet rent obligations until after the pandemic.21 However, the bill is yet to be enacted and is thus unlikely to achieve its intended purpose.

Informal settlements have had increased access to water through county government initiatives to provide this. These efforts have been complemented by private sector players and the World Bank, which approved credit of KSh16.0 billion (US$150 million) intended for improvement of informal settlements.24

140
Current hurdles to increasing the supply of affordable housing include high costs resulting from the housing construction value chain with key drivers being land and titling; bulk and internal infrastructure provision; inefficient planning zoning and land registration systems; and land speculation that continue to restrict access to well-located land for development; lack of project finance; investors hold back monies amid market uncertainty; and reduced revenue inflows and disruption of supply chains due to the pandemic. To cushion developers, the government reduced VAT from 16 percent to 14 percent and reduced the corporate income tax rate for resident companies from 30 percent to 25 percent. Institutions have continued to invest in the sector, such as Shelter Afrique partnering with Karibu Homes, a large-scale affordable housing developer.

The government has made commendable progress in driving housing supply. However, in order to accelerate housing provision the government needs to take a number of steps, including: encouraging the use of alternative building materials to lower construction costs and thus achieve affordable houses; reviewing the public private partnership framework to enhance effectiveness; fast-tracking incentives; investing in urban planning to enhance sustainability; and providing infrastructure, the lack of which is due to limited budget allocation to local governments that has crippled the opening up of areas for development.

Policy and legislation
The government has developed affordable housing project specifications and partnered with developers as well as facilitated an enabling environment for the latter to undertake the projects independently. Several incentives including breaks were introduced with the aim of encouraging the delivery of these projects. However, despite being anchored within the law, there has been failure to fast-track incentives and the lack of clarity on the how to access these incentives.

Bureaucracy and slow approval processes continue to hurt the housing sector, an example being the pandemic bill drafted by the Senate aimed at introducing socioeconomic measures to cushion borrowers and tenants. Despite being drafted in April, the bill is yet to be adopted by Parliament and is thus unlikely to achieve its intended purpose. In addition, although the Ministry of Housing established the Integrated Project Delivery Unit as a single point of regulatory approval for developments, infrastructure provision and developer incentives, to date the unit is pending operationalisation, which is a setback for the AHP.

In Kenya, property ownership rights exist as freehold, leasehold and community-owned land. Freehold gives the holder absolute ownership of land for life. For leasehold, property rights are transferred from the lessor, usually the government, to the lessee for a maximum of 99 years. Once the period lapses, the lessor may either renew the lease or the land reverts back to the government. Land is communally owned where there are unwritten land ownership practices, and the land rights are held in trust by community leaders or by the county.

The supply of affordable serviced land is inadequate amid soaring prices in urban areas. The Ministry of Lands has digitised its land records for transactions such as searches, application for registration of documents, transfer of ownership or lease, caution and withdrawal of caution in Nairobi City. This has minimised human interference, saving time through eased processes and boosting land transactions and reducing delays experienced by developers during the pre-construction period. Transactions have been further simplified by the Stamp Duty Regulations through which permits for valuations may either be done by a government valuer or a private valuer appointed by the Chief Government Valuer, thus speeding up land and building transfer processes.
Opportunities

The housing investment opportunity lies in the affordable market segment supported by the growing demand for affordable housing options, positive demographics and the expanding middle class. Pockets of value are in satellite towns such as Ruai, which act as Nairobi’s dormitory supported by availability of land in bulk at affordable prices, improving infrastructure and availability of amenities.

At present, lockdowns and social distancing will see developers continue to adapt technology to differentiate their products and remain competitive. This includes using virtual reality to enable customers to tour pre-developments or ready units remotely. To enhance housing affordability for potential buyers, developers will need to adapt building technology such as pre-cut building material and expanded polystyrene panel technology. In addition, lending by KMRC will also boost the mortgage market.

Additional sources


Availability of data on housing finance

Housing finance data is published by the Kenya Bankers Association, Central Bank of Kenya (CBK), Kenya National Bureau of Statistics, Housing Finance Company of Kenya, World Bank, Kenya Private Developers Association and Ministry of Housing. The data is usually periodical and the main data points include mortgage characteristics and performance, demographics, trends, demand and supply, residential market performance, and the investment opportunity. Key challenges include:

- Relevant data such as home financing alternatives is only tracked by property developers who do not publish the data; and
- Delayed publishing of data, which means that available information is not likely to be indicative of the current market.

Websites

Central Bank of Kenya https://www.centralbank.go.ke/

Kenya Bankers Association https://kba.co.ke/

Kenya National Bureau of Statistics https://www.knbs.or.ke/

Housing Finance Company of Kenya https://www.hfgroup.co.ke/

National Treasury https://www.treasury.go.ke/

National Housing Corporation https://www.whoiskenya.co.ke/

Cyonn Investments https://cytonn.com/

Hass Consult https://hassconsult.co.ke/realestate/
Lesotho

Overview
Lesotho is a mountainous, landlocked country surrounded by the Republic of South Africa, with an estimated population of 2,125,268.1 Lesotho’s production of goods and services is largely determined by South Africa’s economic performance. The pegging of the Loti (M) to the South African rand (ZAR) by the Central Bank of Lesotho (CBL) supports Lesotho’s macroeconomic and financial stability. Growth has been subdued for several years due to 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 further decrease to 15.8 percent in 2019/20.3 To support the economy, in January 2020, CBL cut interest rates and lowered the target floor for its international reserves.4

The COVID-19 pandemic has worsened Lesotho’s macroeconomic prospects for 2020/21. The African Development Bank forecasts real GDP to contract by 5.4 percent in 2020 and by 4.4 percent in 2021.5 Lockdown measures have impacted the domestic economy and resulted in weaker global trade. The CBL expects economic activity to decline in the textiles and clothing industry (25.4 percent), construction industry (20.9 percent) and mining industry (27.6 percent).6 The fiscal deficit is projected to widen to 5.2 percent in 2021.7 To alleviate the impacts of the pandemic, the Lesotho government has established the Disaster Relief Fund (M698 million/US$40.4 million) and COVID-19 Private Sector/Economic Relief Fund (M500 million/US$29 million). The Private Sector Fund aims to support eligible small and medium enterprises through credit guarantees provided by the Lesotho National Development Corporation (LNDC) and the Ministry of Small Businesses.8

In July 2020, the IMF approved US$49.1 million emergency support under the Rapid Credit Facility and the Rapid Financing Instrument to help Lesotho meet urgent balance of payments needs stemming from the COVID-19 pandemic.9 The CBL has taken various measures to support the economy during the pandemic. These include several cuts to the policy rate – from 6.25 percent to 3.75 percent.10 Commercial banks have been directed by the CBL to consider relief measures, including payment holidays of up to three months, for previously performing borrowers affected by the COVID-19 crisis.11 However one of the key housing issues facing the country remains the limited access to housing finance. The Lesotho National Housing Policy acknowledges that housing has been a low priority on the national development agenda.

The CBL expects the economy to recover at an average growth rate of 5.1 percent over the next two years (2021-2022) depending on COVID-19 lockdown measures.12 This is forecasted based on the resumption of construction activities under Phase II of the Lesotho Highlands Water Project and improved external demand for Lesotho’s exports.

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

Key Figures

<table>
<thead>
<tr>
<th>Main urban centres</th>
<th>Maseru City, Teyateyaneng</th>
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<tbody>
<tr>
<td>Exchange rate (1 July 2020): 1 USD = [a]</td>
<td>17.24 Loti (LSL)</td>
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<tr>
<td>1 PPPS = [b]</td>
<td>5.54 Loti (LSL)</td>
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<tr>
<td>Total population [b]</td>
<td>2,125,268</td>
</tr>
<tr>
<td>Urban population [b]</td>
<td>607,508</td>
</tr>
<tr>
<td>Population growth rate [b]</td>
<td>0.81%</td>
</tr>
<tr>
<td>Urbanisation rate [b]</td>
<td>23.3%</td>
</tr>
<tr>
<td>GDP per capita (Current US$) [c]</td>
<td>US$1,158</td>
</tr>
<tr>
<td>Percentage of population below national poverty line (2017) [c]</td>
<td>36.1%</td>
</tr>
<tr>
<td>Unemployment rate (% of total labour force, national estimate) (2017) [c]</td>
<td>27.3%</td>
</tr>
<tr>
<td>Proportion of adult population that borrowed formally (2017) [c]</td>
<td>4.9%</td>
</tr>
<tr>
<td>Gini coefficient (2017) [c]</td>
<td>54.2</td>
</tr>
<tr>
<td>HDI country ranking (2018) [c]</td>
<td>164</td>
</tr>
<tr>
<td>HDI country score (2018) [c]</td>
<td>0.52</td>
</tr>
<tr>
<td>GDP (Current US$) [d]</td>
<td>US$2,460 million</td>
</tr>
<tr>
<td>GDP growth rate [d]</td>
<td>5.5%</td>
</tr>
<tr>
<td>Inflation rate (2019) [d]</td>
<td>5.19%</td>
</tr>
<tr>
<td>Yield on 10-year government bonds [d]</td>
<td>n/a</td>
</tr>
<tr>
<td>Lending interest rate [d]</td>
<td>8.56%</td>
</tr>
<tr>
<td>Number of mortgages outstanding [d]</td>
<td>4,748*</td>
</tr>
<tr>
<td>Value of residential mortgages (Current US$) [d]</td>
<td>US$69.61 million</td>
</tr>
<tr>
<td>Typical mortgage rate</td>
<td>13%</td>
</tr>
<tr>
<td>Rate of mortgages to GDP</td>
<td>2.83%</td>
</tr>
<tr>
<td>Number of mortgage providers [e]</td>
<td>3</td>
</tr>
<tr>
<td>Number of microfinance loans outstanding (2019) [f]</td>
<td>522</td>
</tr>
<tr>
<td>Value of microfinance loans in local currency units [f]</td>
<td>18,893,331 LSL</td>
</tr>
<tr>
<td>Number of microfinance providers [f]</td>
<td>55</td>
</tr>
<tr>
<td>Total number of formal residential dwellings in the country [g]</td>
<td>n/a</td>
</tr>
<tr>
<td>Total number of residential properties with a title deed (2019) [g]</td>
<td>67,592</td>
</tr>
<tr>
<td>Number of formal housing units built in this year (2019) [g]</td>
<td>326</td>
</tr>
<tr>
<td>Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2019) [g]</td>
<td>165,000 LSL</td>
</tr>
<tr>
<td>Size of cheapest, newly built house by a formal developer or contractor in an urban area (2019) [i]</td>
<td>32m2</td>
</tr>
<tr>
<td>Typical monthly rental for the cheapest, newly built house (2019) [i]</td>
<td>25,000 LSL</td>
</tr>
<tr>
<td>Cost of standard 50kg bag of cement in local currency units (2019) [j]</td>
<td>98 LSL (US$0.68)</td>
</tr>
<tr>
<td>Type of deeds registry: digital, scanned or paper [k]</td>
<td>Paper</td>
</tr>
<tr>
<td>World Bank Ease of Doing Business index rank [k]</td>
<td>122</td>
</tr>
<tr>
<td>Number of procedures to register property [k]</td>
<td>4</td>
</tr>
<tr>
<td>Time to register property [k]</td>
<td>43 days</td>
</tr>
<tr>
<td>Cost to register property as share of property price [k]</td>
<td>8.2%</td>
</tr>
<tr>
<td>World Bank DBI Quality of Land Administration index score (0-30) [k]</td>
<td>10</td>
</tr>
<tr>
<td>Percentage of women who own a house alone: Total</td>
<td>6.2%</td>
</tr>
<tr>
<td>Urban (2014) [l]</td>
<td>6.2%</td>
</tr>
<tr>
<td>Percentage of households with basic sanitation services: Total</td>
<td>41.1%</td>
</tr>
<tr>
<td>Urban (2014) [l]</td>
<td>41.1%</td>
</tr>
<tr>
<td>Percentage of households with no electricity: Total</td>
<td>38.5%</td>
</tr>
<tr>
<td>Urban (2014) [l]</td>
<td>38.5%</td>
</tr>
<tr>
<td>Percentage of households with 3+ persons per sleeping room: Total</td>
<td>27.5%</td>
</tr>
<tr>
<td>Urban (2014) [l]</td>
<td>27.5%</td>
</tr>
<tr>
<td>Percentage of urban population living in slums (2018) [m]</td>
<td>25.3%</td>
</tr>
<tr>
<td>Urbanisation rate [b]</td>
<td>2.33%</td>
</tr>
<tr>
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</tr>
<tr>
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</tr>
<tr>
<td>Urbanisation rate [b]</td>
<td>41.1%</td>
</tr>
<tr>
<td>Urbanisation rate [b]</td>
<td>143</td>
</tr>
<tr>
<td>Urbanisation rate [b]</td>
<td>27.3%</td>
</tr>
<tr>
<td>Urbanisation rate [b]</td>
<td>47.1%</td>
</tr>
<tr>
<td>Urbanisation rate [b]</td>
<td>47.1%</td>
</tr>
<tr>
<td>Urbanisation rate [b]</td>
<td>54.2</td>
</tr>
<tr>
<td>Urbanisation rate [b]</td>
<td>53.6%</td>
</tr>
</tbody>
</table>

*This number consists of all mortgage accounts, not only residential mortgages.

NB: Figures are for 2020 unless stated otherwise.

[a] In com
[b] World Bank World Development Indicators
[c] United Nations Human Settlements Programme (UN-HABITAT)
[d] Central Bank of Lesotho
[e] Lesotho Land Administration Authority
[f] Maseru City Council
[g] Lesotho Housing and Development Corporation
[h] BuildIt
[i] World Bank Ease of Doing Business Indicators
[j] Demographic and Health Surveys, USAID
[k] Maseru City Council

1 PPP$ = 5.54 Loti (LSL)
2 Exchange rate (1 July 2020): 1 USD = 17.24 Loti (LSL) | 1 PPPS = 5.54 Loti (LSL)
3 Unemployment rate (% of total labour force, national estimate) (2017) [c] | 27.3%
Investment Schemes Regulations include approved banks, insurance companies, insurance brokers, microfinance institutions, credit bureaus, foreign exchange and collective investment schemes. There are four commercial banks; nine licensed insurance companies; 55 licensed insurance brokers; seven stockbrokers/advisors; two licensed asset managers; 55 licensed microfinance institutions; two licensed foreign exchange and money transfer agencies; and one licensed credit bureau.13

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. Lesotho's banks are well-capitalised and have adequate liquidity. However, banks' lending portfolios are highly concentrated in manufacturing construction and retail lending, all sectors likely to be negatively impacted by the COVID-19 induced recession.14 In response to the COVID-19 pandemic, the Central Bank of Lesotho has postponed the implementation of Basel II.5 to avoid the associated rise in capital requirements, and to allow banks to strengthen their balance sheets.15 The Lesotho National Development Corporation (LNDC) unveiled three new financial instruments with a total value of M400 million (approximately US$23.2 million) to mitigate the effects of the COVID-19 pandemic on small businesses.16 One of these financial instruments is the COVID-19 Response Partial Credit Guarantee (C-PCG) Scheme whereby businesses may apply for funding from their respective banks.17

SLB is present in all 10 districts of Lesotho with a total of 17 branches. SLB offers home loans from M100 000 (US$5 802) up to M10 million (US$707 807) at an interest rate of 12.5 percent payable over a 20-year period.18

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. During the period 2004-2019, FNB Lesotho issued 191 housing construction loans, classified as follows: 19 building loans worth of M13 035 734 (US$756 329); 63 purchase loans worth of M63 530 514 (US$68 019); 82 equity release loans worth of M29 265 000 (US$1 697 945) and 27 switch finance loans worth of M21 265 000 (US$1 233 788). The number of FNB mortgages classified as non-performing is recorded at 10 and the value of residential mortgages outstanding stands at M10 608 331 (US$615 491).19

Nedbank Lesotho offers home loans for buying readily available housing stock on freehold title and sectional title. Between January 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 (US$21 222). The average mortgage term is 20 years with a 10 percent average down payment on a mortgage. As of June 2019, the number of Nedbank residential mortgages outstanding is 301, worth M175 089 201 (US$108 567). Nedbank Lesotho offers the lower bound on mortgage interest rate at prime -1 and the upper bound at prime +3. There were 30 mortgages classified as non-performing.20

Although 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 763 508 (US$41 634).21

There are 55 registered microfinance institutions in Lesotho. In 2019, only two were 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 (US$1 935). The loans are payable at a rate between 21.5 percent for housing-related loans and 45 percent for other loans over a period of 60 months. In 2019, 522 microfinance loans were disbursed worth M18 893 331 (US$1 096 184).22

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 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.23 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.

COVID-19 response
Lesotho began a three-week lockdown on 29 March and extended it by a further 14 days despite not recording any COVID-19 cases at the time. The government established a five-stage system based on the severity of the COVID-19 pandemic in the country, which informs the measures and restrictions implemented at a given time.

The Central Bank of Lesotho has taken various measures to support the economy during the pandemic. These include several policy rate cuts to ease borrowing costs and provide relief for interest payments on existing loans. The government has also established the Disaster Relief Fund and COVID-19: Private Sector/Economic Relief Fund to support workers and small businesses during the pandemic. However there has been no housing sector specific COVID-19 response by the government. Nevertheless priority activities such as the improvement of water supply and community mobilization (local campaign) under the ongoing UN-Habitat’s Participatory Slum Upgrading Program (PSUP) are expected to aid COVID-19 relief measures.

Affordability
In Lesotho, the market price in 2019 for the cheapest newly built house by a formal developer or contractor in an urban area was M165 000 (US$97 573) for a 32m2 house. The average rental price for the cheapest newly built house by a formal developer or contractor in an urban area was M12 500 (US$1 455). The total construction costs per square meter was M5 156 (US$399) and the associated labour cost per square meter was M22 320 (US$1 345).24 The minimum plot size is 375 square meters, according to 1990 Planning Standards.25

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 from accessing 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 repayment which is above their net salary. This is due to high unemployment, which is 24-28 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 provide 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 2015 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 2019 was 2.33 percent, while the national household average size is estimated at 4.8 persons for rural areas and 3.4 persons in urban areas. Housing for the poor is primarily 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 housing delivery systems are mainly through home ownership that is financially 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 from accessing 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 repayment which is above their net salary. This is due to high unemployment, which is 24-28 percent and mostly affects the economically active population aged between 15 and 45 years.

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The housing delivery systems are mainly through home ownership that is financially supported by individuals and through employment-tied housing rentals for the civil service employees. The 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.24

In February 2020, RBS Construction in collaboration with the Standard Lesotho Bank launched a programme aimed at providing housing to those who previously supported by individuals and through employment-tied housing rentals for the civil service employees. The 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.24
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 and four percent had Title Deeds. Between April 2018 and March 2019, 2,184 leases were registered in the Deeds Register. The registering of title now takes 11 days, while a 90-year lease is issued in a month.

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. Rated properties in Maseru City are limited to only 8,000 properties, which are mostly located in the former colonial boundaries.

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.

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. Since 2015, MGC has completed three big construction projects, namely the Mpilo Boutique Hotel, MGC Offices Park and Mpilo Estate. The price per unit ranges from M1.8 million (US$104,435) to M2.5 million (US$145,049). Sigma Construction and Property Development has developed low, middle, and high income residential houses (both detached and attached) in Mabote, Khubetoana, Masowe II and III. Its housing stock for sale caters for middle and high income only and ranges from M650 000 (US$37,712) to M950 000 (US$55,118) for middle income. It also caters for low income with rentals ranging from M1 800 to M2 500.

Policy and legislation
The National Housing Policy Implementation Strategy 2018-2022 developed by the Government of Lesotho in April 2018 sets out the priority actions and activities to be implemented between 2018/19 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 Masero Master Plan Readiness Study (2015) represents an important 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. Through the implementation of the Masera Master Plan, 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 of 1989 and Planning Standards 1993, will make these documents more relevant and applicable to guide future housing investment in Lesotho.

In May 2020, the Lesotho Senate adopted a report on the Security Interest in Immovable Property Bill presented by its legislation committee. According to the Senate, “The introduction of the bill will make it easier for borrowers and lenders to use personal property as collateral and thus increase their level of creditworthiness. It will also enable borrowers (small micro and medium enterprises) to pledge their rights in personal property as security for loans more easily and less expensively.”

Opportunities

Across the continent, the COVID-19 pandemic has brought into perspective the relationship between housing and health. It is anticipated and hoped that the government will strategise on mechanisms and plans to assist the housing sector.

The Lesotho government is in the process of implementing multisectoral reforms recommended by the Southern African Development Community (SADC), which will run for a year starting in September 2020. 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. Furthermore, an approval of sectional titles will create opportunities in property ownership as it allows separate ownership of a section or sections of a building. Finally, the initiative between RBS Construction and Standard Lesotho Bank showcases the opportunity available for the private sector, with support of the public sector to pursue innovative solutions that target low income households.

Additional sources


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 store 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.


Websites

Myproperty Real Estate and Property in Lesotho www.myproperty.co.ls

Habitat for Humanity Lesotho www.habitat.org.ls

Central Bank of Lesotho www.centralbank.org.ls

Land Administration Authority www.laa.org.ls

Lesotho Bureau of Statistics www.bos.gov.ls

Standard Lesotho Bank www.standardlesotho.co.ls
Overview

The United Nations estimates the total population of Liberia at 5,057,681 as of 1 July 2020. Following many years of civil war, the country faces a severe housing shortage. More than 60 percent of the Liberian population lives in slums. As of 9 July 2020, the urban population is estimated at 51.52 percent of the total population. To change the desperate housing conditions in Liberia, the National Housing Authority (NHA) estimates that 500,000 houses will be needed by the year 2030. The annual population growth rate of Liberia is estimated at 2.44 percent.

During the past two years, the Liberian economy was hit by an economic downturn due to a decline in the mining exports, a rising inflation rate, and a currency depreciation. According to an African Development Bank forecast, real gross domestic product (GDP) pre-COVID-19 was expected to recover by 1.6 percent in 2020 after a decline of 0.4 percent in 2019. However, the COVID-19 outbreak is likely to undermine this expected growth prospect for Liberia in 2020.

The COVID-19 pandemic is hitting Liberia at a time when economic activity was already declining, private sector confidence is weak and the rate of inflation is estimated at 22.5 percent. The full extent of the impact of COVID-19 is not known, but real GDP growth is now projected at -2.5 percent for 2020, while inflation is estimated at 22.5 percent.

Access to finance

The Liberian financial sector comprises 10 registered commercial banks, foreign exchange bureaux, credit unions, and rural community finance institutions, 18 microfinance institutions, a development finance company, mobile money services, insurance companies, and registered credit unions. Some banks extend commercial credits to small and medium enterprises and concrete block companies in Monrovia. In certain situations, local retailers will provide credit to trusted clients, large homeowners and local construction professionals who rely on informal “Susu credit”, savings and remittances for capital.

The average interest rate on mortgage loan products offered by commercial banks in Liberia was 13.69 percent from Q2 2015 to Q1 2020. Average mortgage rates were maintained within this band at 13.22 percent as of April 2020, although this was a reduction from 14.88 percent at the end of 2019. The CBL noted at the end of May 2020 that growth in credit had remained low over the past year in Liberia and that non-performing loans had increased by 2.3 percent to 19.7 percent of total loan value.

1 PPP$ = 0.52 Liberian Dollar (LRD)
2 GDP growth rate 
3 The annual population growth rate of Liberia
4 World Bank DBI Quality of Land Administration index score (0-30)
5 Cost of standard 50kg bag of cement in local currency units
6 Typical monthly rental for the cheapest, newly built house
7 Number of procedures to register property
8 Size of cheapest, newly built house by a formal developer or contractor in an urban area
9 Cost of standard 50kg bag of cement in local currency units
10 Time to register property
11 Number of mortgages outstanding
12 Yield on 10-year government bonds
13 Number of mortgage providers
14 Number of microfinance providers
15 Total number of microfinance providers
16 Percentage of mortgages outstanding
17 World Bank World Development Indicators
18 Yield on 10-year government bonds
The CBL oversees the banking practices to promote housing loans in Liberia. The CBL Mortgage Stimulus Initiative provided a loan of L$1.99 billion (US$10 million) to the Liberian Bank for Development and Investment (LBDI) in 2014 to facilitate improved access to finance.17

Because of stark lending conditions by the LBDI, such as a minimum monthly income of L$89 679 (US$450), and the high mortgage interest rate of eight percent charged, although significantly lower than prevailing average mortgage rates, the Liberian population has borrowed less money from LBDI.18 Overall mortgage finance in Liberia does not meet the housing market needs. As a consequence, less than 100 mortgages are offered per annum on average.19

Over the past year the home construction finance market has also declined significantly, with total outstanding construction-related home mortgage values declining from L$695.4 million (US$3.5 million) in February 2019 to L$122.8 million (US$617 thousand) in February 2020.20

Commercial banks offer loans to salaried workers, and bank officials estimated that 60 percent to 70 percent of these loans are used for housing construction.21 However, salaried workers represent only a small segment of the Liberian population. Banks and microfinance institutions offer loans to small and medium enterprises, but these loans typically reach only the “largest” enterprises within this market segment. Microfinance institutions and credit unions have relatively small enterprises, but these loans typically reach only the “largest” enterprises within this market segment. Microfinance institutions and credit unions have relatively small operations within Monrovia. A large part of the population remains outside of the formal banking sector.22 As a result, most Liberians finance personal construction projects through cash inputs in an incremental building process. Informal Susu housing finance is not suitable for long-term housing loans.23

The NHA has proposed a National Housing Trust Fund, which would tax 2.5 percent of each formal sector worker’s salary which would, after a minimum six-months contribution, allow for a worker to be eligible for a mortgage fund of up to three times their respective annual income. The process is as follows: a worker earning L$199 286 (US$1 000) a month could borrow L$7 174 322 (US$36 000), absorbing the six-months saving of another 119 beneficiaries.24 Microcredit is available for associations and cooperatives which are interested in getting homes.

The lack of funding in the housing sector remains a major constraint impeding access to decent housing in Liberia. Major banks including LBDI and Guaranty Trust Bank (GTBank) are seeking US$29 million from Shelter Afrique for construction and mortgages.25

**Affordability**

Based on a 2016 market study by Cities Alliance in Greater Monrovia, more than 80 percent of the population derives their income from the informal sector and 67 percent of Liberians live below poverty line.26 Because of this, most construction decisions by typical Liberian households are based on price and not on quality. The lack of decent incomes is aggravated by the costs of construction materials, and by other factors such as high unemployment for many Liberians. On average, it takes seven years for a Liberian to build a house.27 The relationship between expenditure on housing (prices, mortgage payments or rent) and household income in Liberia has always been a serious issue for different governments. The high cost of housing is part of debates about social housing affordability in Liberia.

The year-on-year inflation rate for housing and utilities, up until April 2020, was 10.71 percent nominally which, in contrast to a consumer price index (CPI) increase of 22.51 percent over the same period, reflects a real reduction in housing and utilities costs of 11.8 percent for the year.28 This would have had a positive impact on affordability over the period.

**Housing supply**

There are no updated statistics on housing stock in Liberia because the 2018 National Population and Housing Census did not take place. In the urban areas, owner-occupied housing accounted for 29.3 percent, employer-subsidised housing two percent, employer-provided housing 1.4 percent, rented housing 46.3 percent, and rent-free housing 21.0 percent.29 In rural Liberia, 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.30 According to the Managing Director of NHA, Celia Cuffy-Brown, many studies put Liberia’s annual housing shortage at 512 000 units.

On 22 July 2019, Shelter Afrique, the Pan-African housing financier, signed a Memorandum of Understanding (MoU) with the Government of Liberia (GoL) through the NHA for the development of affordable housing units at a cost of L$3 979 000 (US$30 000) per unit.21 In September 2020, Celia Cuffy-Brown stated that the construction of housing units for low income earners has kicked off in the country22 and furthermore that the company in the public-private partnership that is contracted to build 60 000 units had already constructed 300 housing units in the Towel Hall Community and 500 in Schefflin as part of the MoU.33

In August 2019, the NHA received assistance from a technical team from AXHIS, a construction company from Burkina Faso, for the construction of 50 000 affordable houses in the country. However, in the first phase of the project, the company is set to build 5 000.34

**Property markets**

According to UN-Habitat in 2014, 70.26 percent of housing units in Liberia are owned, 21.21 percent are rental houses, and 8.53 percent are either squatters or categorised as others.26

The property market is less developed and not competitive, with no market regulations in Liberia compared to other countries in Africa. The NHA is the largest formal housing supplier and is currently in the process of providing 5 000 housing units through its affordable housing programme.36 Although expected to be sold at prices as low as L$2 989 300 to L$3 985 734 (US$15 000 to US$20 000), especially in urban and periurban areas of Monrovia, these houses sometimes turn out to be very expensive, especially those put on sale by Ecohomes at L$7 772 182 (US$39 000) for one-bedroom house and L$12 754 350 (US$64 000) for a three-bedroom house.37 The completed dwellings in the SINLIB Project in Fendell are priced between L$7 772 182 (US$39 000) and L$370 042 (US$42 000) based on plot sizes.38 Despite being low cost in their price, these housing units are far beyond the reach of the average Liberian.

The average rental price for a two-bedroom apartment is L$199 286 (US$1 000) and for a three-bedroom house, the price is above L$398 573 (US$2 000). These rental costs are beyond the reach of low-income families in Liberia.
According to the 2020 World Bank Ease of Doing Business Indicators, Liberia is ranked 104 out 190 countries on the “getting credit” indicator.40 To register a property, it takes 44 days and 10 procedures in Liberia, while it takes on average of 51.6 days and 6.1 procedures to register a property in Sub-Saharan Africa (SSA). Recorded as a percentage of the property value, the cost of registering property is 13.3 percent in Liberia, which is far below the average for SSA countries.40 Overall though, Liberia has slightly improved in the Doing Business Index. For instance, registering property in Liberia has improved by 0.8 from 31.1 to 31.9.

In dealing with construction permits, Liberia ranks 185 out of 190 countries, with 25 procedures required to build a warehouse, which is higher than the SSA’s standard number of procedures.41 In dealing with construction permits, the index for Liberia has remained stable at 28.9 from 2019 to 2020.

There are several real estate agencies in Liberia. These include, among others, Priceless Real Estate (Monrovia), Apartment Liberia (Paynesville), Kaikana (Sinkor), Barnesville Town Hall in Same Town, Leone Investment, Johnson Compound, Gobeh Gayflor Intestate Estate, Francis Real Estate, and Waves.

The lockdown has had an unprecedented impact on the property market of the country, as sales ground to a halt and the market stalled during lockdown. During the pandemic, Urgent Action Fund Africa (UAF-Africa) has been engaging with the private sector real estate industry on issues of rent freezes for the poor segment of the population.42

Policy and legislation

The United States Agency for International Development (USAID) is one of the institutions that has been providing technical assistance to the GoL. The USAID’s current activities in Liberia have been to develop standard operating procedures and regulations to enhance the implementation of the Land Rights Act of 2018 and the Land Authority Act of 2016.

The Liberia Land Authority (LLA) has the authority to implement regulation necessary for carrying out the Land Rights Act. The LLA governs land rights and land ownership in Liberia. According to this legislation, enacted in September 2018, land ownership consists of the following land rights: the right to possess, the right to use, the right to include and the right to transfer singly or jointly by sale, devise gift or otherwise. This law covers the following ownership in Liberia:

- Private land, owned or otherwise held by a private person or persons;
- Government land, owned by the government including land used for government buildings, such as government offices, government schools and government hospitals. The land the government roads pass on is also government land;
- Customary land is owned by the community and used or managed according to customs and tradition. Customary land includes, but is not limited to, residential land, farmland, communal forestlands, and fallow lands; and
- Public land, which is land that is not private land, customary land, or government land.

On 6 September 2019, the Civil Society Organisations (CSO) Working Group indicated that the passage of the Land Rights Bill by the legislature marks the beginning of correcting more than a century-old injustice in the land tenure system of Liberia.43 Despite the difficulties faced because of the COVID-19 pandemic and the decade-long civil conflict that crippled the Liberian economy, the government is joining efforts with financial donors and foreign institutions to reduce the impact in the housing sector on poor and vulnerable people.

Opportunities

There is high demand and significant investment opportunities in the construction and real estate industries in Liberia due to a fast-growing urban population in Monrovia and other cities, coupled with inadequate existing housing supply.44 The cost of building materials is among the cheapest in the region and manual labor is relatively cheap.45 Since 2003, Liberia has attracted foreign direct investments to revitalise the economy and improve livelihoods of Liberians. A major component of this has been the construction of civil, industrial and commercial buildings. However, the lack of local construction materials and a small manufacturing sector, with only one factory in Liberia, have negatively impacted infrastructure development.46

An affordable housing construction model has been designed by China Africa Business Council collaboration with Hengtong Lux Wood Technology. They provide architectural design and construction materials, as well as on-site training. They also provide prefabricated building technology to reduce the construction period and costs.47

Based on the shortage of housing supply in Liberia, the best prospect for foreign companies includes supplying construction materials and equipment, and training construction workers and real estate professionals.48
Availability of data on housing finance

Primary data sources are:

- The Central Bank of Liberia records data on monetary policy and mortgage financing, including banking supervision, credit monitoring and control of inflation.
- Liberia Bank for Development and Investment (GTBank) collects data on mortgage and mortgage finance rate in the housing industry in Liberia.
- African Development Bank registers economic data and forecasts the country's economic outlook.
- The International Monetary Fund (IMF) oversees data on economic development and provides disbursements to address the economic downturn caused by the COVID-19 pandemic.
- Shelter Afrique and Africa Do Business collect data on housing finance and investment opportunities in Africa.
- Cities Alliance collects data and publishes information on the availability of human settlements for poor population.
- Landesa disseminates information on land reforms and policies in Liberia.
- USAID Liberia collects data about land governance at the national and local level in Liberia.
- World Bank Doing Business records data on, but not limited to, the costs of registering property in Liberia.
Overview

Libya has been divided since 2014 between the interests of two competing governments and military forces: one recognised by the United Nations and the west; the other based on military rule in Tabruk in the east. As a result, local economic institutions such as the National Oil Corporation and the Central Bank have been hamstrung. The Government of National Accord (GNA) in Tripoli is under the leadership of the Prime Minister Fayez al Saraj, while leadership in the east is under Field Marshal Khalifa Haftar, the commander of Libyan National Army (LNA), in Benghazi. The ongoing conflict between these two groups continues to destroy the source of the country’s main revenue – the production and export of oil – as competing forces raid and blockade production facilities. Although the international community has deployed peacebuilding efforts, the interference of foreign countries and subsequent failure of political rivals to reach a sustained peace deal has devastated the economy.

In 2019, the country had a population of 6.7 million, mostly composed of young people. Just over 28 percent are under the age of 15 and 67.4 percent are under age 65, while the urban population of Libya is large, up to 80 percent. Gross domestic product (GDP) growth slowed to an estimated four percent due to lower oil prices in 2019. After declining from 12.9 percent in 2017 to 10.1 percent in 2018, it increased to 14.7 percent in 2019 as a result of intensified conflict in Tripoli. In 2019, the fiscal deficit worsened to 10.9 percent from 7.4 percent in 2018, up from 0.97 in 2018, but is still much lower than the 43.5 percent previously in 2016. Inflation bounced back to an average of above 10 percent in 2019, up from 4.8 in 2018, but is still much lower than the 20.0 percent in 2016. This deficit occurred despite a higher wage bill for government employees in 2019, up from 0.97 in 2018, but is still much lower than the 20.0 percent in 2016. GDP growth slowed to an estimated four percent due to lower oil prices in 2019.

According to the World Bank, the wage bill for government employees in Libya is high, and this reflects an overall increase in state spending on salaries and additional public posts. This is linked to the use of the public payroll as a tool for political stability during the multifactional conflict. Concerns that the state payroll is used for funding private militias in Libya has prompted calls for an audit of the two central banks, the Central Bank of Libya in Tripoli and the Central Bank of Libya in Tabruk. This audit, which has been delayed since 2018, will probably take place in 2020, as announced by the Libyan mission of the United Nations.

According to Bloomberg, the delayed audit is now contributing to a deterioration of political conditions and accusations of corruption levelled against the central bank in Tripoli. The latest is a devastating oil blockade by the Libyan military commander Khalifa Haftar in January 2020, directed against the GNA in Tripoli. To lift the blockade, Haftar’s forces are demanding an audit of the central bank which they accuse of misappropriating funds and unequal distribution of state revenues.

Libya today is classified as fragile country, and ranks 110 out of 189 countries worldwide in the Human Development Index. Capital expenditure increased to 5.3 percent in 2019, up from 4.8 in 2018, but is still much lower than the 43.5 percent previously in 2010. This has left significant gaps within the social fabric and economic infrastructure.
The ongoing war has placed severe pressure on economic livelihoods. Essential services have been compromised, and healthcare in particular has deteriorated, with only 17.5 percent of hospitals being functional in 2018. Given that Libya is a water-scarce country, access to potable water is a problem. During 2018, an estimated 43 percent of the population was reliant on trucked-in water for drinking, whereas prior to 2011, most towns and villages had access to piped water.13 Moreover, at least 18 schools have been damaged since the beginning of 2020, affecting around 15 890 children.14

Housing in Libya is badly affected by continuous attacks on infrastructure and the forced displacement of residents. The number of Internally Displaced Persons (IDPs) identified in Libya increased from 401 836 in May 2000 to 425 714 in June 2020.15 This is worsened by inadequate capital spending by the government and general insecurity, which has blocked implementation of housing projects and residential building since 2011.

Prior to COVID 19, oil prices were trading at US$18 per barrel, but by mid-April the value had dropped to US$38 – the first time crude oil price had fallen below zero.16 Given that the majority of revenue in Libya is derived from oil, the impact of COVID 19 has taken a huge toll on the already weak economy. The fall in oil prices, coupled with the ongoing armed conflict, has definitely had a negative impact on Libya’s revenue and the overall living conditions of the population. The effect of COVID 19 is compounded by the fact that Libya has a higher risk factor of infection due to widespread population displacement and an increase in informal settlements. With the absence of adequate housing, water and health facilities, the country remains vulnerable to COVID 19.

Access to finance

The relapse of armed conflict in Libya in 2019 and 2020 has aggravated all economic sectors, including banking. All sectors of the population struggle to access to basic needs and therefore access to housing finance is almost impossible. This is complicated by the competing national political authorities as well as competing central banks: Libya Central Bank in Tripoli and Libya Central Bank in Tabruk. The international community is attempting to rectify this with an audit of the central banks, as it is widely held that the competition around control of revenue is generally responsible for fueling the civil war.

Although commercial banks constitute the majority of formal commercial activity in Libya, informal financial activities and alternative exchange rates are nevertheless in operation. This information, however, is limited, as it is difficult to access data on financial activity in Libya.

According to the Union of Arab Bank there are 16 local commercial banks in Libya, including the Libyan Foreign Bank and Al Wahada; 14 Arab banks, including Bahrain Banking Corporation and the Egyptian Piraeus Bank, and eight foreign banks, among them the British HSBC Bank.17

Prior to Libya’s conflict, there were no microfinance institutions in existence. Namara Tamweel,18 the first microfinance institution in Libya, was created in October 2019. The institution’s mission is to finance micro-entrepreneurs. The political situation and civil war, however, has delayed all ensuing banking reforms and worsened access to financial services for housing.

Affordability

Up to 2011 there was a deficit of housing in Libya, but affordability was certainly not an issue. The country was considered an upper middle-income country and therefore housing was available to all, as a human right.19

Living conditions and access to safe housing have deteriorated in post-Muammar Gaddafi Libya, and the gains made by housing programmes in the past have been eroded. In 2013 the transitional government made an effort to relaunch a state housing programme20 with no results. Current efforts by the United Nations-backed government since 2017 to address housing shortages have yielded no tangible results. In fact, the situation has worsened since the resumption of armed conflict in 2019 and 2020.

The advent of COVID 19 in 2020, coupled with ongoing armed conflict, has definitely eroded the purchasing power of average Libyans. The need for housing rentals in urban areas has risen, given the increase in the number of inadequate settlements, especially in Tripoli, where most housing has been destroyed. Moreover, the banking sector is still in crisis and lack of liquidity persists.

Current prices of rentals are accelerating well beyond the affordability of an average household. The average monthly rent for a one-bedroom unit in the city-centre of Tripoli costs LD700.90 (US$599.60), while rentals outside the city are on average LD408.25 (US$329) a month. Rentals for three-bedroom units in the city centre are estimated at LD1 324.35 (US$944) month and LD773.01 (US$651) a month outside the city. Libya’s minimum wage in 2020 is LD45021 (US$320). In 2012, overall unemployment was estimated at 17.7 percent.22 Owing to the political state of affairs and a disruption in business, the unemployment rate has remained high and poverty is on the rise.

The gap between production and demand of housing is not only a result of population growth but is also influenced by other factors, including legislation, as well as Libya’s isolation from the world economy. Government laws prohibited private initiatives when socialism was adopted as a political and economic system. Today the decrease in oil revenue and persistent armed conflict has contributed to a further deterioration of housing deficits.

Housing supply

Following the lift of sanctions in 2003, the then government tried to resolve the housing deficit with an ambitious infrastructure and housing project. The project consisted of a planned 200 000 housing units estimated at US$40 billion, with contracts awarded to renowned foreign companies such as AECOM.23 The programme under implementation was halted in 2011 by the new Libyan authorities.

The AECOM programme was re-evaluated in 2013 at US$100 billion US dollars and was to be relaunched by the transitional government. However, the entire programme has been on hold since then and the housing deficit has been aggravated by the political conflict and insecurity. According to Mr Mahmoud Basil Aja, the chairman of the Housing and Infrastructure Board, the total deficit is projected to be 500 00024 units by 2020.

COVID-19 response

Given that Libya is a high-risk country due to population displacement and the presence of informal settlements, the World Health Organization revised Libya status from “cluster of cases” to “community transmission”. The Libyan National Centre for Disease Control does offer testing to COVID-19 patients.

The responses of the GNA of Libya to curb COVID-19 are mainly preventive. These include social distancing, curfews, partial lockdowns of high-risk places, school closures, and the closure of some non-essential businesses. A total curfew was imposed in July and August 2020.24 The authorities of the eastern region of the country also declared a dawn to dusk curfew.

The Central Bank of Libya in Tripoli and Tabruk did not implement any measures to reduce or address the housing interest rate, nor were any measures implemented to prohibit evictions from rented property. The GNA, however, announced a package of LD500 million (approximately US$356 million, one percent of GDP) as an emergency COVID-19 fund. As the use of these funds was not specified, it was assumed that this was aimed at supporting the health system.25

Likewise, there was no specific government response to the conditions within informal settlements during the COVID-19 lockdown. However, there was a decision to convert schools to house IDPs during the April/May 2020 GNA offensive to occupy Tripoli. This resulted in the withdrawal of the Libyan National Army away from the frontlines and the displacement of about 28 000 people from Tarhuna to Benghazi.
Property markets

The GNA in Tripoli has initiated various programmes to attract foreign investors in real estate development and restructuring. This is particularly within the Departments of Finance and Planning, the Housing and Infrastructure Board (HIB), the Economic and Social Development Fund, the Organization for the Development of Administrative Centres (ODAC), the Mayors of Tripoli and Benghazi, the Land Registry, Jumhouria Bank, and the Real Estate Savings and Development Bank. These are the main bodies involved in housing development and finance. In this respect, two international forums were held to promote the housing sector; one in 2017 and the latest in Tunisia on 5-6 February 2020. At these forums, recommendations were formulated to revise legislation, modernise the banking sector, activate the suspended land registry, and promote private sector participation in real estate development.

These recent forums were meant to complement the state reforms of the housing sector initiated by the Gaddafi government in 2006. Known as Decree 21, this new ruling attempted to open the real estate sector for international investment into local housing development. As a result, the HIB contracted private and foreign developers for property development. However, despite Decree 21 and the efforts of subsequent governments, the Libyan real estate property market is still negatively influenced by Law No 4 of 1978. This law prevented housing development and put in place policies and regulations that encourage the creation of wealth.

Ongoing armed conflict makes running a business in Libya a high risk and this is highly unfavourable for property development. Consequently, Libya is ranked 186 out of 190 economies in the World Bank Doing Business 2020 report. There are currently no procedures in place for obtaining a construction permit, registering a property or resolving insolvency, giving Libya a ranking of 186 for dealing with construction permits and 187 out 190 countries for efficiency in registering property, according to the World Bank Doing Business 2020 report. Since 2011, ambiguity around property rights persists and banks remain reluctant to register property as collateral. In addition, the Libyan business environment is plagued by corruption: the country ranks 170 out of 180 countries in Transparency International’s 2018 Corruption Perceptions Index.

Policy and legislation

Current Libyan housing policies and regulations are dominated by grievances and debate about Law No. 4 of 1978. Successive governments since 2011 have been criticised for their inability to update the rules and regulations of the real estate sector to reflect the new political philosophy, which gives priority to the private sector. The General National Congress, which governed legislature at the time introduced two laws in late 2015. Law 16 retrospectively abolished Law 4 and Law 20 addressed the consequences thereof. To date the Libyan National Planning Council’s vision 2040 to improve urban planning simply has not been implemented. Efforts to improve real estate legislation have failed owing to insecurity and conflict.

Infrastructure and business development in Libya is still characterised by uncertainty due to the ongoing war and COVID-19. There is no special legislation regarding the pandemic. Once the rule of law is restored, infrastructure and housing should be top priorities, in addition to putting in place policies and regulation that encourage the creation of wealth.

Opportunities

Libya is an oil-rich country with great potential in the real estate and hospitality industries. However, more than LD140 billion (US$100 billion) for housing development has been withheld due to ongoing war. Other sectors of property development are also of interest, particularly hospitality outlets such as hotels, chalets, and inns for the (yet to be developed) tourist industry. A land of multiple World Heritage sites, very favourable for the development of educational and cultural tourism. Libya is also blessed with natural resources and a relatively young population.

Once the country achieves peace and stability, the chronic housing shortage and the needs of internally-displaced persons should be addressed as a matter of urgency. The World Bank estimated in 2006 that restoring Libya’s infrastructure will cost LD281 billion (US$200 billion) over the next 10 years. A peace settlement in Libya could certainly lead to an increase in oil outputs and exports, which would improve the fiscal deficit and allow Libya to improve housing shortages and economic development.

Availability of data on housing finance

Due to a lack of reliable and comparable data in the economy, Libya is not ranked or even mentioned in global data statistics. Official data compilation is inadequate, and the information compiled by many international and index grading sources incomplete. State entities that should be producing country data are the Ministries of Finance, Economy, Commerce and Industry and Planning. Others include the Central Bank of Libya, HIB, ODAC, the land registry, Jumhouria Bank, the Real Estate Savings and Development Bank and the Bureau of Census and Statistics (BCS). However, of these, only the national body in charge of the entire country’s statistics – the BCS – and the Central Bank of Libya, in Tripoli produce socioeconomic and monetary reports, despite difficult conditions.

The Chamber of Commerce, various banking associations, housing developers’ associations and trade unions should also be producing information, which is not forthcoming. In a failed country, accessing information is practically impossible.
Overview

Notwithstanding its vast natural resources, Madagascar has been classified as one of the poorest countries in Africa by the World Bank, with an extreme poverty rate of 75.2 percent, largely due to political instability. This resulted in stagnated economic growth until the peaceful change of power in 2019 and the election of President Andry Rajoelina.

The population of Madagascar is mainly rural (65 percent). This rural and the urban population growth is estimated to reach 50 percent in 2036. Youth represent 75.2 percent of the population and are moving to the cities in the hope of accessing job opportunities and better living conditions. In 2020, an estimated 85 percent of the total population live in the cities in the hope of accessing job opportunities and better living conditions. In 2020, an estimated 85 percent of the total population live in informal settlements. In Antananarivo, the capital city, 72 percent of people live in informal settlements. The demand for housing is estimated by the government at 1 730 000 units with the shortages resulting in the soaring price of the current housing stock. Unfortunately these trends are likely to continue unless the sector is regulated to curb excessive speculation, the scarcity of land for housing is solved, corruption in construction permit agencies is stopped and innovative financial instruments are developed so that poor households are able to access decent housing.

Prior to COVID-19, the economic growth rate was estimated to reach five percent by the Central Bank of Madagascar (Banky Fobeni’i Madagasikara). The central bank has recently slashed the economic growth forecast, which is now estimated at 1.2 percent while the International Monetary Fund (IMF) estimates it to be 0.4 percent. To mitigate the effects of the pandemic, the government has launched a national recovery plan with a budget of Ar1 051 270 869 673 (US$270 million). The Central Bank has also provided Ar473 733 055 306 (US$122 million) at a rate of 5.47 percent to support small and medium enterprises and has set up credit facilities for banks equivalent to Ar50 billion (US$12 953 994.56) a day. The government has also taken measures to revalue companies and tenants of paying rents and from being evicted from their homes and commercial buildings.

Access to finance

The Madagascar financial and banking sector grew by 4.2 percent in 2019. From 2018 to 2019, real estate credit increased by Ar79.7 billion (US$20 648 667.33) to reach Ar998.4 billion (US$129.125 417.79). This could result in better access to financial services by the population. To achieve this, the government had launched the national strategy for financial inclusion 2018-2022. It aims to increase access to financial services from 29 percent in 2016 to 45 percent of the population in 2022.

Société Générale, one of the biggest lenders in Madagascar offers three types of mortgages ranging from eight to 17 years in terms. The average mortgage rate at Société Générale is around 18 percent with a down payment of 20 percent for the land only. Other financial institutions such as BNI Madagascar, Bank of Africa Madagascar and Access Bank are involved in the same market segment.
Microfinance institutions serve as an alternative to conventional banks and are attracting more clients. Between 2008 and 2018, the microfinance penetration rate increased by 21 basis points to reach 35.2 percent in 2018. The level of savings also increased to Ar820 billion (US$212 445 510.81) and the total value of credit to clients in 2018 was Ar890 billion (US$230 381 032.18).

**Affordability**

To cover household expenditures, statistics show that 76.5 percent of the population has a consumption pattern lower than the poverty line with 75 percent of the population earning less than Ar7 766 (US$2) a day. The monthly earnings of employees in 2020 are on average about Ar776 611 (US$200), which is one of the lowest levels of remuneration on the African continent. People having access to formal jobs represent a small portion of the population and their level of income does not allow them to access decent housing in well-located areas that are equipped with good sanitation. Twenty-two percent of households are women-headed. In Madagascar women do not have the same access to land, jobs and other opportunities as men do. Women also have more limited access to credit than men. A typical household in Madagascar spends 25.3 percent of its income on rent, with this being the second-largest expense after food expenses (29.7 percent). Renting or purchasing a decent house can be considered as elitist. The monthly rent for a one-bedroom apartment in the city centre is estimated to be Ar960 000 (US$248.72) while a one-bedroom apartment outside the city centre is estimated at Ar343 563.50 (US$89.01). A three-bedroom apartment in the city centre is estimated at more than Ar3 million (US$777.24) while an apartment outside the city centre is estimated at Ar2 383 808 (US$617.62). The price per square meter to buy an apartment in the city centre is Ar4 million (US$1 036.32) while outside the city centre it costs Ar2 125 million (US$518.16). This is unaffordable for the average household in Madagascar and most people, specifically women-headed household, simply rent houses in slums and other affordable informal settlements.

For housing finance, medium- and long-term private credit grew by 20 percent in September 2019 for all loans including residential mortgages. The total value of real estate credit was Ar498 billion (US$129 021 785.83) in 2019 compared to Ar418.7 billion (US$108 476 750.46) in 2017. Interest rates vary from 10 percent to 18.5 percent a year depending on the mortgage duration, which is usually set between 10 and 20 years.

What is considered affordable housing in Madagascar costs between Ar40 million (US$10 363.2) and Ar50 million (US$12 953.99).

**Housing supply**

To provide housing, the government has funded a programme called Trano Mora, which means “affordable housing”. Through a series of partnerships with local stakeholders including banks, the government negotiated an easing of terms for accessing loans for low income households through this programme.

The National Housing Development Plan or Plan National de Logement (PNL) aims to build 50 000 houses a year for the next five years. Since the 1970s, the Société d’Équipement Immobilier de Madagascar and the Agence Nationale d’Appui au Logement et à l’Habitat (ANALOGH) were responsible for developing social housing but they have failed due to rapid urbanisation and lack of involvement from strategic stakeholders (banks, private sector). In 2018, ANALOGH launched a construction programme of 762 houses in four regions in Madagascar: Between 2013 and 2017, there was an average growth of 2.7 percent of companies producing construction materials located in the Special Economic Zone (SEZ). This remained steady because of the advantages of the SEZ, such as exemptions from paying custom duties and import taxes for materials and equipment used in the construction industry.

**Property markets**

Land reform in 2005 decentralised the land tenure security procedures. There are two main bodies responsible for land security in Madagascar:

- Communes, which are responsible for issuing land certificates; and
- Property offices in the regions, which are responsible for registering property transactions, etc.

**COVID-19 response**

The government imposed a first lockdown, which lasted two-and-a-half months until 20 April 2020. In March, the government placed the country under a state of emergency and took measures to relieve companies and tenants from paying rents and from being evicted from their homes and commercial buildings. A second lockdown was imposed in July.

In early March 2020, the central bank provided Ar473 733 055 306 (US$121.22 million) at a rate of 5.47 percent to support the small and medium enterprises. At the end of March 2020, the bank provided another Ar200 billion (US$51 million) to mitigate the effects of the pandemic. During April, the banks’ professional association introduced a moratorium of three months on loan repayments and interest, and provided overdrafts for clients with emergency needs.

The central bank also took measures to support the financial system by providing easy access to loans for banks. The daily amount banks could access was about Ar50 billion (US$12 953 994.56). Another US$270 million was provided in June 2020 for the national economy recovery plan. One key aspect of this plan is the renovation of low-rent buildings. The government effort has been supported by the AfDB through the Multi-Country COVID-19 Response Support Program with a concessional loan of Ar159 205 371 045 (US$41 million). The government has not introduced any specific measures on evictions and informal settlements. However, the government and partners, such as the United Nations Children’s Fund (UNICEF), launched the Toska Famenjo programme, which provides cash transfers of Ar100 959 (US$26) a month to 189 400 poor households living in Antananarivo, Toamasina and Fianarantsoa.

Fokontany (clans), are subdivisions of communes, and can also issue land titles. Unfortunately, Fokontany use what is known as “small papers” to transfer land property to buyers. These “small papers” are sometimes not registered officially in the deed registry. It is estimated that 75 percent of households use “small papers” to invoke their land rights.

In urban areas, 50 to 70 percent of private property is registered. The central deeds registry is archaic, still using paper for records and there is no electronic database for checking encumbrances. The same paper-based system is used for the land tenure and title records. There have been attempts to digitalise the deed registry system over the past 15 years, but all attempts thus far have failed.

As of June 2020, between 60 percent and 70 percent of houses are rented with tenants unable to afford home ownership. The rental sector is disorganised and operates informally. This allows landlords to fix their prices regardless of the quality of the houses and regulations. The main criteria to determine the price level remains the location of the house.

There is a scarcity of land in cities such as Antananarivo as a result of the high demand, which also influences the price. The majority of land sales (95 percent) are done directly between relatives or friends and a minority are done between official agents. Due to inadequate land information, 17 percent of households occupying lands are afraid of being pushed off the land by owners’ families when the owners are deceased.

Corruption is an issue which undermines access to property in Madagascar. A survey from the World Bank conducted in 2013 showed that more than 10 percent of firms had to give bribes in the form of “gifts” to authorities to get a construction permit. Madagascar has been recognised by the World Bank Doing Business 2019 report as among the toughest places in the world to obtain a construction permit and record the title of a property, ranking respectively at 177 and 153 in the two categories. The country overall index for obtaining a construction permit is six, which is lower than the Sub-Saharan average score 8.5. For the city of Antananarivo, the overall process for transferring a property requires six official steps, which can take up to 120 days at an average cost of
There is strong urbanisation growth of the Nosy Be island, which grew from 30,000 inhabitants in 1993 to 100,000 inhabitants in 2019. The same trend is observable on the Siramamy Malagasy sugar company (Sirama) land, which represents 40 percent of Nosy Be Island, and has also had a rapid expansion of informal settlements.

Policy and legislation
Madagascar inherited the French land management system after colonisation. This was not adapted to the local land inheritance system, which allows the transfer of property via informal methods with a few written certificates known as “small papers”. This dual system has caused several disputes.

The constitution of Madagascar states that all citizens must have access to decent housing, and as such the government has attempted to build affordable houses between 1970 and 2000. Unfortunately, rapid urbanisation has made it impossible for public authorities to keep up with the demand. Thus, Madagascar has chosen a different strategy, which consists of setting up the right environment to enable the private sector, specifically the real estate developers to provide solutions to the housing problems. This strategy is backed by international institutions such as the World Bank and the International Monetary Fund. The following policies have been implemented:

- Urban land governance reform (2005) which focused on the decentralisation of land management in the rural areas and the establishment of security procedures for land tenure;
- The Politique Nationale de l’Habitat (2006) is the national policy for housing to promote access to social housing for the low-income population; and
- The reform of the housing and urbanisation code (2015), which led to planning and urbanisation laws called respectively Loi d’orientation de l’Aménagement du Territoire and Loi de l’Urbanisme et de l’Habitat. The latter imposes a minimum area of 150m² for land parcels while most houses are built on smaller size land parcels.

Unfortunately, all these policies have failed to provide the results expected and the housing sector remains organised. To provide solutions, the World Bank conducted a study in 2020 which led to the following proposals:

- To update land information via a systematic assessment and the development of urban Local Land Occupancy Plans;
- To formalise and secure occupancy on a large scale using innovative tools; and
- Create a dedicated agency responsible for the co-ordination and implementation of urban land operations.

In light of the World Bank recommendations, the government developed the PNL. In this strategic plan, the government calls for a guarantee fund in partnership with the private sector; specifically the banks, to implement policies around the following themes:

- Creating housing governing bodies that are sustainable and assigned with clear roles and objectives;
- Creating the right legal framework to optimise the production of housing and access to them in the long run;
- Promoting research technologies and techniques to allow the sustainability of housing development projects;
- Setting the right framework to enable the real estate sector to easily have access to long-term funding and
- Creating and realising social housing project developments to grant access to decent housing for every layer of society.

To achieve this vision, the PNL’s key initiatives include encouraging public-private partnerships, promoting leasing systems and offering tax incentives to real estate developers.

Opportunities
As the country is among the poorest in the world, developing innovative and affordable ways to build houses is needed. Solutions involving recycling materials, reducing the construction time and renewable energies should be considered.

Working with the financial sector and the government, real estate developers and investors should create financial instruments with fewer barriers so that most households can access decent housing. Microfinance institutions can help achieve this because they are more flexible than banks in their operations and more people trust these institutions.

Importantly, more attention needs to be paid to climate change and methods of building housing and planning areas for housing development in the future so that they can better resist some of the natural disasters hitting Madagascar such as heavy rains, floods and droughts.

There is an opportunity for companies to undertake mapping or land management to help the government achieve its goal of collecting information about land occupancy, providing better services for land tenure and deed delivery, and finally securing land transactions for property owners and buyers.

Websites:
The Central Bank: https://www.bancy-foibe.mg
National Treasury of Madagascar: http://www.tresorpublic.mg
National Institute of Statistics: https://www.instat.mg
Availability of data on housing finance:

Data on housing finance can be collected from the following sources:

- The Central Bank, which produces an annual report on the economic outlook of the country.
- The International Monetary Fund (IMF), the World Bank Group, and the African Development Bank (AfDB). These institutions produce strategies about land management, reports about the general housing sector, and reports evaluating the success of housing sector projects.
- The Ministère du Logement produces policies and strategies to improve the land management system and easy access to housing for all.

The National Institute of Statistics (INSTAT), UN-Habitat, the Ministry of Economics, Finance and Budget, and the National Treasury produce different statistics, including the national census and key figures about social and economic challenges in Madagascar.

The Numbeo website provides insights about the cost of living in different countries including details about rent costs, land and the level of monthly income.

Additional sources (Bloomberg, Reuters, and the Financial Afrik) were used to compensate for the gap in local sources of information.
Overview
Malawi is classified as a low income country in Southern Africa with a gross domestic product (GDP) per capita of US$412 in 2019 from US$381 in 2018. With an estimated population of 18.6 million in 2019, the country is predominantly rural with 83 percent of the population living in rural areas, whilst 17 percent reside in urban areas. Meanwhile, Malawi has seen a 40 percent upsurge in urban population growth, increasing from about 2 million in 2008 to 2.8 million in 2018. The growing population and rapid rate of urbanisation in the country continues to exert substantial pressure on housing especially among the poor in the urban areas.

Malawi’s economy is largely agrarian, with the agricultural sector accounting for about 26.9 percent of GDP. Due to a better agricultural yield in 2019, real GDP growth for 2019 was 5 percent, a rebound from 4 percent in 2018. However, the COVID-19 pandemic and the associated containment measures have severely weakened 2020 growth prospects, with significant effects expected on tourism and accommodation; transportation and storage services; agriculture, forestry and fishing; wholesale and retail trade; and manufacturing activities. As a result, the 2020 GDP growth rate is projected at 1.9 percent, down from an earlier projection of 5.5 percent.

Malawi’s construction sector, which accounts for about 3 percent of GDP, still remains fairly developed and grew by 5.8 percent in 2019 but is projected to slow down to 3.7 percent in 2020. This is attributed to the slowdown of implementation of various projects due to the COVID-19 pandemic, as well as disruptions in the supply of imported materials sourced from neighboring countries. The sector is projected to grow by 4.2 percent in 2021.

Nationally, the total stock of housing units is 4.8 million with each household averaging 4.4 members. According to the Ministry of Lands, Housing and Urban Development (MoLHUD) Malawi’s housing market is highly liberalised. As such, the government has not done much to respond to the impact of COVID-19 on the housing market, except maintain rents at 2019 levels on all government rented houses and structures. All senior civil servants are expected to occupy a house of not more than MK600 000 (US$800) if paid by the government. All landlords for senior civil servants have been advised to maintain rents or else they risk contract termination. There has not been any government response with regards to informal settlements.

The government’s COVID-19 prevention measures also affected bank’s digital revenue. The Reserve Bank of Malawi (RBM) and Bankers Association of Malawi jointly issued a directive to reduce fees charged on digital transactions by 40 percent.

Access to Finance
The RBM reports that the banking sector was generally sound and stable in 2019 as the sector was well capitalised with average core and total capital ratios of 17 and 21 percent, which were above the regulatory requirement of 10 and 15 percent, respectively. The sector was also adequately liquid at 59 percent against the

Malawi
Frank Kamanga

KEY FIGURES

<table>
<thead>
<tr>
<th>Main urban centres</th>
<th>Lilongwe, Blantyre, Mzuzu, and Zomba</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange rate (1 July 2020)</td>
<td>1 USD = [a]</td>
</tr>
<tr>
<td>1 PPPS = [b]</td>
<td>738.91 Malawian Kwacha (MWK)</td>
</tr>
<tr>
<td>255.20 Malawian Kwacha (MWK)</td>
<td></td>
</tr>
<tr>
<td>Total population (b)</td>
<td>Urban population (b)</td>
</tr>
<tr>
<td>Population growth rate (b)</td>
<td>Urbanisation rate (b)</td>
</tr>
<tr>
<td>GDP per capita (Current US$) (b)</td>
<td>US$412</td>
</tr>
<tr>
<td>Percentage of population below national poverty line (2017) (b)</td>
<td>70.7%</td>
</tr>
<tr>
<td>Unemployment rate (% of total labour force, national estimate) (2017) (b)</td>
<td>6.0%</td>
</tr>
<tr>
<td>Proportion of adult population that borrowed formally (2017) (b)</td>
<td>8.5%</td>
</tr>
<tr>
<td>Gini coefficient (2017) (b)</td>
<td>44.70</td>
</tr>
<tr>
<td>HDI country score (2018) (c)</td>
<td>HDI country score (2018) (c)</td>
</tr>
<tr>
<td>GDP (Current US$) (b)</td>
<td>US$ 667 million</td>
</tr>
<tr>
<td>GDP growth rate (b)</td>
<td>4.37%</td>
</tr>
<tr>
<td>Inflation rate (b)</td>
<td>9.37%</td>
</tr>
<tr>
<td>Yield on 10-year government bonds</td>
<td>n/a</td>
</tr>
<tr>
<td>Lending interest rate (2018) (b)</td>
<td>32.30%</td>
</tr>
<tr>
<td>Number of mortgages outstanding</td>
<td>n/a</td>
</tr>
<tr>
<td>Value of residential mortgages (Current US$) (d)</td>
<td>US$54.15 million</td>
</tr>
<tr>
<td>Typical mortgage rate 1 Term</td>
<td>Deposit (2019) (e)</td>
</tr>
<tr>
<td>Ratio of mortgages to GDP</td>
<td>0.21%</td>
</tr>
<tr>
<td>Number of mortgage providers (f)</td>
<td>4</td>
</tr>
<tr>
<td>Number of microfinance loans outstanding (d)</td>
<td>389 080</td>
</tr>
<tr>
<td>Value of microfinance loans in local currency units (d)</td>
<td>14 300 000 000 MWK</td>
</tr>
<tr>
<td>Number of microfinance providers (d)</td>
<td>46</td>
</tr>
<tr>
<td>Total number of formal residential dwellings in the country</td>
<td>n/a</td>
</tr>
<tr>
<td>Total number of residential properties with a title deed (2019) (f)</td>
<td>241</td>
</tr>
<tr>
<td>Number of formal housing units built in this year (g)</td>
<td>1 800</td>
</tr>
<tr>
<td>Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (h)</td>
<td>10 000 000 MWK</td>
</tr>
<tr>
<td>Size of cheapest, newly built house by a formal developer or contractor in an urban area (h)</td>
<td>30m²</td>
</tr>
<tr>
<td>Typical monthly rental for the cheapest, newly built house (h)</td>
<td>75 000 MWK</td>
</tr>
<tr>
<td>Cost of standard 50kg bag of cement in local currency units (h)</td>
<td>7 000 MWK (US$9.50)</td>
</tr>
<tr>
<td>Type of deeds registry: digital, scanned or paper (i)</td>
<td>Paper</td>
</tr>
<tr>
<td>World Bank Ease of Doing Business index rank (i)</td>
<td>109</td>
</tr>
<tr>
<td>Number of procedures to register property (j)</td>
<td>6</td>
</tr>
<tr>
<td>Time to register property (j)</td>
<td>47 days</td>
</tr>
<tr>
<td>Cost to register property as share of property price (j)</td>
<td>1.7%</td>
</tr>
<tr>
<td>World Bank DBI Quality of Land Administration index score (0-30) (j)</td>
<td>10.50</td>
</tr>
<tr>
<td>Percentage of women who own a house alone:</td>
<td>n/a</td>
</tr>
<tr>
<td>Total</td>
<td>Urban (2017) (j)</td>
</tr>
<tr>
<td>Percentage of households with basic sanitation services:</td>
<td>n/a</td>
</tr>
<tr>
<td>Total</td>
<td>Urban (2017) (j)</td>
</tr>
<tr>
<td>Percentage of households with no electricity: Total</td>
<td>Urban (2017) (j)</td>
</tr>
<tr>
<td>Percentage of households with 3+ persons per sleeping room: Total</td>
<td>Urban (2017) (j)</td>
</tr>
<tr>
<td>Percentage of urban population living in slums (2018) (k)</td>
<td>65.1%</td>
</tr>
</tbody>
</table>

NB: Figures are for 2020 unless stated otherwise.
(a) Xe.com
(b) National Bank of Malawi
(c) Ministry of Lands, Housing and Urban Development
(d) World Bank
(e) World Bank World Development Indicators
(f) Malawi Housing Corporation
(g) National Bank of Malawi
(h) Sustainable Urban Land and Shelter Development
(i) World Bank Ease of Doing Business Indicators
(j) Demographic and Health Surveys, USAID
(k) United Nations Human Settlements Programme

Africa Housing Finance Yearbook 2020

159
prudential benchmark of 25 percent. However, credit risk was slightly elevated as non-performing loans (NPLs) were above the regulatory requirement. This was coupled with economic sector concentration as three sectors, namely, wholesale and retail trade; agriculture; and manufacturing constituted the largest share, and represented 56.2 percent of total loans. Meanwhile, construction and real estate sectors constituted only 3.1 percent and 1.8 percent of total loans respectively. Malawi’s banking sector comprises of nine banks, of which two banks namely National Bank of Malawi (NBM) and Standard Bank dominate the sector with a combined market share of 56.2 percent of total loans and 58.3 percent of total equity capital. Four of the nine commercial banks in Malawi provide mortgages and the average mortgage interest is 19.5 percent. According to the RBM, outstanding mortgages stood at MK39.9 billion (US$54.1 million) in the first quarter of 2020.

Commercial banks offer mortgages based on clients’ income and the levels of mortgages have been scaled down in proportion to reduced levels of income due to the pandemic. To counter defaults on loans and penalty interest, a moratorium on loan repayments was granted from May 2020 to July 2020 and still the sector is facing a financial risk due to non-repayments by clients. Underwriting practices of commercial banks involve the following steps: prequalification, income and documents verification, appraising, title search/insurance and finally underwriting decision is made (approval/decline). Construction finance is not generally provided by commercial banks, but under exceptional cases where a client pledges landed property (house) as security they can be supported with such finance.

In 2019, microfinance institutions (MFI) recorded aggregate profitability of MK3.2 billion (US$4.3 million). Asset quality and liquidity were also within the industry benchmark. An increase to MK43.8 billion (US$59.4 million) in aggregate assets for the sector was noted in December 2019, from MK38.1 billion (US$51.7 million) in December 2018. Non-bank financial institutions offering housing (construction) finance include the Centre for Community Organisation and Development (CCODE), Epik Finance and Enterprise Development Holdings (EDH). The CCODE reported that in 2019 they supported about 100 clients with construction finance.

Affordability
According to the Centre for Social Concern, the average monthly cost of living for a family of six in a city in Malawi as of April 2020 was about MK203 695 (US$276). This cost of living includes cost of essential food items, non-food essentials such as education, housing, and other items such as fuel. With the minimum wage of MK350 000 (US$475) per month at an average price of MK10 million (US$13.6 thousand) for a decent house and average rentals of approximately MK75 000 (US$102) very few can afford to own or rent a decent house. The MoLHUD states about 70 percent of the urban population live in slums, located in the outskirts of major cities.

In addition, for middle income earners it is relatively cheaper to rent rather than own a decent house due to high costs associated with construction and land acquisition procedures. This has created a supply gap for middle sized houses in urban areas.

In 2020, the demand for mortgage loans by clients drastically dropped from 2019 levels due to uncertainty in job security over the next two years. National Bank of Malawi’s policy for mortgage approval is that the applicant’s monthly repayment should not exceed 35 percent of his/her monthly salary, and the house should be self-contained and easily accessible. With the current average mortgage rate of 19.5 percent this means the client is expected to repay about MK232 166 (US$313) a month from a minimum income of MK663 333 (US$900) for a MK12 million (US$16 284) mortgage. The average salary for most mortgage applicants is about MK400 000 (US$543). The minimum mortgage offered by the commercial banks range between MK12 million (US$16 284) and MK16 million (US$21 712). Approved applicants whose salaries are below MK663 333 (US$900) a month mostly have their mortgages subsidised by their employers, like the Malawi Revenue Authority (MRA) and Telekom Network Malawi (TNM). The contractor of a mortgage should have documents such as the title deed, MRA tax clearance certificate and a credit reference bureau report and make a down payment of about 10 percent.

Rental payments have been affected by COVID-19. Tenants are finding it difficult to pay and landlords are finding it difficult to collect rentals. Some houses have been vacated especially in low density areas as people’s incomes have been reduced, which in turn has created high demand for housing in slum areas. The high demand for cheap houses has in some circumstances resulted in high rents. The Ministry also added that it is difficult to construct new houses and import construction materials due to low incomes and the closure of air and land borders. Despite these developments, no government subsidies or assistance is not being provided to the poor impacted by COVID-19 in the housing sector.

COVID-19 response
On 14 April 2020, former President Mutharika announced a lockdown from 18 April to 9 May 2020 to contain the spread of the COVID-19. During the lockdown, only essential services and law enforcement agents were allowed to operate. On 17 April 2020, the High Court of Malawi temporarily suspended the implementation of a proposed 21-day lockdown.

On 1 April 2020, the Reserve Bank of Malawi issued a Statement of the Monetary Policy Committee’s response to COVID-19. The liquidity reserve requirement on domestic currency deposits was reduced to 3.75 percent (from 5 percent) releasing MK12 billion (US$16 284) additional liquidity for banks. The Lombard rate was reduced by 50 percent (to 0.2 percent above the policy rate), reducing the cost of borrowing from the Reserve Bank of Malawi, and potentially benefiting borrowers. A moratorium on evictions was not imposed and the government did not take measures to support informal settlers.

Housing supply
The total number of rural and urban houses is approximately 4.8 million units, with an average household size of 4.4. The MoLHUD reported there is still high demand for adequate housing in Malawi’s middle market segment. The Malawi government, through its agencies, Malawi Housing Corporation (MHC) and Ministry of Lands and Housing Development, is currently building 254 units of houses out of which 40 are being built using internally generated funds by MHC and the remainder financed through a MK6 billion (US$8.1 million) bank loan. The MHC currently has 6 000 units nationwide. The MHC is obligated to carry out both commercial and social obligations on behalf of the government considering that many Malawians earn low incomes and build their own houses. In its effort to support home ownership, the government introduced a subsidy on some construction materials like iron sheets and cement for the elderly and vulnerable groups in 2015. This subsidy called the Decent and Affordable Housing Programme still exists today. The programme is vibrant in rural areas. During the COVID-19 pandemic there are no emergency measures being implemented by the government to provide housing relief.

The government of Malawi is also constructing 140 houses for police officers in Lilongwe (Area 30). The houses are being constructed by World Wide Construction, a private developer which won a MK10 billion (US$13.6 million) contract from the government. The government intends to construct 10 000 houses for the Malawi Defence Force, Malawi Police Services and Immigration Officers in the following years. The private sector such as Suldec and CCODE are also constructing houses in different cities. Suldec indicated that they have plans to build 1 000 houses in cities like Lilongwe, Blantyre and Mzuzu for rent and sale. The first phase is underway and they expect to have 450 houses built in Lilongwe by July 2021. There are also some notable projects in the pipeline such as the United Nations (UN) Capital Hill where the UNVillage will be constructed, and the new Area 43 where urban houses will be built.

Property markets
The property market in Malawi comprises of residential property, commercial property (retail and office space), industrial property and land. The Ministry of Lands, Housing and Urban Development is the custodian of land of about
In terms of land tenure and title system, the lands and deeds registries in the land.

In addition, the new Land Act and Physical Planning Act of 2016 are being

A notable development related to change in property ownership is that the Anti-

Policy and legislation

The state mainly plays a role of developing policy and legal frameworks for housing

In addition to the above, there is a policy and legal framework for land tenure and

The city and district councils are responsible for distributing
government owned land in urban areas, registering land and properties
and collecting city rates. Meanwhile, traditional leaders distribute and sell customary
land.

Malawi has both formal and informal residential resale markets made up of the
MHC, Suldec and estate agents. According to the Surveyors Institute of Malawi
there are at least 17 registered formal estate agents and at least 1 000 informal
estate agents. Demand for houses is skewed towards rental housing compared to
ownership, where most buy houses only with pension funds.

The cost of registering a property is about MK250 000 (US$339) and it takes
approximately three 47 days.77 Due to COVID-19 there is low demand for land
in the country and sellers have responded by introducing price discounts and
longer periods of loan repayment.

A notable development related to change in property ownership is that the Anti-
Corruption Bureau (ACB) of Malawi with effect from 26 June 2020, began
receiving all applications for change of ownership of motor vehicles, houses and
buildings.

The new laws address land access and equity issues and open up opportunities
for investment in the sector. Developers are now using modern and
more environmentally friendly cement blocks in construction which they claim are
important for development of commercial properties such as shopping malls and
factories in rural areas and on the outskirts of cities. Secure customary land tenure
is crucial for the transformation of Malawi’s economy. In addition, secure tenure of
customary land is also expected to reduce land disputes among rural people and
investors.

In 2019, Habitat for Humanity reported that Malawi needs approximately 21 000
housing units every year for the next 10 years to meet the demands for the
current backlog80 and future growth. In urban and semi-urban areas this demand
is driven from university graduates who are entering the private sector and require
medium sized, affordable houses. Currently only 10 percent of the target is being
delivered. The investment costs such as costs of labour and land in the housing
sector are comparatively low according to Sulsdec and CCODE, leaving plenty of
investment opportunities in the sector. Developers are now using modern and
more environmentally friendly cement blocks in construction which they claim are
easily available on the market because the processing of these blocks is faster:

The major constraining factor holding back the implementation of land related
laws is the lack of district physical development plans and land use plans for the
remaining 27 districts across the country. There are also challenges and gaps in
the country’s current building regulatory framework. For example, Malawi does
not have legislation or policy to define government’s responsibility in regulating
buildings.81

The paper based lands and deeds registries in the MoLHUD leave land records
vulnerable to human error or other risks. In their present state, land records are
difficult to access, leading to all sorts of administrative inefficiencies in the land
administration and management system. The system has also proven to be prone
to corruption, due to poor or lack of indexing and system archiving of land
records.82

Opportunities

The new laws address land access and equity issues and open up opportunities
for investment in rural areas. For instance, the registration of customary land is
important for development of commercial properties such as shopping malls and
factories in rural areas and on the outskirts of cities. Secure customary land tenure
also encourages investment and development of commercial agriculture which is
crucial for the transformation of Malawi’s economy. In addition, secure tenure of
customary land is also expected to reduce land disputes among rural people and
investors.

In 2016, the Malawi Housing Corporation (Amendment) (No.2) Bill (2016) the
Lands Acquisition Bill (2016), amongst others. All these laws are now in force and
are being implemented by the MoLHUD.

The MoLHUD has also established a Land Reform Implementation Unit which
shall coordinate all land related reform programmes.88 The Ministry is rolling out
the Customary Land Act which requires owners of customary land to have title
deeds. The pilot project is being implemented in eight districts and the Ministry
has already implemented the project in three districts namely Kasungu, Rumphi
and Phalombe before rolling the project nationwide in 2021. The implementation
of the Customary Land Act is expected to help reduce land disputes in rural
areas.89 In addition, the new Land Act and Physical Planning Act of 2016 are being
piloted in districts like Phalombe and Chikwawa. The Physical Planning Act of
2016 has made all the land in Malawi, both urban and rural, eligible for planning
and development purposes.90

The registered lands and deeds registries in the MoLHUD leave land records
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is crucial for the transformation of Malawi’s economy. In addition, secure tenure of
customary land is also expected to reduce land disputes among rural people and
investors.
Developers argue that the government can support more construction of houses by providing them with subsidies. The new government is also promising to tackle corruption in the housing sector, especially relating to land purchases.

**Additional sources.**


**Websites**

- Blantyre City Council www.bccmc.org
- City for Community Organisation and Development www.cccdewm.org
- FDH Bank www.fdhm.co.mw
- Reserve Bank of Malawi www.rbm.mw
- Malawi Housing Corporation www.mhcm.org
- Microfinance Network of Malawi www.mnmmw.org
- Ministry of Lands, Housing and Urban Development www.lands.gov.mw
- National Bank of Malawi www.nbmk.co.mw
- Sustainable Urban Land and Shelter Development Consultants www.sulscde-fw.com

**Availability of data on housing finance**

The formation of a new government in July 2020 and the COVID-19 pandemic affected the data collection process. Public officials avoided sharing data and information, citing responsible persons are working from home.

The main organisation that collects and shares data on housing finance 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 commercial banks in 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, CCQOE, Suldec, and commercial banks. The data is available on request and also published on websites and in periodic reports by these institutions.

Key data gaps included total number of residential properties with a title deed, number of houses completed, and proportion of residential mortgages classified as non-performing and number of residential mortgages outstanding.

16 Interview with Mr Mlongoti, National Bank of Malawi Bantyre Branch, 17 August 2020. Malawi.
17 Interview with Mr Mlongoti, National Bank of Malawi Bantyre Branch, 17 August 2020. Malawi.
20 Interview with Zilire, Centre for Community Organisation and Development, 21 August 2020, Lilongwe, Malawi.
28 Interview with Ministry of Lands, Housing and Urban Development official, Blantyre office, 15 August 2020, Malawi.
29 Interview with Mr Mlongoti, National Bank of Malawi Bantyre Branch, 17 August 2020, Malawi.
30 Interview with Zilire, Centre for Community Organisation and Development, 21 August 2020, Lilongwe, Malawi.
Mali

Kahoba Hermann Kevin Kouadio, Khype Audit & Advice

Overview

Spread over an area of 1 248 572km², the Republic of Mali is one of the largest countries in West Africa. In 2020, its population was estimated at 20 509 769 with an annual growth rate of 2.97 percent.¹

Mali is poorly industrialised with the manufacturing sector struggling to develop. As a result, import requirements are high, leading to an estimated current account deficit of 5.4 percent of gross domestic product (GDP) in 2019. The country's economy is heavily dependent on gold and cotton, which account for 86 percent of exports, as well as agriculture and trade. The poor diversification of its economy exposes the country to fluctuations in commodity prices and makes it dependent on commodity prices in international markets. In 2019, the country recorded five percent growth, boosted by gold and cotton production, a budget deficit of 3.1 percent of GDP and inflation of 0.4 percent.² To support the national economy, the government adopted a Strategic Framework for Economic Recovery and Sustainable Development for the period 2019-2023, and is working on implementing the Public Financial Management Reform Plan (2017-2021).

Following the military coup in 2012, Mali has been through a period of political instability and conflict, including the occupation of the north of the country by armed groups. In this context, extreme poverty increased between 2011 and 2015 by up to 47.2 percent. Since then, thanks to the exceptional agricultural production of the last four years, the rate has fallen slightly but remains high (42.7 percent in 2019).

The government’s efforts to revitalise growth in all sectors of the economy, including housing, were strained by another coup on 18 August 2020, which saw the overthrow of the then President, Ibrahim Boubacar Keita. The COVID-19 pandemic has also destabilised economic recovery efforts. Mali recorded its first case of COVID-19 on 25 March 2020. As of May 5, the country had 612 official cases, including 228 recoveries, 352 under treatment and 32 deaths.

The government has tried to address housing in its attempt to boost the economy. To address the shortage, the Malian government subsidised the construction of 7,000 homes between 2002 and 2012 and has subsequently decided to continue with this housing programme. This housing programme, oriented towards public private partnerships, involves the pre-financing by property developers of low-cost housing. Construction finance has, however, given way to end-user finance. It is the transferable portion of the benefit that determines the banks’ adherence to financing of real estate projects. As a result, there are few residential housing projects as the costs are high and beneficiaries are limited, except among Malians living outside the country.

Access to finance

In 2019, Mali had 14 banks and three financial institutions. In the same year, base rates were set between 6.19 percent and seven percent, while maximum debtor rates were between 10 percent and 15 percent. Mali’s housing finance market is still small and underdeveloped. Only 450 mortgages were granted in 2013, equivalent to three

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¹ The figure is subject to change as the data is updated regularly.

² The figures are subject to change as the data is updated regularly.
percent of all mortgage financing in the West African Economic and Monetary Union (WAEMU) region. Access to mortgage finance is particularly limited compared to similar other WAEMU countries. A survey would be needed to determine the proportion of homes covered by mortgage and non-mortgage loans.3

The Banque de l’Habitat du Mali is responsible for supporting Malian households in acquiring housing. Three local banks also grant real estate loans to their customers. Orabank Mali currently offers home loans at interest rates of six percent tax free over a period of 20 years and 7.5 percent tax free for those up to 25 years; the down payment can represent up to 13 percent of the purchase value of the home. The proportion of the monthly mortgage payment to the income of the borrowing household is not fixed and is applied on a case-by-case basis according to the income of each household.4 Some banks, such as the Banque Nationale du Mali, may grant mortgages at interest rates of up to nine percent, or even between 10 percent and 13 percent for other banks such as Banque Atlantique Mali, BICIM and United Bank for Africa (UBA) Mali. The minimum term of the mortgage loan is set according to the client. The Bank of Africa (BOA) Mali and Orabank Mali grant mortgage loans to individuals according to their transferable portion.

To finance housing, banks use their own funds (internal resources) and funds granted by the Caisse Régionale de Refinancement Hypothécaire (CRRH-UEMOA) as the main source of financing. Increasingly, specialised institutions are making funds available to banks for mortgage refinancing. The mission of CRRH-UEMOA is to provide WAEMU credit institutions that are shareholders with long-term resources for the refinancing of mortgage loans granted to their clients, by mobilising these resources on the Union financial market or with development partners. It intervenes exclusively for the benefit of its shareholders for the refinancing of housing loans that they grant to their clients.5 Thus, CRRH-UEMOA has made available to Orabank Mali approximately CFA2 billion (US$3 571 428) for 2019.20 The role of the microfinance sector in housing finance is difficult to assess due to the lack of data. However, the microfinance sector in Mali is a fairly dynamic sector. The total value of outstanding microloans was estimated in 2019, at around CFA 150 billion (US$267 857 130).7 The sector had 86 microfinance institutions (MFIs) in 2019, despite the closure of 20 MFIs between March 2017 and March 2018. An analysis by the Central Bank of West African States (BCEAO) in July 2019, based on a sample of 22 MFIs in Mali, reported a little less than two million clients and an outstanding debt of CFA11 billion (US$212 499 990).8 Another sign of improvement in the sector is that this sample had an aggregate non-performing loan ratio of 6.95 percent, placing the country below the average of 7.37 percent for the eight WAEMU countries.9

Affordability

In 2018, the National Institute of Statistics of Mali (INSTAT) estimated that 43.8 percent of the population (or 8.357 million people) did not earn enough to meet their basic needs and were therefore considered to be living in poverty.

Income and financial access also varies considerably from region to region. This is particularly evident when analysing the divide between rural and urban areas. In Bamako, it is estimated that only 4.1 percent of the city’s population lives below the national poverty line. Bamako also has the lowest Gini coefficient in the country (0.28), while secondary urban centres have the highest coefficient (0.37), highlighting inequalities between urban centres and rural areas.10 The differences within the country translate into average annual expenditure per household ranging from CFA1.3 million (US$5 536) in Bamako CFA2.5 million (US$4 464) in the other cities and CFA1.9 million (US$3 393) in rural areas.11

However, the level of income is a crucial factor in accessing loans from banks. The monthly mortgage-loan repayment amount is determined according to the client’s transferable portion. Article L123 of the Malian labour code provides that salaries are transferable or seizable, based on the monthly salary12 and up to a quarter for salaries of CFA20 960 (US$37) to CFA62 880 (US$112); a third for a salary of CFA62 881 (US$12) to CFA125 760 (US$225); half for salaries of CFA125 761 (US$225) to CFA251 521 (US$449); and three-quarters for salaries above CFA251 521 (US$449). The minimum wage was CFA20 960 (US$37) at that time, and increased to CFA40 000 (US$71) from 1 January 2016. The repayment term of these loans can reach 20 to 25 years maximum depending on the different banks.

Since 1992, the government of Mali has initiated certain reforms to facilitate access to housing through the creation of the Mali Mortgage Guarantee Fund (FGHM-5A). The FGHM-5A is a financial institution whose mission is to promote accessibility to housing by facilitating access to bank financing. Among these reforms are the mortgage guarantee, which consists of covering banks against the risk of default by customers receiving mortgage loans. The loans eligible for the FGHM-5A guarantee relate to land acquisition, acquisitions of new construction, completion, rehabilitation or renovation of houses, real estate programmes, and construction of commercial buildings. The fund also covers the guarantee of social housing, specially designed to support the implementing of social housing programmes by the state.

Housing supply

Studies carried out in 2015 in the housing sector in Mali show a deficit of around 440 000 housing units. This translated into an estimated annual deficit of 82 500 units a year, with 51 100 for urban households and 31 400 for rural households.

The number of formal residential units completed in 2020, with plans submitted and approved, and a certificate of occupancy issued is 5 000 social housing units.13 The Office Malien de l’Habitat intends to allocate more than 5 900 social housing units. Residential production by the private sector is not included. The production of social housing is currently concentrated in N’Tabacoro, with 1 552 housing units, whose acquisition began in 2015.14 These units are not fully subsidised by the state and beneficiaries must provide a fixed amount according to their financial capacity and the category of units concerned.

Overall, the 2019/20 national budget allocated 5.9 percent of total spending to housing and public amenities; a significant increase from 2.8 percent of the 2018/19 budget.15 Despite the state’s social housing provision programmes, self-build remains the main source of housing. A 2011 study conducted by Shelter-Africa on the Malian real estate sector estimated that this represented 75 percent of the country’s housing stock.16

The rental market is also more developed in Bamako. It is an attractive city for expats and visitors looking for an unfurnished apartment or a cheap furnished apartment during their stay. To meet a growing rental demand, developers are setting up various apartment rental programmes in Bamako. There are also renovated buildings with adequate accommodation. The typical rental price of the cheapest newly built house from a promoter or official contractor in Bamako is CFA250 000

COVID-19 response

In Mali, the first cases of COVID-19 were reported on 25 March 2020. The government opted for an action plan to prevent and fight COVID-19 to the amount of CFA3.4 billion (US$61 119 250), including CFA20 billion (US$33 952 500) financed by the national budget. The authorities have also announced a set of fiscal, social and economic measures, the overall cost of which is estimated at CFA500 billion (US$989 812 500).

This grant aims to support businesses (especially small and medium-sized enterprises) by facilitating access to loans through an allocation of CFA20 billion (US$33 952 500) to the private sector guarantee fund and by reducing the constraints of cash, i.e. CFA100 billion (US$179 762 500) for the repayment of the domestic debt and CFA43.6 billion (US$79 095 500) for tax remissions as well as postponements of tax payment deadlines and customs duties. These measures also provide for the creation of a special fund of CFA100 billion (US$179 762 500) to support the most vulnerable households, strengthen price controls to prevent abuse, and for the free distribution of 56 000 tonnes of cereals and 16 000 tonnes of animal feed.23
Property market

The housing sector has been neglected and has declined, particularly for home ownership for low income households. The allocation of social housing is subject to criteria. First, the applicant must be registered with a banking institution. Anyone with an account with the different banks can apply, subject to an income below the set threshold. Then, the applicant (self-employed or Malian living abroad) must pay the Office Malien de l’Habitat /Mali Housing Agency (OMH) a personal contribution varying significantly according to the type of accommodation, as well as a three-month deposit.

Non-salaried subscribers who opt for social housing in Mali of the F3 A and F3 B type, must pay a guarantee of CFA132 660 (US$237) and a contribution amounting to CFA234 000 (US$418). For economy type F4 housing, applicants must pay a deposit of CFA282 000 (US$503). In addition, housing is allocated to beneficiaries over a period of 25 years.

The price of the cheapest newly built house by a promoter or official contractor in an urban area is CFA12 500 000 (US$22 316) of type F3. The typical annual rent per square meter for residential accommodation in Bamako is CFA500 000 (US$893). The so-called “private” real estate sector is the most non-transparent sector in Mali. Just to visit a house, people have to pay between CFA2 000 (US$3.5) and CFA3 000 (US$5) to the “coxeur”. If the house is suitable, the future tenant will have to pay the intermediary real estate agency a deposit corresponding to three months of rental costs as a deposit and two months in advance. Others ask for a service provision tax representing 15 percent of the amount of rent for hard and semi-hard buildings and 10 percent for mud buildings. The registration fee represents three percent of the amount of the rent.

Opportunities

Faced with a structural deficit in the real estate sector, housing needs in Mali are exacerbated by the population increase, which has resulted in the development of precarious neighbourhoods devoid of basic urban services. The housing deficit mainly covers the needs expressed by civil servants (44.5 percent), the diaspora (43.5 percent) and the self-employed (10 percent).

For low income people, subsidising the rental sector will have several benefits including improving housing conditions, stabilising rent costs and clarifying the relationship between landlords and tenants. The Ministry of Urban Planning and Housing of Mali initiated a programme of housing development to revitalise this sector for all populations. Over the 2014-2015 period, the OMH recorded nearly 20 000 social housing units as well as the completion of servicing works for 1 552 government housing units, and 1 000 housing units co-financed by Mali and the Islamic Development Bank.

However, the security, health and political crisis risks slow down the state in relation to its various programmes. Measures to support the economy, especially for small businesses, may be insufficient to mitigate the impact of the crisis. Thus, in 2020, the Doing Business report ranked Mali 148 in the world for its index of making it easier to do business.

Despite the considerable risks to which the country is exposed, Mali could benefit from increased construction of affordable housing in the medium and long term since the housing sector is a priority sector for the government.
Availability of data on housing finance

INSTAT is the official source of information that collects data on the environment, population, health, education, human development, transport and telecommunications, foreign trade, production and macroeconomic aggregates. However, INSTAT has not published any reports in 2020. In general, statistics on housing finance are difficult to obtain or even virtually non-existent.

Major banks, such as Banque Atlantic du Mali, BOA Mali, Orabank Mali and UBA Mali offer relevant information on the banking sector and non-bank financial institutions in the country. However, due to the time available, some information was difficult to go through.
Mauritania

Overview

Mauritania is a middle-income country located between Sub-Saharan Africa and the Maghreb. It covers an area of over one million square kilometres with a population of about 4.5 million and a density of 3.9 people per square kilometre, the lowest density in Africa. Most of the country is desert. The country has natural resources (iron ore, gold, copper and phosphate) and agricultural resources. Agriculture and livestock are the main economic activities. The dynamism in the mining sector offset the decrease in the agricultural and fishing sectors supporting the country’s growth to 5.9 percent in 2019 from 2.1 percent in 2018.6

Urbanisation has grown rapidly due to a rural exodus. Nomadic and rural life is being replaced by a sedentary and urban way of life. In 2019, the urban population was 2.5 million inhabitants out of a total population of approximately 4.5 million inhabitants. Living conditions are deteriorating and precarious housing and slums are on the rise and are now home to nearly 80 percent of the urban population.3 Only a quarter of the urban population is connected to electricity, and half to drinking water. Nouakchott had 1.2 million inhabitants in 2019, representing 51 percent of the urban population in contrast to its 15 000 inhabitants at the time of its creation in 1958. In 30 years, the city has seen its population multiply by 18, from 40 000 to over a million inhabitants.6

In 2020, the country’s growth is expected to decline with forecasts of between -2 and -6.8 percent due to the global COVID-19 pandemic2 and lower demand for exports and foreign direct investment (FDI) from Europe and China. This is despite measures taken by the public authorities to maintain economic activity. The country could experience a financing gap and an increase in debt.

Inflation was 2.3 percent in 2019, a slight decrease of 0.7 percentage point compared to 2018. The budget surplus was 0.6 percent of gross domestic product (GDP) in 2019 against 1.5 percent in 2018.8 The poverty rate fell from 44.5 percent to 33 percent between 2008 and 2014, accompanied by a decline in inequality. Unemployment remains high among young people (18.5 percent in 2017), who represent 60 percent of the population.

Access to finance

Thanks to development finance institutions (DFIs), the banking sector provides access to credit. The arrival of the Canadian company Westbridge Mortgage REIT, specializing in real estate financing in June 2020 is an opportunity to strengthen the mortgage market and support public authorities in their housing policy, especially for housing intended for international companies (oil and gas).

Mauritania has 18 banks, including seven Islamic banks and five with majority foreign capital,7 with a high concentration in the main cities such as Nouakchott and Nouadhibou. Much of the access to finance is handled by microfinance institutions. Twenty-five microfinance institutions are active. The central bank’s key interest rates have remained stable since 2009, maintained at around nine percent and oscillated

KEY FIGURES

Main urban centres: Adel Bagrou, Nouadhibou, Nouakchott, Rasso

Exchange rate (1 July 2020): 1 USD = [a] 37.56 Ouguiya (MRO) 103.80 Ouguiya (MRO)

Total population [b] / Urban population [b] 4 525 696 / 2 466 821

Population growth rate [b] / Urbanisation rate [b] 2.74% / 4.29%

GDP per capita (Current US$) [b] US$1 678

Percentage of population below national poverty line (2017) [b] 43.6%

Unemployment rate (% of total labour force, national estimate) (2017) [b] 10.2%

Proportion of adult population that borrowed formally (2017) [b] 7.5%

Gini coefficient (2017) [b] 40.5

HDI country ranking (2018) [c] / HDI country score (2018) [c] 161 / 0.53

GDP (Current US$) [b] US$7 594 million

GDP growth rate [b] 5.93%

Inflation rate [b] 2.30%

Yield on 10-year government bonds n/a 17.00%

Number of mortgages outstanding (2019) [d] 326 260

Value of residential mortgages (Current US$) n/a

Typical mortgage rate 1 Term 10 371 229 MRO

Ratio of mortgages to GDP n/a

Number of mortgage providers n/a

Number of microfinance loans outstanding n/a

Value of microfinance loans in local currency units [e] 451 000 000 MRO

Number of microfinance providers [e] 25

Total number of formal residential dwellings in the country n/a

Total number of residential properties with a title deed [f] 27 075

Number of formal housing units built in this year n/a

Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2019) 10 371 229 MRO

Size of cheapest, newly built house by a formal developer or contractor in an urban area [g] 45 m²

Typical monthly rental for the cheapest, newly built house [h] 79 641 MRO

Cost of standard 50kg bag of cement in local currency units [i] 2 800 MRO (US$31.95)

Type of deeds registry: digital, scanned or paper [j] Paper

World Bank Ease of Doing Business index rank [j] 109

Number of procedures to register property [j] 6

Time to register property [j] 47 days

Cost to register property as share of property price [j] 1.7%

World Bank DBI Quality of Land Administration index score (0-30) [j] 10.50

Percentage of women who own a house alone: Total / Urban (2000) [k] n/a / n/a

Percentage of households with basic sanitation services: Total / Urban (2000) [k] n/a / n/a

Percentage of households with no electricity: Total / Urban (2000) [k] 50.1% / 29.4%

Percentage of households with 3+ persons per sleeping room: Total / Urban (2000) [k] 67.8% / 62.1%

Percentage of urban population living in slums (2018) [l] 73.2%

NB: Figures are for 2020 unless stated otherwise.

[a] xe.com
[b] World Bank World Development Indicators
[c] Human Development Reports, United Nations Development Programme
[d] World Bank Data: World Bank Economic Indicators
[e] United Nations Secretary-General’s Special Advocate for Inclusive Finance for Development (UNSGAIF)
[f] Central Bank of Mauritanian
[g] World Bank Publications: Women’s access to land in Mauritania 2015
[h] Expatistan.com
[i] Xe.com
[j] World Bank Ease of Doing Business Indicators
[k] Development Programme
[l] World Bank DBI Quality of Land Administration index score (0-30)

Inflation rate (2017) 40.50

GDP growth rate (2017) 5.93%

Inflation rate (2017) 2.30%

Yield on 10-year government bonds n/a 17.00%

Number of mortgages outstanding (2018) [d] 308 100

Value of residential mortgages (Current US$) n/a

Typical mortgage rate 1 Term 10 371 229 MRO

Ratio of mortgages to GDP n/a

Number of mortgage providers n/a

Number of microfinance loans outstanding n/a

Value of microfinance loans in local currency units [e] 451 000 000 MRO

Number of microfinance providers [e] 25

Total number of formal residential dwellings in the country n/a

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[e] United Nations Secretary-General’s Special Advocate for Inclusive Finance for Development (UNSGAIF)
[f] Central Bank of Mauritanian
[g] World Bank Publications: Women’s access to land in Mauritania 2015
[h] Expatistan.com
[i] Xe.com
[j] World Bank Ease of Doing Business Indicators
[k] Development Programme
[l] World Bank DBI Quality of Land Administration index score (0-30)
between 10 percent and 17 percent in April 2019. Banking access is increasing with a rate of over 30 percent including microfinance institutions.8

In 2019, banking activity remained dynamic. The stock of net domestic credits stood at UM9.6 billion (US$2.6 billion), an increase of 5.2 percent compared to 2018, partly due to the increase in aid to the economy of 1.75 percent for UM7.8 billion (US$2.1 billion) in 2019 compared to UM6.7 billion (US$1.8 billion) in 2018. The same is true for microfinance institutions whose net outstanding credit granted reached UM5.1 million (US$12 million) in 2019, an increase of 28 percent compared to 2018. Loans granted by the CAPEC (Caisses Populaires d’Epargne et de Crédit) represented 49 percent of loans from microfinance institutions against 51 percent for other institutions. However, outstanding loans from microfinance institutions represented only one percent of total loans in the financial system. Non-performing loans decreased to 21.7 percent of total loans at the end of 2019, equivalent to a decrease of 22.6 percent compared to 2018.9

Difficulties the banking sector faces include a fragmented and informal credit market. Banking activity is exposed to a risk of lack of liquidity with a liquidity/total assets ratio of around 19.6 percent in 2018 against 4.6 percent in 2017. The country does not have a stock market and is struggling to develop a mortgage market or a bank specialising in mortgage loans capable of meeting demand. The number of home loans remains low. Five percent of adults over 15 had a home loan in 2017.10 Only 8.3 percent in 2014 got a mortgage. The decentralisation of banking activity outside the main urban centres has not made it possible to encourage an increase in the use of banking services. In addition, the country is expected to face a funding gap and increased debt pressure due to the pandemic.12

Affordability
The efforts made by state authorities since independence have made ownership the dominant form of housing tenure. Almost 80 percent of Mauritanian households are said to own their homes.13 The state has shut down housing programmes for civil servants (less than one percent). Formal housing represents 67.5 percent of real estate; the rest is made up of precarious dwellings such as tents, cabins or huts, barracks and “m’bar”.14 Important government housing programmes including the Urban Development Project (UDP) is an example of slum eradication in favour of an improved urban environment with plots and land title facilitating access to housing, access to credit, vocational training and local development.

Housing is a high-cost item in Mauritania. Renting or buying a house, mainly in the city, remains inaccessible for a large part of the population. On average, the average monthly rent for a three-bedroom apartment in downtown Nouakchott is UM239 941 (US$6 387).15 The income pyramid reveals that rent is inaccessible for many Mauritanians as 60 percent of Mauritanians earn less than UM127 720 (US$3 300) a month. This is pushing Mauritanians to move to other residential areas outside the city centre where rent prices can drop to UM50 000 (US$1 330) a month.16

Like rents, house purchase prices are high in cities. The cheapest house built by a formal agent costs around UM10 400 000 (US$276 855) and is thus inaccessible for a majority of local households, in a country where the gross national income (GNI) was UM60 826 (US$1 657) in 2019.17

Housing supply
Housing regulations have not really changed since 1975. At that time, policies offered government employees the opportunity to purchase their property individually to reduce the demand for social housing and encouraged developers to invest in private development.

The repeated droughts between 1977 and 1984 reduced the nomadic population, increased sedentary rural and urban populations, and intensified the phenomenon of rural exodus. Combined with a strong population growth, especially in Nouakchott where the rate is around eight percent a year,17 the demand is 10 000 housing units a year. Specifically, according to an inventory carried out in 2009 by the Ministry of Housing, Urbanism and Territorial Development, the gap between demand and supply of housing is 233 percent. Housing construction is 3 000 housing units a year.

The state is the main guarantor of real estate in the country. It set up a microcredit system for low-cost housing under the UDP, which produced 5 900 homes in Nouakchott and Nouadhibou over the period 1998-2008. The merger of the Société de construction et de gestion immobilière (SOCOGIM) and the National Land Development Agency into a company called the National Society for Land Development, Housing Development and Property Management (SKAN) in 2010 contributed to the construction of around 4 900 housing units through a programme to restructure precarious neighbourhoods in Nouadhibou, launched in 2001, and the rehousing of 2 500 households as part of the extension and modernisation project of the town of Kaédi, started in 2009. Following the same logic, the extension and modernisation project of the town of Rosso, launched in 2009, is setting up 11 000 lots intended for housing. In Chami, the construction of a city of 50 housing units is planned. The 100 housing project, funded by Qatar since 2017, for the municipalities of Jadir Al-Mahkan has been suspended due to political problems.20

Residential housing is dominated by the construction of buildings intended to be occupied by wealthy owners or rented by expatriates, particularly in the urban commune of Tervagh Zeina in the suburb of Nouakchott. Informal housing is made up of “kébbébés” and “gazra”. The “kébbébés” are informal settlements resulting from the urban explosion and peri-urbanisation in Nouakchott. The “gazra” are made up of former “kébbébés” legalised by the authorities that can still be found in urban areas as a result of spontaneous settlement.

Property markets
The majority of the population live in rural areas and on partially registered land in urban areas. Based on the latest information available, 80 percent of heads of household own their homes. In rural areas, owners represent 96 percent compared to 65 percent in urban areas. Renters are more common in Dakhelt Nouadhibou (38 percent) and Nouakchott (32 percent). The size of households is the same regardless of the area of residence (six people per household).22

There is a cadastral website that provides details on registration services such as regulations, procedures and fees for transfer of ownership, as well as other relevant information to the public. It facilitates access to cadastral information and streamlines legal procedures, including the transfer of title deeds. A computerised system has been set up by the Ministry of Economy to create more transparency in the land allocation process. The cadastrist keeps information on title deeds. Homeowners must have a notarised sales contract and certificate of ownership.

The real estate market in Nouakchott offers housing possibilities of varying quality (apartment buildings, luxury villas) at negotiable prices. In the residential area of Tervagh Zeina, for example, the housing is of high standard with large stands and

COVID-19 response
The pandemic has affected economic, political and social activities. The country has taken the following measures: closing the country’s land, air and sea borders; restricting interregional mobility within the country; introducing a curfew; suspending training and educational establishments, closing restaurants; and banning gatherings in all 12 regions of the country.

Several measures have been implemented by public authorities to contain the negative effects, in particular the creation of the Special Fund for Social Solidarity and the Fight against the Coronavirus.

The Central Bank of Mauritania has also taken a series of measures, including lowering its key interest rate from 6.5 percent to five percent, lowering the loan facility rates from nine percent to 6.5 percent, the reserve requirement rate from seven percent to five percent, and reducing deposit facility rates, fixed at the policy rate and subtracted from five percent, i.e. zero percent. These measures covered economic activity as a whole but rarely made specific distinctions about different sectors, including that of housing. No specific measures have been taken about evictions or slums.
The Land Code (ordinance 83-127 of June 5, 1983) specifies in its first article the right to property. The policy frameworks and regulations governing the housing sector are:

- The Land Code (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 by complying with the law become its owner in part” and adds in its second article that “the State recognises and guarantees private land ownership which must, in accordance with Sharia law, contribute to the economic and social development of the country”.


- The Constitution (1991) specifies in article 15 that the right to property is guaranteed. However, the law can limit the scope of the exercise of private property if the demands of the economy and social development so require.

- The Action Plan of the Poverty Reduction Strategy Paper III (PRSP 2011-2015), supported by the World Bank and the International Monetary Fund, aims to improve living conditions by making affordable housing available and by building urban infrastructure.

The approach focuses on:

- Adopting and implementing a national housing strategy;
- A significant increase in the number of dwellings;
- The promotion of real estate development, with a view to providing a diversified supply of housing at an affordable cost to households;
- The continuation and extension of the low-cost housing programme Twize in the main urban areas; and
- The establishment of a housing finance system that takes into account the needs of households, as well as those real estate developers.

Opportunities

Thanks to the series of reforms undertaken in the country and with the support of the Strategy for Accelerated Growth and Shared Prosperity, the state has set itself the objective of placing Mauritania in 83rd place in the Doing Business ranking by focusing on areas with strong potential for improvement, such as the payment of taxes, cross-border trade and the granting of building permits.

Mauritania remains an attractive country because of its mineral resources. The absence of regulations limiting FDIs is an advantage for real estate investors. A Higher Council for the Improvement of the Business Climate has been set up to strengthen the attractiveness of FDIs.

Opportunities for developing housing finance exist. The increase in the number of banks in the country could facilitate access to credit for households and increase housing finance. Commercial banks could also restore refinancing and guarantee mechanisms and create new products such as housing savings plans, long-term mortgages and renegotiable mortgage products.

The development of the real estate sector should be built on facilitating access to housing loans and easing loan conditions. These mechanisms should be aligned with the recommendations of the World Bank, which propose to establish a loan collection company and/or a mortgage management company; a mortgage refinancing fund; and a mortgage loan guarantee fund. The country’s rapid population growth, especially in cities like Nouakchott, means it has a young population that can provide a workforce. With the rural exodus, the demand for housing is intensifying.
Websites
Central Bank of Mauritania https://www.bcm.mr/
National Statistics Office http://www.ons.mr/

Availability of data on housing finance
Apart from DFIs such as the World Bank and the IMF, the statistics used come from the National Statistics Office, the Central Bank of Mauritania and the Ministries. This data is obtained through censuses, surveys, or by using documents from the public or private sectors.

However, the availability of updated data is a problem. There is a lack of data and statistics on mortgages (number of mortgage providers, number of non-performing classified mortgages), construction costs and labour.
Overview
The island nation of the Republic of Mauritius is situated on the southeast coast of Africa. It consists of three main islands, Mauritius, Rodrigues and Agalega, with a combined size of 2,040 km² and a population of 1,266,000 in July 2020 with zero population growth compared to July 2019.1 Its capital, Port Louis, is on the main island of Mauritius.

The gross domestic product (GDP) of Mauritius grew 3.6 percent in 2019, largely driven by the construction and services sectors (banking and Information and communications technology), a rebound in agriculture, and the expansion of knowledge intensive services.2 In July 2020, Mauritius was classified as a high-income country following the World Bank publication of the updated taxonomy of countries by income groups.2 The annually adjusted high-income threshold stands at Rs505,514 (US$12,535) at present and the country’s gross national income (GNI) per capita for 2019 was higher at Rs513,782 (US$12,740), indicating a 3.5 percent increase from 2018.

Prior to COVID-19, Mauritius was reported as being one of only three countries in Africa that did not have a housing deficit. However during the COVID-19 lockdown period informal settlements have been reported with 170 squatters settling in parts of Mauritius on state land. It is not clear how these informal settlements are to be accommodated other than the Ministry of Housing and Land Use Planning noting that it intends to revise the criteria for social housing requests so as to support the most vulnerable. Social housing delivery is administered by the Housing Division of the Ministry of Housing and Land Use Planning. The Housing Division is responsible for formulating strategies and policies for the social housing sector and for implementing social housing programmes through the National Housing Development Corporation Ltd. (NHDC).3 The 2020-2021 Budget provides for the construction of 12,000 houses to be delivered over the next three years to accelerate housing delivery.

The government is dealing with the COVID-19 pandemic with measures that include rolling out the Plan de Relance de l’Investissement et de l’Économie, engaging in major structural reforms, and securing sustainable and inclusive development. Rs62 billion (US$1.5 billion) has been budgeted for infrastructure development, of which 19 percent (Rs1.2 billion, US$298 million) is specifically earmarked for social housing units.

In addition to dealing with the impacts of COVID-19 on its economy, Mauritius is facing the ramifications of an oil spill after a fuel-loaded tanker ran aground off its coast on 25 July 2020, leaking over a thousand tonnes of fuel into its waters and damaging its ocean and marine habitats, which form the country’s primary tourism drawcard. The tourism sector and its tourism businesses are already reeling from the COVID-19 pandemic, and the damages to the country’s pristine beaches and sensitive marine life may negatively affect the tourism sector and can lead to further job losses.4

Access to finance
The country’s central bank is the Bank of Mauritius and it derives its mandate from the Bank of Mauritius Act No.34 of 2004. Its primary objective is to maintain price stability and promote orderly and balanced economic development.
The financial sector in Mauritius is well-developed and dominated by banks. Commercial banks in Mauritius offer a wide range of services, from traditional banking to more specialised facilities. The Bank of Mauritius regulates banks, non-bank deposit-taking institutions and cash dealers. Other financial corporations fall under the regulatory guidance of the Financial Services Commission. In June 2019, 20 banks were operating in Mauritius, of which nine were domestic-owned banks, eight were subsidiaries of foreign-owned banks and there were three branches of foreign banks. The banking system employed 8 188 people and had a spread of 172 branches in the country, nine counters, 443 automated teller machines (ATMs) and one mobile van. Fifteen banks offered card-based payment services such as credit cards and debit cards and 17 banks offered internet banking facilities. Six banks provided mobile banking services, including payment facilities to their customers.6

The Monetary Policy Committee of the Bank of Mauritius reduced the key repo rate by 50 basis points to 2.85 percent in March 2020. In the same month, to assist Mauritian businesses across all economic sectors affected by COVID-19, the Bank of Mauritius also introduced a Support Programme with five key measures.7

- Special relief of Rs5 billion (US$124 million); this measure was introduced through commercial banks to meet cash flow and working capital requirements of economic operators in all economic sectors directly impacted by COVID-19, including small and medium enterprises.
- Reduction of cash reserve ratio applicable to commercial banks: with immediate effect and until further notice, the cash reserve ratio applicable to commercial banks was reduced from nine percent to eight percent.
- Moratorium on capital repayment for loans; a moratorium of six months for existing loans for economic operators that are being affected by COVID-19 has been issued.
- Easing of banking guidelines: the Guidelines on Credit Impairment Measurement and Income Recognition, which have been effective since January 2020 have been put on hold.
- Issue of two-year Bank of Mauritius 2020 savings bond: as from 23 March 2020, the Bank of Mauritius will issue a bond for an amount of Rs5 billion (US$124 million). This bond will be issued at par in multiples of Rs25 000 (US$620) to individuals who are residents of Mauritius and up to a maximum cumulative investment amount of Rs 1 000 000 (US$24 797) per investor, whether singly or jointly, and to locally registered non-governmental organisations running on a non-profit making basis for the same maximum investment amount of Rs 1 000 000 (US$24 797).

One of the biggest players in the microfinance space is MCB Microfinance Limited, which was launched in July 2016. By the end of July 2019, MCB Microfinance Limited had financed 2 867 loans for a total of Rs571 million (US$14.2 million).8

Affordability

Access to affordable housing to either buy or rent for the working and middle class is difficult, with only 2 357 social housing units being built by the NHDC and the National Empowerment Foundation (NEF) between 2015 and 2020. The working and middle class population face challenges around accessing affordable housing units for purchase or rent.

In 2017, the average monthly household disposable income was Rs36 803 (US$913), with 8.4 percent of households earning less than Rs10 000 (US$248) and 31.1 percent of households with an income above Rs40 000 (US$922).9

The Ministry implements housing projects targeting families earning an income of up to Rs30 000 (US$744) through the NHDC, its implementing agency. The type of housing unit has been reviewed to accommodate at least two bedrooms, one kitchen, one living room, one toilet and one bathroom. The housing units are sold to beneficiaries by the NHDC, using a sliding scale according to household incomes. Household incomes of below Rs10 000 (US$248) require a one-third payment by beneficiaries with government providing the other two thirds as a subsidy. At the highest end, households earning Rs25 001 (US$620) to Rs30 000 (US$744) need to make an 85 percent payment and the government subsidy is for 15 percent.

COVID-19 response

The first incidence of COVID-19 in Mauritius was confirmed in March 2020. A sanitary lockdown period was imposed by the government, starting 20 March 2020, which implemented one of the strictest policies to contain the spread of COVID-19.10 On 30 May 2020, the lockdown was lifted, although some restrictions were still imposed on certain activities, in public spaces and public gatherings.11

On 10 March 2020, the Monetary Policy Committee of the Bank of Mauritius reduced the key repo rate by 50 basis points to 2.85 percent. The COVID-19 (Miscellaneous Provisions) Act of 2020 amended a series of enactments to address the challenges posed by the pandemic. It sets out temporary measures the government seeks to implement to curb the repercussions of the COVID-19 pandemic on different fronts, particularly in relation to corporate, insolvency, banking, regulatory and employment issues.

Concerning the real estate sector, Article 30 relates to amendments to the law governing the rental of property – the Landlord and Tenant Act – granting a six-month moratorium on payment of rent applicable to both business and residential premises. It allows those who could not, or cannot, pay their accrued rent during the sanitary curfew period, until the end of August 2020, to do so through a rescheduling formula to be mutually agreed between tenant and owner. Unpaid rent between March and August 2020 may be staggered between September 2020 and December 2021 in instalments. Such an arrangement will therefore not constitute a violation of the rental contract between the tenant and the owner. No eviction order will therefore be authorised for unpaid rent during the moratorium period.

The government has established a special programme to subsidise the purchase of housing units and serviced lots through subsidised loans from the Mauritius Housing Company which increases affordability.

Housing supply

The 2011 Housing and Population Report indicates that there were 358 930 housing units in Mauritius, of which 209 025 (58 percent) were rural and 149 905 (42 percent) urban. Of these housing units, 99 percent had access to electricity and 94 percent had access to water inside their homes. The majority of the housing units (92 percent) are durable, with concrete walls and roofs with only four percent of units with iron or tin walls or roofs. Approximately six percent of housing units were also recorded as being substandard due to the lack of electricity (1 700 housing units), lack of piped water (1 400 housing units), or lack of a toilet (600 housing units). It was further reported that 99 percent of housing units were privately owned of which only 12 percent were mortgaged and 78 percent were non-mortgaged. Eight percent of households were rented. The average household size was 3.7 in 2011.12

Between 2015 and 2020, only 2 221 and 136 social housing units had been built by the NHDC and NEF, respectively. By June 2020, 154 houses were to be delivered to residents of Mauritius. The COVID-19 pandemic, however, has impacted the delivery of housing units.

The need to accelerate housing delivery was highlighted by the Minister of Housing and Land Use Planning during budget discussions for the 2020-2021 financial year, indicating that “it is time for the implementation of bold measures in order to guarantee equal access to decent housing for all and to tackle inequalities.”13

The government encourages self-help construction through the Roof Slab Grant Scheme. This is particularly directed at low income households, when a first-time owner earns up to Rs8 500 (US$211) and already owns a plot of land and is
having difficulty constructing a concrete housing unit. These families are financially assisted through a grant scheme either for the casting of roof slabs to complete their construction or for the purchase of building materials to start construction.

Property markets
The Mauritian government encourages and supports investment in the property market through its Property Development Scheme incentive, which allows the development of a mix of residences for sale to non-citizens, citizens and members of the Mauritian Diaspora. The Property Development Scheme provides for the development of luxurious residential units, on freehold land of an extent of at least 0.4220 hectares (1 arpent) but not exceeding 21.105 hectares (50 arpents); the development of at least six residential properties of high standing; high-quality public spaces that help promote social interaction and a sense of community; high-class leisure, commercial amenities and facilities intended to enhance the residential units; day-to-day management services to residents including security, maintenance, gardening, solid waste disposal and household services; and social contribution in terms of social amenities, community development and other facilities for the benefit of the community.15

Mauritius also has property tax exemptions.16 The exemption from registration duty on acquisition of newly-built dwellings was extended by two years for a threshold value of Rs7 million (US$173 576); the exemption from land transfer tax to a promoter undertaking construction of projects under the house estate scheme was extended to exempt residential units of up to Rs 7 million (US$173 576); and the first-time buyer registration duty exemption was extended to cover inherited land area of less than 20 perches.

According to the Numbeo website,17 to rent a one-bedroom apartment in the city centre of Port Louis is approximately Rs1 403 (US$348) and Rs6 412 (US$159) outside of the city centre. In addition, the price per square metre to buy an apartment in the city centre is Rs34 037 (US$844) and Rs47 910 (US$1 188) outside the city centre.

Policy and legislation
The Government has recently made changes to its concessions for foreign nationals, making it more attractive and affordable to work and/or retire in Mauritius and to also purchase property. In June 2020, the government made changes to its investment thresholds: the extension of work, residence, retirement permits and property acquisition options. Previously foreign nationals were required to invest Rs20 164 116 (US$500 000) in property; this has now been reduced to Rs 15 123 087 (US$375 000). The three-year permit for foreign retirees has now been extended to 10 years, with the requirement that the individual earns a recurring income of Rs 60 492 (US$1 500) per month on average. In addition, permanent residence and work permits have been combined into a single permit and extended from 10 years to 20 years.18

The Ministry of Housing and Land Use Planning administers the policies and legislation for the housing sector. The Cadastral Survey Act No. 22 of 2011 provides for the maintenance and updating of a digital cadastral database, the conduct of land surveying and related matters. The Land Acquisition Act of 1973 provides for the compulsory acquisition of land and the compensation of losses resulting from such acquisition. The Land (Duties and Taxes) Act No. 46 of 1984 imposes levies and duties for immovable property and provides for matters relating to taxation of land such as valuation and registration. The Landlord and Tenant Act No. 6 of 1999 provides rules relative to the relationship and contractual agreement between landlord and tenant and makes provision for other matters including resolution of disputes and the control of rent.19

Two legislative amendments were brought to the Landlord and Tenant Act and the Pouce Stream (Authorised Construction) Act No. 32 of 1992 in the 2017–2018 financial years. The Landlord and Tenant (Amendment) Act was enacted and came into operation in December 2018 to provide for an extension of the moratorium period, after which business lettings would be liberalised, of a further period of three years up to 31 December 2020 with a view to helping small businesses, which are vulnerable and are experiencing difficulties. The Pouce Stream (Authorised Construction) Act was amended in April 2018 to provide for the construction of a cantilevered multi-storey building over part of the Pouce Stream by Caudan Development Ltd.

The government is the lead driver for social housing delivery in Mauritius; however, private sector participation is encouraged in this space through various public-private partnership projects. The Finance Act of 2009 makes it mandatory for companies to devote two percent of their book profits to corporate social responsibility activities, funds that can be used for approved programmes and can include social or subsidised housing.20

Opportunities
The COVID-19 pandemic has stressed the importance of housing and shelter as a means of protection, not only against natural elements, but also diseases, and that adequate housing is a means to reduce the spread of exposure to the virus. To understand housing markets, it is crucial that housing and housing finance-related data are tracked so that appropriate, cost-effective housing units (for rental or purchase) can be delivered together with appropriate, accessible financial services for the end user to either purchase or build. Opportunity lies in the country providing housing-related data that will enable government, the private sector and even other financial institutions to best gauge appropriate and accessible housing products as well as financial services for the vulnerable, working class.
Websites
Bank of Mauritius https://www.bom.mu
Construction Industry Development Board https://www.cidb.mu
Estate Agents Association https://www.easamauritius.com
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://mf.govmu.org
National Empowerment Fund http://www.nef.mu
National Housing Development Company Ltd https://www.nhdcmauritius.com
Statistics Mauritius http://statmauritius.govmu.org/

Availability of data on housing finance
Statistics Mauritius is the official organisation responsible for the collection, compilation, analysis and dissemination of official statistical data relating to the economic and social activities of the country.

Data related to the financial sector (i.e. banking and balance of payment statistics) falls under the responsibility of the Bank of Mauritius.

The Ministry of Housing and Land Use Planning provides data on housing and national surveys when they are conducted, as and when available. Overall data that is particularly relevant to the housing sector in Mauritius is limited.
Overview

The Kingdom of Morocco is a North African country with a diversified and prosperous economy, ranking 53rd among the most attractive countries in which to do business. The Moroccan Dirham is its currency. Gross national income per capita increased from US$1,390 in 2000 to US$3,090 in 2018. Despite this increase, Morocco is considered a lower middle income country.

The growth rate in 2019 was 2.3 percent compared to 3.1 percent in 2018 due to an unfavourable external environment and poor agricultural production, despite low inflation of 0.2 percent compared to 1.6 per cent in 2018. Since January 2018, Morocco has opted for a more flexible exchange rate regime. The central bank continues to set the price of the dirham on the basis of the euro at 60 percent and the dollar at 40 percent, with an increased margin of flexibility. In 2019, the average exchange rate was MAD9.65 to the dollar. The average annual increase in gross domestic product (GDP) over the decade per inhabitant was 2.3 percent, compared to 3.4 percent in the previous decade.

The population of Morocco is 36,016,257 with a poverty rate of 15.5 percent. The housing deficit for 2018 was estimated at around 400,000, a vast improvement compared to 800,000 units in 2012. This high rate of poverty implies various problems. Affordable housing is the main source of concern for households and as such an important issue for the government. The lack of access to affordable housing is caused by a shortage in the supply of social housing by government and the exorbitant cost of housing produced by property developers, resulting in a housing gap between what is being provided and what households can afford.

The COVID-19 pandemic has exacerbated the problems in this sector. In response, the government has created a special COVID-19 emergency fund to help families in the informal sector by providing between MAD800 (US$82 and US$124) as well as a freeze on water and electricity bills for these households.

The central bank has adopted a number of measures to support access to credit, such as reducing its key interest rate by 25 basis points to two percent and introducing a mechanism that will triple banks’ refinancing capacity with the central bank. It also called on credit institutions to suspend, until further notice, all dividend distributions for the 2019 financial year in order to cope with the effects of the crisis and preserve their capacity to provide funding in these exceptional circumstances.

Access to finance

The Moroccan banking system comprises 90 credit institutions and similar organisations, including 12 microcredit institutions (compared to 13 in 2018) and 19 payment institutions. In Morocco, the 24 banks that are fully dedicated to granting bank credit have a network of 6,539 branches with 7,613 automated teller machines (ATMs). Abroad, there are more than 48 subsidiaries and 15 branches with around 1,523 points of sale.

Key Figures

<table>
<thead>
<tr>
<th>Key Figure</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (Current US$)</td>
<td>US$118,725 million</td>
</tr>
<tr>
<td>GDP growth rate</td>
<td>2.30%</td>
</tr>
<tr>
<td>Inflation rate</td>
<td>0.20%</td>
</tr>
<tr>
<td>Yield on 10-year government bonds</td>
<td>n/a</td>
</tr>
<tr>
<td>Lending interest rate (2017)</td>
<td>6.84%</td>
</tr>
<tr>
<td>Number of mortgages outstanding</td>
<td>67,332</td>
</tr>
<tr>
<td>Value of residential mortgages (Current US$) (2019)</td>
<td>US$2,711 million</td>
</tr>
<tr>
<td>Typical mortgage rate</td>
<td>4.45%</td>
</tr>
<tr>
<td>Ratio of mortgages to GDP</td>
<td>2.28%</td>
</tr>
<tr>
<td>Number of mortgage providers</td>
<td>24</td>
</tr>
<tr>
<td>Number of microfinance loans outstanding</td>
<td>n/a</td>
</tr>
<tr>
<td>Value of microfinance loans in local currency units</td>
<td>n/a</td>
</tr>
<tr>
<td>Number of microfinance providers</td>
<td>12</td>
</tr>
<tr>
<td>Total number of formal residential dwellings in the country</td>
<td>n/a</td>
</tr>
<tr>
<td>Total number of residential properties with a title deed (2019)</td>
<td>210,125</td>
</tr>
<tr>
<td>Total number of formal housing units built in this year (2018)</td>
<td>315,085</td>
</tr>
<tr>
<td>Price of the cheapest, newly built house by a formal developer or contractor in an urban area</td>
<td>6,494 MAD</td>
</tr>
<tr>
<td>Typical monthly rental for the cheapest, newly built house</td>
<td>4,000 MAD</td>
</tr>
<tr>
<td>Cost of standard 50kg bag of cement in local currency units</td>
<td>74 MAD (US$7.62)</td>
</tr>
<tr>
<td>Type of deeds registry: digital, scanned or paper</td>
<td>Computer - Scanner</td>
</tr>
<tr>
<td>World Bank Ease of Doing Business index rank</td>
<td>53</td>
</tr>
<tr>
<td>Number of procedures to register property</td>
<td>6</td>
</tr>
<tr>
<td>Time to register property</td>
<td>20 days</td>
</tr>
<tr>
<td>Cost to register property as share of property price</td>
<td>6.4%</td>
</tr>
<tr>
<td>World Bank DB Quality of Land Administration index score (0-30)</td>
<td>17.0</td>
</tr>
<tr>
<td>Percentage of women who own a house alone: Total</td>
<td>n/a</td>
</tr>
<tr>
<td>Percentage of households with basic sanitation services: Total</td>
<td>n/a</td>
</tr>
<tr>
<td>Percentage of households with no electricity: Total</td>
<td>21.8%</td>
</tr>
<tr>
<td>Percentage of households with 3+ persons per sleeping room: Total</td>
<td>n/a</td>
</tr>
<tr>
<td>Percentage of urban population living in slums (2018)</td>
<td>9.2%</td>
</tr>
</tbody>
</table>

NB: Figures are for 2020 unless stated otherwise.

[a] Xe.com
[b] World Bank
[c] Human Development Reports, United Nations Development Programme
[d] Central Bank of Morocco
[f] Department of Housing and City Policy
[g] Mubawab.ma
[h] Media24.com
[i] World Bank Ease of Doing Business Indicators
[j] Demographic and Health Surveys, USAID
[k] United Nations Human Settlements Programme
[l] UN-HABITAT
The structure of the banks' total assets has not changed significantly compared to previous years. Loans and advances to customers continue to account for a large share, namely 59.4 percent compared with 59.5 percent a year earlier. Loans to credit institutions fell by 0.5 basis points to 13.1 percent. Conversely, the share of the securities portfolio increased by 0.8 basis points to 21.8 percent and the share of foreign currency banking assets increased by 0.6 basis points to 8.5 percent, of which almost four percent is held by non-residents.11

Despite a 6.8 percent delinquency rate,12 and after a three percent decline in 2018, outstanding housing finance contracted by 3.5 percent to nearly MAD26.3 billion (US$2.708 781 229). Household bank debt increased by 5.1 percent to MAD358 600 million (US$36 934 180 562), up from 5.7 percent in 2018.

Of this total, Mourababa real estate financing amounts to MAD5 700 000 000 (US$587 074 259).13 This is financing whereby a client who has chosen a property contacts a participatory bank to apply for a loan. The bank buys this property and resells to the client for a pre-determined margin. The client will then pay monthly instalments over 25 years with the notary fees financed by the bank. A deposit of between five and 10 percent of the total value of the property is required. However, this advance is returned at the end of the transaction.

Compared to many countries on the continent, the Moroccan housing finance market is advanced. Between 2018 and 2019, the number of loan beneficiaries decreased from 68 495 to 67 332 clients, which is explained by a 35 percent decrease in state-sponsored loans. An 11 percent increase in free loans was also granted by banks. The average amount of credit in 2019 was MAD391 000 (US$40 271), down MAD7 000 (US$721) from 2018. The average interest rate for housing loans was 4.45 percent. The share of loans with an interest rate below 85 percent of households in rural areas own their home, while less than six percent in rural areas and 30 percent in urban areas are tenants.22 The Moroccan-style of housing that was used in the past tends to be declining in favour of modern buildings and construction.

In 2019, 44 286 building permits were granted throughout the country for a total of 115 945 dwellings.23 However, these figures remain insufficient in view of the high demand.

To promote access to the maximum number of households, the government has initiated several social and middle class housing programmes. These include housing for MAD140 000 (US$14 419) for a living area of between 50m² and 60m². This programme targets artisans, agents working in the communes, and households with incomes below two minimum wages. Between June 2008 and June 2020, 28 053 dwellings received the certificate of conformity.20

The second programme of MAD250 000 (US$25 749) targets households that do not own a dwelling or households using the dwelling as their principal dwelling for a period of four years. Between June 2010 and June 2020, 488 443 dwellings received the certificate of conformity.21

Housing supply
Morocco has several types of housing. These dwellings are divided between urban and rural areas. More than 50 percent of households in urban areas and almost 85 percent of households in rural areas own their home, while less than six percent in rural areas and 30 percent in urban areas are tenants.22 The Moroccan-style of housing that was used in the past tends to be declining in favour of modern buildings and construction.

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To promote access to the maximum number of households, the government has initiated several social and middle class housing programmes. These include housing for MAD140 000 (US$14 419) and MAD250 000 (US$25 748). The construction of this housing is carried out in partnership with the private sector through the signing of agreements. Between 2008 and June 2020, a total of 75 agreements had been signed for 38 099 housing units at MAD140 000 (US$15 147) and 1 324 agreements for the production of 1 895 330 housing units at MAD250 000 (US$27 048). These latter figures cover the period from 2010 to June 2020.24

The government has also launched other major projects, such as an Eco-city in Casablanca, which will have 58 000 housing units and accommodate 300 000 inhabitants. This programme is in its marketing phase.

Property markets
Morocco has set up the National Agency for Land Conservation, Land Registration and Cartography. Its role is, among other things, to register land ownership and draw up cadastral maps within the framework of registration. Requesting a certificate of ownership or ensuring the authenticity of the documents delivered are some of the services provided by this online agency. Several forms, such as the request for a duplicate land title, can also be done online. According to the Doing Business 2020 report, managing a building permit in Morocco takes about 58 days, and costs 3.3 percent of the value of the property to be built after completing a total of 12 procedures.25

In 2018, the agency carried out 847 500 registrations, including 361 400 real estate transactions, 167 500 mortgages and 318 600 other registrations. On average, it issues 350 000 land titles, 1 480 000 certificates and takes on three million clients annually. In 2019, it processed 1 690 039 real estate transactions.26

COVID-19 response
A four-month lockdown was instituted in Morocco. The central bank reduced the policy rate by 25 basis points to two percent to support economic activity. No moratorium on housing evictions was instituted, however; a moratorium on evictions for lack of administrative papers has been put in place. The government has granted aid of between MAD800 (US$82) and MAD1 200 (US$124) to about 4.3 million families in the informal sector, as well as a freeze on the payments of water and electricity bills.
The real estate sector includes both formal and informal real estate agents. The average salary was MAD2 368 (US$244) in August 2019, suggesting that the majority of Moroccans can buy social housing for MAD1 400 000 (US$14 425). For households not able to buy a property, renting differs according to the housing area and the type of property. For example, renting a flat in Casablanca, the country’s main city, costs at least MAD1 800 (US$185).

The crisis has affected several sectors of the economy but the property market seems to remain unaffected. A large proportion of households are already homeowners, so there is no pressure to sell. Moreover, real estate remains a safe haven for many households, so the price trend is not really downward.

Policy and legislation
Access to affordable housing is a priority for the Moroccan government. It intervenes directly on the market through the Société Nationale Immobilière du Maroc (Moroccan National Real Estate Agency) but also indirectly through the signing of agreements and partnerships with private sector companies, whether banks or property developers in framing of several programmes.

For banks, it acts through the central bank. The change in its key interest rate directly affects the change in the lending rate, thus the possibility for a household to become a homeowner.

For property developers, tax benefits and other reduced registration fees are intended to provide better access to housing. However, the vast majority of developers argue that these measures remain insufficient.

From a legislative point of view, the House of Representatives ratified a new law in 2017 on lease and rental in Morocco. This law makes it compulsory to establish a lease contract between owner and tenant.

In response to the COVID-19 crisis, the government introduced the PLFR to improve its effectiveness, particularly with the end of the tax incentive scheme bringing projects to a halt. The government launched a study in October 2019 to produce a joint proposal involving better segmentation of demand and development of the residential real estate strategy for 2020.

The state has also initiated a new approach to stability in the real estate sector based on greater fiscal visibility for the period 2010-2020. In particular, it has listed a number of avenues and elements for reflection on the sector up to 2020. This involves better segmentation of demand and development of the residential real estate strategy for 2020.

The government launched a study in October 2019 to produce a joint proposal for a new housing programme adapted to the Moroccan context. This programme also aims to define new types of support to enable the continuation of housing programmes agreed with the state after their expiry in 2020. The purpose of this study is to draw up an inventory of public aid, assess its scope, propose measures to improve its effectiveness, particularly with the end of the tax incentive scheme by 2020, and finally to enable the implementation of the new measures to be proposed for 2021.

Opportunities
The Moroccan real estate sector is full of opportunities. The Moroccan population is young, with 47 percent of the population between 15 and 44 years of age. The state must continue its efforts to develop an enabling environment for low-cost housing. This can be achieved, for example, through land reform and reducing the tax burden. It has also begun to respond to certain demands through the Directorate General of Taxes, which has suspended the reference framework for property prices throughout the country. This request had been made for many years by stakeholders and will enable the market to set prices solely on the basis of supply and demand.

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Availability of data on housing finance
Obtaining data on housing finance in Morocco is relatively easy. Most of the available data is up-to-date.

The central bank (AL-Maghrib) collects data on both the banking sector and the economy in general. The bank’s data is annual, available online and publicly available www.bakam.ma.

The Office of the High Commissioner for Planning is the body responsible for the production, analysis and publication of official statistics in Morocco. It collects data at regular intervals and this varies according to the type of data. These are publicly available on its website.

The Ministry of National Land Use Planning, Urban Planning, Housing and Urban Policy is responsible for implementing policy defined by the government for housing and the city. Data collection is not as frequent as that of the central bank, but it is accessible free of charge www.mhpv.gov.ma.

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From a legislative point of view, the House of Representatives ratified a new law in 2017 on lease and rental in Morocco. This law makes it compulsory to establish a lease contract between owner and tenant.

In response to the COVID-19 crisis, the government introduced the PLFR to improve its effectiveness, particularly with the end of the tax incentive scheme bringing projects to a halt. The government launched a study in October 2019 to produce a joint proposal for a new housing programme adapted to the Moroccan context. This programme also aims to define new types of support to enable the continuation of housing programmes agreed with the state after their expiry in 2020. The purpose of this study is to draw up an inventory of public aid, assess its scope, propose measures to improve its effectiveness, particularly with the end of the tax incentive scheme by 2020, and finally to enable the implementation of the new measures to be proposed for 2021.

Opportunities
The Moroccan real estate sector is full of opportunities. The Moroccan population is young, with 47 percent of the population between 15 and 44 years of age. The state must continue its efforts to develop an enabling environment for low-cost housing. This can be achieved, for example, through land reform and reducing the tax burden. It has also begun to respond to certain demands through the Directorate General of Taxes, which has suspended the reference framework for property prices throughout the country. This request had been made for many years by stakeholders and will enable the market to set prices solely on the basis of supply and demand.

The state has also initiated a new approach to stability in the real estate sector based on greater fiscal visibility for the period 2010-2020. In particular, it has listed a number of avenues and elements for reflection on the sector up to 2020. This involves better segmentation of demand and development of the residential real estate strategy for 2020.

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Availability of data on housing finance
Obtaining data on housing finance in Morocco is relatively easy. Most of the available data is up-to-date.

The central bank (AL-Maghrib) collects data on both the banking sector and the economy in general. The bank’s data is annual, available online and publicly available www.bakam.ma.

The Office of the High Commissioner for Planning is the body responsible for the production, analysis and publication of official statistics in Morocco. It collects data at regular intervals and this varies according to the type of data. These are publicly available on its website.

The Ministry of National Land Use Planning, Urban Planning, Housing and Urban Policy is responsible for implementing policy defined by the government for housing and the city. Data collection is not as frequent as that of the central bank, but it is accessible free of charge www.mhpv.gov.ma.

Access to affordable housing is a priority for the Moroccan government. It intervenes directly on the market through the Société Nationale Immobilière du Maroc (Moroccan National Real Estate Agency) but also indirectly through the signing of agreements and partnerships with private sector companies, whether banks or property developers in framing of several programmes.

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The Central Bank of Morocco (Banque Al-Maghrib)  
https://www.bkam.ma/

High Commission for Planning  
https://www.hcp.ma/

National Agency for Land Conservation, Land Registration and Cartography  
https://www.anicfc.gov.ma/

Websites

The Central Bank of Morocco (Banque Al-Maghrib)  
www.bkam.ma

High Commission for Planning  
www.hcp.ma

National Agency for Land Conservation, Land Registration and Cartography  
www.anicfc.gov.ma
Mozambique

Overview

Mozambique is a developing country located in Southern Africa with a population of approximately 30 million, of which more than 50 percent live below the poverty line. The government housing policy is focused on providing better and affordable housing solutions to the lower income population, however, government struggles to meet its objectives due to the high costs involved. More than 90 percent of the population is categorised as low income and, as a result, do not have access to housing loans. Only the middle and high income households, which account for approximately five percent of the population, can afford housing loans. The majority of families build their own houses incrementally, and this is always dependant on financial availability. Approximately 80 percent of the houses in Mozambique are self-built. These houses are built with low quality materials, particularly in the rural areas and near cities, and as a result, the houses are more vulnerable to natural disasters that constantly plague the country.

To change this scenario the Government launched, in March 2020, a new housing project called Renacer (Reborn), focusing on the low income segment. The goal of the project is to build 300 houses in rural and urban areas of Maputo, Nampula and Cabo-Delgado provinces. Other provinces may be included at a later stage. However, even with this initiative, there is still a lot to be done to provide affordable housing to the lower income population. In addition, due to the impact of cyclones Idai and Kenneth, in 2019, causing massive destruction in central and northern Mozambique, several housing projects are being developed in those areas to help the severely affected population.

Over the past four years, the Mozambican economy has not had satisfactory growth when compared to 2015, when the annual growth rate was at eight percent, mainly driven by the exploitation of natural resources, specifically natural gas and mineral coal. Between 2016 and 2019, the annual growth rate was three percent a year, which was one of the lowest ever recorded. It shows that Mozambique went from relatively high economic growth to a low economic growth rate. With the impact of COVID-19, the Central Bank (Bank of Mozambique) expects an annual growth rate of under 2.2 percent (registered in 2019) but does expect a recovery from 2021. To reduce the impact of the pandemic on the economy, and also to maintain control over consumer prices, the Central Bank adjusted the policy rate and the prime rate in line with the economic outlook and inflation. The current rates are

10.25 and 15.9 percent respectively. Inflation is expected to remain at a single digit for 2020 and 2021.

The Central Bank also made a line of credit of US$500 million available to commercial banks to reduce the impact of the pandemic. In addition, it also reduced the commercial banks statutory reserves for default loans. Through the National Investment Bank (BNI), the Government launched the BNI COVID-19, a funding program with preferential rates for small and medium enterprises affected by the pandemic. The interest rates vary from five to 12 percent and are lower than commercial bank rates of 18 to 21 percent.

<table>
<thead>
<tr>
<th>Key Figures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Main urban centres</strong></td>
</tr>
<tr>
<td><strong>Exchange rate</strong> (1 July 2020): 1 USD =</td>
</tr>
<tr>
<td><strong>1 PPP$ =</strong></td>
</tr>
<tr>
<td><strong>Total population</strong></td>
</tr>
<tr>
<td><strong>Urban population</strong></td>
</tr>
<tr>
<td><strong>GDP per capita (Current US$)</strong></td>
</tr>
<tr>
<td><strong>Percentage of population below national poverty line (2017)</strong></td>
</tr>
<tr>
<td><strong>Unemployment rate (7% of total labour force, national estimate)</strong> (2017)</td>
</tr>
<tr>
<td><strong>Proportion of adult population that borrowed formally (2017)</strong></td>
</tr>
<tr>
<td><strong>HDI country score (2018)</strong></td>
</tr>
<tr>
<td><strong>HDI country ranking (2018)</strong></td>
</tr>
<tr>
<td><strong>GDP (Current US$)</strong></td>
</tr>
<tr>
<td><strong>GDP growth rate</strong></td>
</tr>
<tr>
<td><strong>Inflation rate</strong></td>
</tr>
<tr>
<td><strong>Yield on 10-year government bonds</strong></td>
</tr>
<tr>
<td><strong>Lending interest rate</strong></td>
</tr>
<tr>
<td><strong>Number of mortgages outstanding</strong></td>
</tr>
<tr>
<td><strong>Value of residential mortgages (Current US$)</strong></td>
</tr>
<tr>
<td><strong>Typical mortgage rate</strong></td>
</tr>
<tr>
<td><strong>20 years</strong></td>
</tr>
<tr>
<td><strong>Ratio of mortgages to GDP</strong></td>
</tr>
<tr>
<td><strong>Number of mortgage providers</strong></td>
</tr>
<tr>
<td><strong>Number of microfinance loans outstanding</strong></td>
</tr>
<tr>
<td><strong>Value of microfinance loans in local currency units</strong></td>
</tr>
<tr>
<td><strong>Number of microfinance providers</strong></td>
</tr>
<tr>
<td><strong>Total number of formal residential dwellings in the country (2017)</strong></td>
</tr>
<tr>
<td><strong>Total number of residential properties with a title deed</strong></td>
</tr>
<tr>
<td><strong>Number of formal housing units built in this year</strong></td>
</tr>
<tr>
<td><strong>Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2019)</strong></td>
</tr>
<tr>
<td><strong>Size of cheapest, newly built house by a formal developer or contractor in an urban area</strong></td>
</tr>
<tr>
<td><strong>Typical monthly rental for the cheapest, newly built house</strong></td>
</tr>
<tr>
<td><strong>Cost of standard 50kg bag of cement in local currency units</strong></td>
</tr>
<tr>
<td><strong>Typical rental point per square meter</strong></td>
</tr>
<tr>
<td><strong>World Bank Ease of Doing Business Index rank (2018)</strong></td>
</tr>
<tr>
<td><strong>Number of procedures to register property</strong></td>
</tr>
<tr>
<td><strong>Time to register property</strong></td>
</tr>
<tr>
<td><strong>Cost to register property as share of property price</strong></td>
</tr>
<tr>
<td><strong>World Bank DBI Quality of Land Administration index score (2019)</strong></td>
</tr>
<tr>
<td><strong>Percentage of women who own a house alone</strong>: Total</td>
</tr>
<tr>
<td>**Total</td>
</tr>
<tr>
<td><strong>Urban</strong></td>
</tr>
<tr>
<td><strong>Percentage of households with basic sanitation services</strong>: Total</td>
</tr>
<tr>
<td><strong>Urban</strong></td>
</tr>
<tr>
<td><strong>Percentage of households with no electricity</strong>: Total</td>
</tr>
<tr>
<td><strong>Urban</strong></td>
</tr>
<tr>
<td><strong>Percentage of households with 3+ persons per sleeping room</strong>: Total</td>
</tr>
<tr>
<td><strong>Urban</strong></td>
</tr>
<tr>
<td><strong>Percentage of urban population living in slums (2018)</strong></td>
</tr>
</tbody>
</table>

NB: Figures are for 2020 unless stated otherwise.

Member organisation of African Union for Housing Finance (AUHF): Genius Investment, Ltd.

(a) Xec.com 
(b) World Bank World Development Indicators 
(c) Human Development Reports, United Nations Development Programme 
(d) de Credito de Mozambique 
(e) Central Bank of Mozambique 
(f) Presidency of the Republic of Mozambique 
(g) FHf for Housing Promotions 
(h) Grupo Mondego, SA 
(i) World Bank Ease of Doing Business Indicators 
(j) Demographic and Health Surveys, USAID 
(k) United Nations Human Settlements Programme 
(l) UN-HABITAT 

For consistency, the PPPs are computed using 2011 as the base year.
In northern Mozambique (Cabo Delgado), terrorist attacks continue to severely impact the population. In many districts, houses have been burned, and people beheaded and abducted. This has resulted in destruction and displacement. Over the past two years, the attacks have resulted in the deaths of at least 700 people and caused a humanitarian crisis impacting 211,000 people. This scenario accentuates the housing deficit in the country.

Access to finance

Currently Mozambique has 19 banks, nine microbanks, eight credit cooperatives, three electronic money institutions, one financial lease institution and one investment company. Most of the companies are based in Maputo, with branches in almost all provinces. Despite the significant number of banks, the market share is concentrated. The Central Bank data from June 2020 shows that the Mozambique International Bank (BIM), Commercial and Investment Bank (BCI) and Standard Bank have a combined share of 66 percent.

Despite the expansion of financial services and the number of banks operating in the country, financial inclusion remains a challenge. Data from the 2019 FinScope Consumer Survey shows that 79 percent of the population does not have a bank account and, among them, 22 percent have access to financial services through non-banking mechanisms, 11 percent rely on informal mechanisms and 46 percent are completely excluded. Most of the banks have a housing credit line, which includes the options of purchase, rehabilitation and construction. Central Bank data shows that, despite the impact of the pandemic on the economy, the amount of housing credit reduced by only one percent between the first half of 2019 and the same period in 2020, from MT50 210 793 (US$709 994) to MT49 829 754 (US$704 606). Disaggregated data on credit for construction, purchase or rehabilitation of housing is not available.

Most of the housing credit benefits middle and high income groups, mostly made up of government and bank employees that have easier access to finance than the lower income segment. Mortgages are typically long-term with maturity of 12 to 25 years. For most commercial banks operating in the country, access to housing finance requires a minimum guarantee of 100 percent and a loan-to-value ratio of not more than 100 percent. Banks generally don’t provide housing finance without a mortgage, unless there are other guarantees with a minimum cover of 100 to 110 percent such as term deposits, bonds or others. Moreover, the client must have a down payment of 10 to 30 percent.

The normal interest rates for housing loans varies from 16 to 23 percent. These high rates from commercial banks on housing loans are linked to an inherent market risk and therefore the banks proceed with caution. In 2017, housing finance was only 2.97 percent of the total loan book and approximately one percent of gross domestic product (GDP).

The country has limited options for housing loans, and the Fund for Housing Promotion (Fundo de Fomento a Habitação - FFH) is the only government institution that promotes housing solutions for the low income segment. The microbanks and microfinance institutions have higher rates than commercial banks. Most houses are built incrementally, and approximately 80 percent are self-built. Overall, the loan amounts are low and mainly channelled to rehabilitation or construction of houses and require other guarantees apart from the house, with a maturity of six months to three years. Most of the low income population do not have access to finance due to the absence of assets and property in their name to be used as collateral, in addition to the absence of steady, long term employment contracts.

The 2019 KPMG survey noted that, as at December 2018, the credit default in the entire banking system was approximately seven percent. The Central Bank stated that the real estate sector has an impact on the quality of banking assets and general financial stability, given that a part of the credit default is linked to real estate, under the assumption that a part of the funds are intended for housing and other durable assets. The housing market has proven to be a key element when measuring costs of potential credit defaults in the financial sector.

COVID-19 response

- On 30 March 2020, Mozambique declared a State of Emergency for 30 days as part of a series of measures to contain the pandemic and extended the period several times. A lockdown was not enacted.
- On 20 August 2020, the Central Bank reduced the policy interest rate from 11.25 to 10.25 percent.
- The Central Bank also made a line of credit of US$50 million available to commercial banks to reduce the impact of the pandemic. In addition, it also reduced the commercial banks statutory reserves for default loans.
- Through the National Investment Bank (BNI), the Government launched the BNI COVID-19, a funding program with preferential rates for small and medium enterprises affected by the pandemic.
- The Government reduced water and electricity tariffs by 10 percent and suspended value-added tax (VAT) on products such as soap, sugar and cooking oil.
- The municipal councils and districts removed all informal vendors from public roads and streets and relocated them to restructured formal markets.

With the pandemic, there has been increasing loan defaults, several activities were interrupted, wage reductions and an increase in unemployment. To cope with the impact of the pandemic and avoid defaults, banks have been renegotiating debts with clients, granting a grace period of three to six months, extending loan term periods and reducing interest rates. In addition, the Central Bank has made available a line of credit to help commercial banks.

Affordability

In Mozambique, providing housing to the low income population is part of the fundamental housing policy strategy. However, in reality, most of the population is excluded due to high costs and strict requirements to access finance. There is no housing market platform where financiers, promoters, builders, brokers and clients meet and interact.

Real estate activities are concentrated in the capital, and housing is mostly available to middle and high income households. Those with formal employment and income that qualify for banking loans opt for short term loans capped at MT1 500 000 (US$21 210), and up to a five year term, with an interest rate of 16 to 27 percent. Despite the amount being enough to build a modest house, very few people have the capacity to pay for such a loan, in addition to the fact that loan payments cannot be higher than 30 percent of the borrower or household income.

The 2019 FinScope Consumer Survey showed that most of the adult population (52 percent) had a monthly income below MT3 000 (US$80) which does not cater for all the basic needs such as food, health, education and housing. The survey also stated that 19 percent of the adult population worked in agriculture, which is the sector with the lowest minimum wage, at MT4 390 (US$62) compared to MT12 760 (US$181) in banking and insurance. This year, in the context of COVID-19, minimum wages were not revised, however, the Government decided to reduce water and electricity tariffs by 10 percent and suspended value added tax (VAT) on basic products such as soap, sugar and cooking oil to mitigate the impact of COVID-19 on low income households.

Most houses are built incrementally and approximately 80 percent are self-built. Construction labour costs in the metropolitan area of Maputo are MT180 (US$25) per m² and the construction cost is MT19 500 (US$275). Recently construction costs have increased significantly due to the pandemic, considering that most of the construction materials are imported. Data from 2000 showed that 60 percent of construction materials were imported. Updated information was unavailable, however, the cost of imported construction material remains high. In line with the Constitution, which grants the right to housing, and due to the absence of projects that provide housing for the low income segment, the Government is preparing tax benefits for importing housing construction materials.
Housing supply

Apart from the FFH, created in 1995 with the objective to make housing affordable for all social segments, there are few legally established housing providers. There are public private partnerships dedicated to the construction of houses, and agents that undertake selling and rental processes, however; most households rely on self-constructed houses. The general population census of 2017 stated that 90 percent of the population owned a house, and only 5.6 percent lived in rental housing. The Government, through the FFH, designed several housing projects but only a few were implemented (such as the Intaka and Vila Olímpica projects) and these mostly benefited the middle and high income class. The Zintava apartments cost between MT1 500 (US$21) and MT2 800 (US$40) a month, and for 20 years without any interest.  The FFH built 4 017 houses and divided 13 176 plots. The “Habita” program started in 2019 to ensure decent housing solutions to Mozambican households and together with the FFH program aims to build 44 265 houses by 2024, of which 60 percent is to be allocated to the low income segment that earns between MT4 266 (US$60) and MT2 133 (US$30) a month. As part of the same program, the Minister of Public Infrastructure, Housing and Water Resources, Joao Machatine, recently launched, in Maputo province, district of Manhiça, the “Renacer” project with the objective of building 300 houses for the low income segment in rural and urban areas of Maputo, Nampula and Cabo-Delgado provinces. The project is estimated at MT240 million (US$3.3 million).

The project targets government employees and young people in early career stages, and the houses will be built on the land of the beneficiaries, followed by a monthly payment of between MT1 500 (US$21) and MT2 800 (US$40) a month, for 20 years without any interest. The project is being implemented in partnership with the city councils and a few districts, and the first 34 houses will be delivered in October 2020 in Maputo. Meanwhile in Beira, the Mayor is developing a project with the aim of building 25 000 houses in Marara, on a 400 hectare plot. The Dutch government funded the project with €200 000, set to be used on land embankment and infrastructure. The construction will be carried out by the private sector, who will invest in affordable housing models for low income households. In Beira, housing developer, Casa Real has leveraged its partnerships with its investor Real, the Dutch government, and the Beira Municipal Council to deliver affordable and resilient housing. The developer intends to complete a 200-house scheme in its pilot phase.

Property market

The Mozambican housing market is limited and real estate offers are not compatible with the income of most households, making it extremely difficult to access housing markets. Most of the real estate activities are in Maputo, and in prime areas, mainly in the Marginal Av., expanding to the metropolitan area. The Unique Service Counter (Balcão de Atendimento Único – BAU), an entity under the Ministry of Industry and Commerce, has 850 registered companies (real estate agents), all in Maputo. This number represents 96 percent of all country agents.

In Mozambique, all land belongs to the Government, therefore, it cannot be sold, pledged, or mortgaged against. Access to land is granted through an official document that concedes the right to use and exploit a specific land or plot, the Land Use and Exploration Rights (Direito de Uso e Aproveitamento de Terra – DUAT). The document is issued to both individuals and companies. The DUAT system is inflexible and makes land expensive in the informal market, particularly in the expansion areas of the metropolitan part of city. This is the main challenge that young people face, finding and buying land in the informal market to build a house.

Most of the population cannot afford the costs associated with buying a house. The average price of a newly built house in Maputo is approximately MT2.8 million (US$40 000). Outside the city the cost of a house is 10 to 20 percent less. Houses built under the Intaka Project cost MT2.6 million (US$37 000). The rental market is dominated by high income individuals, mainly investors and expatriates. With COVID-19, the housing market is now subject to changes, especially due to the fact that supply is currently greater than the demand.

Policy and legislation

Despite the FFH’s objective to provide affordable housing for low income households, many housing projects developed through public private partnerships benefit only the middle and high income segments, such as the Intaka project and, more recently, the 240 apartments in Zimpeto Olímpic Vila, a partnership with Macau Charlestrong group. The private sector does not invest in the construction of houses due to high interest rates from the banks. The Central Bank policy seeks to reduce the high interest rates of commercial banks, however, to little or no effect. In addition, construction material prices keeps increasing.

The housing finance reforms must be in line with land and housing policy reforms, including reforms on the land and property registration system. The Government approved, in 2018, a new Property Registration Act replacing the previous one in force since 1967. The new law was established to increase the efficiency and quality of public services by installing electronic platforms on notaries and land registry offices as a way of bringing services closer to the companies and citizens. On 16 June 2020, the President launched the official hearing to review the national land policy seeking to adjust it to the current social and economic dynamics and stimulate private investments. However, sole proprietorship of land and natural resources will remain with Government.

Opportunities

The Mozambican housing market is growing and will continue to grow with the ongoing natural gas project in Palma, Cabo-Delgado, which will attract several investors. There are considerable business opportunities in the low, middle and high income segments. Palma represents a unique opportunity for real estate development. Downtown Maputo will be restructured to become a business and tourist centre, including the Marginal Av., with new hotels, commercial and residential buildings.

The low income housing segment is filled with opportunities because of high demand. However, it is still vastly ignored when compared to the high demand in all cities across the country. The private sector is planning to build 25 000
affordable houses in Maraza, Beira. The construction process is already underway, and it is being managed by the Beira Municipal Council. It is also an opportunity for commercial banks to contribute, offering competitive interest rates to both contractors and borrowers.

The review of the national land policy is ongoing and the new law is expected to overcome some of the constraints. With the exploitation of natural gas in Cabo-Delgado, Mozambique should return to a high growth rate, making it feasible for the Government to improve public services and infrastructure. However, political stability, military conflict in the centre, terrorist attacks in Cabo-Delgado, natural disasters and good governance will remain a challenge.

Websites

Fund for Housing Promotion https://www.ffh.gov.mz/

National Statistics Institute http://www.ine.gov.mz

Bank of Mozambique http://www.bancomoc.mz

National Investment Bank (BNI) https://www.bni.co.mz/

Club of Mozambique https://clubofmozambique.com/

Genius Investments https://www.geniusgroup.info/
Overview

In its 30 years since independence, Namibia has made significant economic and social progress. The country is classified as an upper-middle income country with a population of over 2.4 million. By 2018, Namibia had reduced its poverty rate to 17.4 percent from 69 percent in 1993. Political and macroeconomic stability underpinned this achievement. The urban population has grown from 28 percent in 1991 to 41 percent in 2019 and economic growth has largely supported urbanisation. However, real gross domestic product (GDP) has been subdued in recent years, contracting from 6.4 percent in 2014, to -1 percent in 2019. A deteriorating fiscal position, slow growth in regional trading partner economies, completion of mega mining construction projects, falling consumer demand and persistent drought have contributed to this situation.

Namibia’s already weakening macroeconomic position is expected to be amplified by the COVID-19 pandemic. As a resource-intensive economy, Namibia will be affected by declining commodity prices and sluggish trade. Reduced tourism and foreign direct investment (FDI) will also have a negative impact on the growth prospects. Real GDP is expected to decline by 2.8 percent in 2020. Due to COVID-19, neighbouring South Africa’s Rand, which the Namibian Dollar is pegged to, hit a record low against the US Dollar in March 2020. Any changes in the South African economy or fluctuations in the rand, can adversely affect Namibia’s economy and debt balance. Namibia’s fiscal deficit (as a percent of GDP) was -5 percent in 2019, and forecast to rise to -6.5 percent in 2020. Furthermore, a rise in inflation has been triggered by the pandemic, and is anticipated to increase to 5.5 percent in 2020 (from 3.7 percent in 2019). This is still within the Bank of Namibia’s (BON) inflation target of three to six percent.

Namibia had the fourth largest fiscal stimulus package in response to COVID-19 on the continent. The stimulus aimed at mitigating the economic and social impact of COVID-19 was complemented with other measures, including emergency income grants to affected sectors, loan schemes for small and medium enterprises (SMEs) and the provision of subsidised water. A notable response by the Bank of Namibia was four policy rate cuts over the course of the year; bringing the rate to 3.75 percent. The Namibia Economic Growth Summit of August 2019 provided an opportunity for investor engagement and focused on infrastructure development, economic revival for inclusive growth, housing delivery and industrialisation. Between 2009 and 2019, Namibia attracted N$59.4 billion in FDI, largely from China, Mauritius and South Africa directed towards greenfield investments in the extractive and financial services sector. Less FDI has been made in manufacturing, wholesale and retail which have been key drivers of inclusive growth over the years.

Namibia’s Vision 2030 is the overarching plan driving its long-term goals. The 5th National Development Plan (NDP5) aims to reduce the prevalence of improvised housing by building new houses and servicing plots. The National Housing Enterprise (NHE) is a state-owned company mandated to provide housing to meet the national

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Affordable

Access to Finance

Seventy-eight percent of the Namibian population is currently banked. There are eight commercial banks operating in the country. First National Bank (FNB), Standard Bank, Bank Windhoek and Nedbank together account for 98 percent of Namibia’s total banking assets. Housing finance providers include the four commercial banks, as well as a non-bank mortgage lender, First Capital Namibia. The banking sector is predominantly funded by deposits. The BON reported N$53.2 billion (US$33 billion) in mortgage loans in 2019, a 4.6 percent annual increase. Mortgage loans remain the largest (51.3 percent) contributor to private sector credit, with residential loans accounting for 75.6 percent of the total mortgage loan book. In the fourth quarter of 2019, aggregated residential mortgages were approximately N$120 billion (US$6.9 billion).

The mortgage lending category continues to deteriorate the banking sector’s asset quality. At the end of 2019, N$5 billion (US$290.6 million) in bank loans were not generating income and N$3.3 billion (US$191.8 million) of these loans were extended to residential and commercial property purchases. The impact of COVID-19 on employment and income, could signal a further increase in the proportion of non-performing mortgage loans. The prime rate was cut to 7.5 percent and the prevailing mortgage rate is at 8.75 percent, with the average loan tenure at 25 years. In light of the economic impact of COVID-19, Bank Windhoek introduced a more affordable loan by extending the repayment term to 30 years for first-time homebuyers looking to purchase a residential property valued between N$500 000 (US$29 000) and N$2 million (US$116 279). Interest rate cuts should offer indebted households some relief on servicing mortgage loans during the pandemic. The sector’s policy response to mitigate potential defaults on debt also included six to 24-month payment holidays (on principal and interest) to affected clients and businesses. Even with policy measures in place, the impact of COVID-19 could increase bank’s credit risk and the stability of Namibia’s financial system more broadly.

Namibia’s mortgage market is focused on the middle and high 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 down payment, or a 100 percent loan-to-value (LTV). First National Bank’s EasyBond, for example, extends loans to first-time home buyers of up to 105 percent of the purchase price. A gross household income of between N$35 500 (US$203) and N$35 000 (US$203) qualifies you for FNB’s Easy Bond. Nedbank Namibia also offers a 108% home loan, as well as building loans. In November 2019, changes to LTV ratio restrictions were reviewed in line with economic developments. The sector payable on a second property was reduced from 20 to 10 percent, and from 30 to 20 percent on a third property (there are still no deposit restrictions on first residential properties).

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.

The microfinance sector in Namibia is vibrant, with 423 registered and regulated institutions. Micro lenders are supervised by the Namibia Financial Institutions Supervisory Authority (NAMFISA). At the end of 2019, the total value of micro loans outstanding was N$8.5 billion (US$337 million), a 10 percent decline from 2018. Many Namibians depend on cash loans, as well as micro-loans and retail loans to satisfy their monthly consumption and budget. Although a new Microlending Act was enforced in October 2018, with the intention of protecting borrowers from industry malpractices, the sector has been plagued by consumer complaints ranging from unauthorised extension of loan periods and overcharged interest.

Affordable

According to the 2018 Labour Force Survey, average monthly wages were N$7 935 (US$461) across the employed population. The most recent Income and Expenditure Survey 2015/16 shows that Namibian households spend 31.8 percent of their income on housing. Household indebtedness is largely driven by muted income growth and demand for short term credit facilities, which are sought to help households cope with current economic conditions. In 2019, NAMFISA found the ratio of household debt to disposable income from banking and non-banking financial institutions to be 97.7 percent.

Namibia’s unemployment rate was estimated to be 20.3 percent in 2019, with the latest value recorded in 2020, at 20.6 percent. Namibia’s rising unemployment rate affects affordability, inhibiting access to adequate housing and associated financial services. Recognising the affordability challenges faced by Namibians, First Capital Bank states that as part of the second phase of Namibia’s Harambe Prosperity Plan (HPP 2) a Housing Share Participation Fund (HSPF) should be set up.

The government’s public private partnership agenda and demand-based subsidy programmes have encouraged the private sector to lead the housing agenda. Non-profit organisations are serving the affordable 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 to enroll communities into savings and rotational housing loan programmes and disperses grants from government and private partners. SDFN and NHAG were active in supporting communities in response to the COVID-19 pandemic, working with the Ministry of Health to provide personal protective equipment and food parcels to households who lost their income, as well as relocating street dwellers in Windhoek.

Housing affordability in Namibia is further constrained by the high cost of serviced land. For banks to approve home loans, the plot must be registered with a title deed within a town and be fully serviced (water, electricity, and sewerage). According to First Capital’s 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.

Building materials account for the largest cost component (over 60 percent) of constructing a new residential house. First Capital Bank, shows a slowdown in building prices (which considers materials, labour and urban land) over the last four years. Declining building costs are largely due to a marginal decline in the price of input materials (cement). In 2019, suppressed cement prices were driven by declining construction activities, coupled with increased cement production.
Namibia's housing backlog is estimated to be 300,000 units (with an 84,000 backlog in Windhoek), and a total of N$376 billion (US$4.4 billion) required to clear the backlog. Approximately N$40 billion (US$2.3 billion) and N$36 billion (US$2 billion) is required for land servicing and housing construction, respectively. Despite several housing programmes, two factors still largely drive the shortage of adequate housing in Namibia: poverty and a lack of financial resources to acquire decent housing. Namibia's population is closely split between urban (55 percent) and rural (45 percent) areas. The average household size nationally is 3.9 people. In 2016, the Inter-Censal report showed that the proportion of improved housing units over the last four years.

As part of its contribution to the Harambee Prosperity Plan (HPP), 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. In line with objectives set out in the HPP, the government has reached 82.6 percent of its target to deliver 20,000 low-cost houses over the last four years. As of March 2020, 16,464 houses were delivered in collaboration with the NHE, the Government Institutions Pension Fund (GIPF), SDFN, Build-Together and others.

In June 2020, the NHE, Ministry of Urban and Rural Development, City of Windhoek, and the Khomas Regional Council launched an affordable housing project to upgrade informal settlements. While Namibia's middle-income segment is largely serviced by private developers, the biggest need for affordable housing is in the less than N$3,000 (US$174) a month income bracket. The first phase of this project aims to deliver 600 houses (200 in Windhoek's informal settlements by the end of 2020) by June 2021. In a separate housing development project, the NHE aims to commence a 335 affordable house scheme in July 2020, at an estimated value of N$124 million (US$7.2 million).

North of Namibia's capital, a 240-unit affordable housing scheme was the first in a series of green and energy efficient building. The project was funded by South African real estate fund manager International Housing Solutions, with a capital investment of US$80 million. The fund, which partners with local developers, aims to increase good quality housing development, particularly for the middle income population and further save 20 percent on water and electricity use.

These improving supply dynamics are reflected in the NSA's Composite Index for Building Plans Completed (based on data sourced from the Windhoek, Swakopmund, Walvis Bay and Ongwediva town councils). The index showed a year-on-year improvement of approximately two percent in buildings completed between July 2019 and July 2020.

Although the government, led by the NHE, has several plans to deliver on existing and new housing projects, the domestic and global lockdown, inflicted by COVID-19, coupled with a disruption in supply chains has meant that construction activities were largely brought to a halt. Estimations indicate that Namibia's construction sector could decline by 10 to 15 percent. The projected loss in GDP due to COVID-19 is expected to be N$443 million (US$25.7 million) for the construction sector. This will likely have a ripple effect on housing delivery going forward.

Property Markets

The centralised deeds registry falls within the Ministry of Lands. Recently, the Deed's Office started digitising its records. Namibia ranks low (173) in registering a property, compared to dealing with construction permits (86). It takes 44 days to register a property and involves eight procedures. The cost of registration includes deeds office administration and conveyancer fees. Buying a full title property for N$300,000 (US$29,000), would yield a conveyancing fee of N$6,800 (US$395) and N$345 (US$20) for the deeds office administration.

Within the urban sector, both formal and informal residential resale markets exist. Within informal settlements, shacks and other structures are put up on unserviced or untitled land and sold for cash by their owners. The formal residential market requires two legal processes, which are regulated by the Receiver of Revenue. 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.

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.

FNB's Housing Index shows that demand for housing in Namibia is largely in the lower segment. Excess demand in this segment combined with slow growth in disposable incomes impacts affordability in the housing market. Although average house price growth declined between 2018 and 2019, high property prices make renting popular in urban areas. Rents across the country vary significantly by town. The FNB Rental Index report reports the overall national mean rent price for a popular 2-3 bedroom unit was N$5,992 (US$406) as of December 2019 (a 3.6 percent annual growth). The average rental price for a 1-bedroom unit was N$3,390 (US$197) in 2019, while the highest monthly rental prices are found in Swakopmund, at N$9,274 (US$5.39). Despite rental yields increasing moderately to 7.9 percent, shrinking deposits charged and a national slowdown in deposit-to-rent ratios (reaching a 10-year low) point to weakening economic conditions in the rental market.
Policy and legislation
Namibia’s National Housing Policy was established in 1991 and reformulated in 2009. The policy, which the Ministry of Urban and Rural Development is responsible for, 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.44

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.

Opportunities
Namibia’s housing shortage is estimated to be 300 000 units. The shortage is a clear opportunity for housing development, particularly in the affordable market where there is significant demand. The NHIE’s houses are constructed through a public-private partnership construction model which allows the institution to partner with private investors.45 This presents an opportunity for private sector participation to complement public resources in addressing Namibia’s housing crisis. 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. Namibia plans to establish a mortgage securitisation company to issue housing bonds, with the intention of opening access to long-term funding and creating a secondary market to finance land buyers and issue new mortgages.

Namibia’s high cost and shortage of serviced plots presents a barrier to housing delivery. Companies could unlock value by providing serviced plots to developers or by lowering the cost of land by creating shared spaces on single plots. First Capital Bank also announced in August 2020, that the HHP 2 will leverage private resources to invest in housing (land servicing) by combining government funding (through establishing the National Infrastructure Fund) with institutional investor funds. Despite the current economic crisis Namibia is in, investing in the housing market remains an opportunity.

Availibility of data on housing finance
The BON and NAMFISA are the main sources of macroeconomic data related to housing finance. The BON’s resources contain data related to aggregate household indebtedness and the performance of the mortgage market. NAMFISA’s statistical bulletins contain data related to the performance of the microfinance market.

The 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, Household Income and Expenditure Survey, Inter-Censal Demographic Survey and Population and Housing Census. These sources contain data useful for profiling and segmenting the demand-side of the housing market.

Opportunities exist for improving data availability related to title/tenure, construction, financing, and sale of houses. The digitisation of the deeds registry is still under way and should facilitate public provision of data.

In light of the COVID-19 pandemic and 4th Population and Housing Census due to commence in 2021, the financial sector has recognised the importance of financial resilience and the need for accurate household information to make informed decisions to support the macroeconomy and alleviate poverty and inequality. This might drive greater efforts in data collection and collaboration.

Websites
Bank of Namibia https://www.bon.com.na/  
First Capital Namibia http://www.firstcapitalnam.com/  
Namibia Statistics Agency https://nsa.org.na/

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Overview

Niger, which is a Sahelian country, is one of the least developed countries in the world. In 2018, it ranked 189 in the Human Development Index. Despite progress made in recent years and the wealth of its subsoil, extreme poverty remains high at 41.4 percent in 2019, affecting more than 9.5 million people. Access to basic services is a challenge, with a growing population (3.8 percent a year) of 24 million in 2020, mostly young (50 percent under 15 years of age), and a fertility rate of 6.7 children per woman.

In addition, Niger hosts a flow of refugees due to regional conflicts (Nigeria, Libya and Mali). At the end of 2019, the Office of the United Nations High Commissioner for Refugees (UNHCR) counted 441,900 people affected; an increase of 14 percent from 2018. In recent years, the security situation has deteriorated, particularly in border areas. The government has halted the spread of the conflict, however; deteriorating security does pose a risk to economic activities.

The political context is relatively stable since the re-election of the President Mahamadou Issoufou in 2016. The next presidential and legislative elections are due in December 2020, preceded by municipal and regional elections.

Despite various obstacles, Niger’s economy is expected to grow by 6.3 percent in 2019. Its economy is mainly driven by agriculture (40 percent of gross domestic product (GDP)). Between 2018 and 2019, the budget deficit narrowed as a result of high imports related to major infrastructure projects for the African Union summit. In January 2020, the International Monetary Fund (IMF) concluded that “economic activity is expected to evolve favourably, with an average annual growth of over 7 percent over the next five years”, including major structural projects such as the Kandas dam and the construction of the oil pipeline. The economic growth rate for 2020 was estimated before the pandemic at 5.33 percent. According to IMF projections, growth is expected to fall to one percent of GDP in 2020. Exports are slowing and major projects are experiencing delays. The budget deficit is projected to increase to five percent of GDP due to lack of revenues, lower investment, greater needs and spending on healthcare, social protection and business support. The slowdown in the Chinese economy has also impacted Niger with reduced demand for raw materials. Stocks of some food products from China have been sharply reduced, leading to higher prices.

Mobilisation of the international community should help cushion the effects of the crisis. The IMF has approved the disbursement of about FCFA 66.8 billion (US$114.49 million) to urgently meet the balance of payments needs caused by the pandemic. The World Bank has approved several means of financing for a total of FCFA 271 billion (US$448 million). The European Union has allocated CFA 4.7 billion (US$7.25 million) “to cover basic needs, particularly in terms of housing”. Following the example of the development finance institutions, private banks have given FCFA 100 million (US$171,455). This financing will make it possible to support the development of the country and the Nigerien economy, via companies.

Access to finance

The Central Bank of West African States (BCEAO) regulates Niger’s formal financial sector. To mitigate the impact of the pandemic on the banking system and the financing of economic activity, the BCEAO has taken a series of measures, some of which are...
Niger has 14 commercial banks\(^\text{23}\) including four branches, four financial institutions, three financial and consulting\(^\text{22}\) institutions and 37 microfinance institutions.\(^\text{22}\) The banking sector is relatively recent (10 years old) and its penetration is still low (0.6 percent).\(^\text{24}\)

The opening in 2018 of the Banque de l'Habitat du Niger (BHN) made it possible to propose a specific financial offering for the housing sector. The BHN's mission is to finance real estate development, and the production and improvement of social housing.\(^\text{25}\) It replaces the Crédit du Niger, which closed in 2010, and is in line with the National Housing Policy (1998) with the creation (in 2017) of the National Housing Fund (FNH).\(^\text{26}\) The BHN opened a third regional branch at the end of 2019.\(^\text{27}\) The bank offers preferential interest rates to households and developers, with an average base rate of nine percent and a maximum rate of 13.5 percent in the second half of 2019\(^\text{28}\) (compared with 17.7 percent for some commercial banks). The FNH interacts on interest rates and mortgage maturity terms, leading to a reduction in interest rates and an increase in maturities.

Four major banks\(^\text{29}\) dominate with 67 percent of deposits.\(^\text{30}\) Following the BCEAO's pandemic provisions, some commercial banks are offering maturity extensions to individuals and businesses.\(^\text{31}\)

Commercial banks offer housing loans and establish partnerships with developers.\(^\text{32}\) They offer “housing financed up to 100 percent with no upfront financing options”\(^\text{33}\) and repayment terms ranging from 10 years\(^\text{34}\) (Ecobank) to 30 years (BHN). The mortgage payment in relation to household income varies from CFA40 000 to CFA100 000 (US$68.4 to US$171).\(^\text{35}\) The Caisse Régionale de Réfinancement Hypothécaire de l'UEMOA (CRRH) should enable banks to offer more loans for affordable housing following CFA10.3 billion (US$17.6 million) financing from the African Development Bank (AfDB).\(^\text{36}\)

Housing financing remains insufficient with just under CFA20 billion in 2017 (US$31.4 million), which represents four percent of total credits,\(^\text{37}\) and the banking sector remains weak. Only 1.73 percent of urban households are able to access affordable housing.\(^\text{38}\) Less than five percent of the population uses financial products and only 15.5 percent of adults over 15 have a bank account, compared with an average of 42.6 percent in Sub-Saharan Africa.\(^\text{39}\)

**Affordability**

A recent survey in West African Economic and Monetary Union WAEMU (UEMOA)\(^\text{40}\) indicates that Niger is the country with the highest number of poor people, with 75.5 percent of the population living on less than CFA1 798 (US$3) a day, and “the average annual amount spent by a Nigerian about CFA259 000 (US$443)”.\(^\text{41}\)

These figures confirm that most Nigerians do not have sufficient resources to acquire property or access a mortgage. Housing supply does not meet the financial capacities of the majority of the population. The smallest social economic unit produced by a developer in Niamey, 35m\(^2\) (one bedroom, one living room, one kitchen, one bathroom, one terrace, one corridor) on a 400m\(^2\) plot costs about CFA7 000 000 (US$11 980).

Loan conditions (loan size, minimum income) and interest rates that vary from eight to 15 percent\(^\text{42}\) make the cost of borrowing too high. Monthly mortgage payments impact a maximum of one-third of household income. The individual annual salary required to access a formal house at current rates is CFA5 million (US$8 600), which only 20 000 households would be able to access.\(^\text{43}\) In obtaining loans, Niger has considerably increased its ranking to 48/190, a 40 percent increase over 2019.

**Housing supply**

Urban growth (16.5 percent of the population is urban) and the expansion of cities has often taken place without urban planning, with an estimated 70 percent of the urban population living in slums. The last census indicated that the housing stock represents about 2 500 000 dwellings, 17.9 percent of which are in urban areas and 82.1 percent in rural areas.\(^\text{44}\) Housing types are grouped in three categories. Traditional constructions known as terra cotta or banco (clay and straw) houses are in the majority throughout the country. They account for 54.7 percent of construction in urban areas, followed by villas (15.7 percent) and single-family homes (14.5 percent) (one- or two-room dwellings). This is also the case in rural areas (64.5 percent), followed by huts (29.5 percent). Banco is a local material that is abundant and affordable, and the techniques for using it are well known. Then there are the precarious\(^\text{45}\) traditional constructions known as semi-hard houses (clay, plaster and cement). This accounts for 28.8 percent of housing. Finally, there are modern constructions (cement, concrete, and stone) such as villas, buildings and single-family homes, which account for six percent of the country’s housing.

International stakeholders, together with the government have produced, in 2019 and 2020, emergency housing (13 000 plots and 5 700 housing units planned,\(^\text{46}\) of which 4 000 have already been built) for the most vulnerable rural populations in the regions of Diffa, Tillabéri and Tahoua.\(^\text{47}\)

In 2017, Niger adopted an Economic and Social Development Plan (PDES)\(^\text{48}\) with the objective of building 25 000 homes in five years at an estimated cost of CFA64 billion (US$110 million).\(^\text{49}\) As PDES\(^\text{50}\) mentions, “Niger is lagging far behind in terms of urban infrastructure (roads, gutters, drinking water and electricity networks, etc.), making living conditions in urban areas very difficult”.

The Minister in charge of housing intervened in\(^\text{51}\) June on the construction of the 25 000 social housing units, recalling that “the results obtained have not lived up to expectations”\(^\text{52}\). It was decided that a property developer would create 15 000 serviced plots of land, which would be fenced off and the roads upgraded. These plots will be paid for over seven years. The aim is to meet the needs of\(^\text{53}\) 15 000 applicants for social housing, the creation of several tens of thousands of temporary jobs, the revival of the activities of construction companies to mitigate the effects of the recession linked to the pandemic.\(^\text{54}\)

Niger has also signed contracts with private developers (7 550 housing units),\(^\text{55}\) with bilateral cooperation. SONUCI is in charge of a programme of 557 housing units in the 5th District of Niamey: “We have signed a memorandum with a major Chinese construction company to build 25 000 housing units. The company will start with a tranche of 2 000 housing units because this requires a certain number of guarantees. These guarantees have been given by the housing bank and the African Solidarity Fund. Therefore, this will enable us to reach the 9 550 housing units.”

At the same time, the government decided to standardise the construction of housing estates throughout the territory and “from now on, no private person may build housing estates. They will now be developed on the initiative of the Ministry of Town Planning and Town Councils”.\(^\text{56}\) In Niamey, for example, several projects, all led by stakeholders, are planning the construction of a university campus with 2 000 housing units;\(^\text{57}\) a residential housing estate; and residential and office buildings.\(^\text{58}\) Only one project for the construction of 6 300 social housing units is listed under state ownership.\(^\text{59}\) According to a recent study,\(^\text{60}\) two projects have been signed as public private partnerships for the construction of 1 500 housing units in Niamey with two Ghanaian companies.\(^\text{61}\) The state will make the land available.
Property markets
Despite administrative and land reform, it is still difficult to obtain land with title deeds. The administrative procedures remain costly and lengthy. Niger has also undertaken reforms to improve its business environment and created one-stop-shops for business registration. These efforts have improved the Doing Business ranking from 143 in 2019 to 132 out of 190 in 2020.62 To register a property, four procedures and 13 days are required, and the cost is 7.4 percent of the value of the property. To obtain a building permit, 19 procedures and 98 days are required, and the cost is 32.4 percent of the value of the construction. In urban areas, the majority of the population are tenants. Informal developers are the main providers of rental housing. Rents vary according to quality and location, ranging from CFA100 000 (US$171) to CFA1.75 million (US$3 000) a month in Niamey for high-end villas. Rents in popular neighbourhoods vary between CFA35 000 (US$60) and CFA100 000 (US$171). Room rents vary from CFA25 000 (US$43) to CFA60 000 (US$103) in urban centres. No institution offers large-scale rentals.

Policy and legislation
The basis for housing is Law 98-54,63 which enabled the adoption of the National Housing Policy in 1998. Its aim is “to give every family access to decent housing and to improve their living environment” by setting up financing mechanisms such as the FNH, the BHN, a mortgage guarantee fund and housing cooperatives with affordable financing.

- In 2001, Law 2001-32 established the legal framework for interventions by the state and other actors in the structuring, occupation and use of the national territory and its resources.
- In 2008, Law 2008-0364 on urban planning and land development was adopted.

The constitution promulgated in 2010 specifies the determination of the fundamental principles of the housing policy65 and the building code.66

- In 2012, the law on public private partnership was promulgated. It favours the promotion of private interest in the development of housing and other urban infrastructure with long-term financing.
- Law 2013-28 in 2013 was a major reform of urban regulation to facilitate the implementation of slum improvement projects and help make urbanisation an instrument of economic and social development.67

In 2017 and 2018, several laws were approved to govern the construction and housing sectors.

- Law 2017-20 updates the conditions for obtaining building permits and Ordinance 2017-05 for leasing.
- In June 2020, the Council of Ministers revised certain shortcomings of Law 2018-25.68 It also adopted the draft decree on consultative bodies for urban planning and housing to involve all stakeholders in the decision-making process of participatory urban management.69

Opportunities
Niger is rich in mineral resources (limestone, gypsum), which are used in the manufacture of cement. The Nigerien company Malbaa Cement Company plans to operate a new quarry that should “cover 80 percent of the country’s cement needs and reduce imports of this product”.70

Affordable housing (both rental and purchase) is in high demand. Partnerships between commercial banks or microfinance institutions and workers’ unions are interesting opportunities, such as the partnership between Ecobank and the National Union of Teachers of Niger to finance an affordable housing development programme for teachers.

Availability of data on housing finance
The main national and regional organisations that collect and share economic, financial and legal data, some of which relate to housing finance, are BCEAO, West African Development Bank, AIDB, UEMOA, CRRH, the various government sites (Presidency, Renaissance Programme, Ministries), the BHN, the NSI and commercial banks.

Sites of multilateral development finance institutions such as the World Bank, the IME; the various United Nations agencies, the European Union, and bilateral organisations (USAID, GIZ, AIDB, and CIA) are an important source of up-to-date macroeconomic data and socio-economic analyses on the country.

The online press provides interviews and access to recent and public information, such as press releases from the Council of Ministers.

Nevertheless, the collection, and above all the availability of updated data (the last census dates from 2012; the next one is planned for 2021) and specific data on housing finance are complicated to obtain. Many websites are not up to date (especially companies in the real estate and construction sector such as SONUCI and SATU (Société d’Aménagement de Terrains Urbains)) or the pages are technically inaccessible (Institute of National Statistics).

Websites
West African Economic and Monetary Union https://www.uemoa.int
Central Bank of West African States https://www.bceao.int
African Development Bank https://www.afdb.org/fr
West African Development Bank https://www.wadb.org
Caisse Régionale de Refinancement Hypothècaire http://crrefhuma.org/
Niger Renaissance Conference https://www.nigerrenaissant.org
Niger National Statistics Institute https://www.stat-niger.org
Shelter Afrique https://www.shelterafrique.org
Niamey and the 2 days https://www.niameyetles2jours.com/
Nigerien Diaspora https://nigerdispora.net

Source: https://www.cgidd.com/ (2020)
Overview

The disruptive impact of the COVID-19 is broad, extensive and pervades the whole economic value chain. This was worsened in the first quarter of 2020 by the crash in oil prices to their lowest levels in decades. Central Banks around the world, including the Central Bank of Nigeria (CBN) reacted to the economic downturn with commendable speed and ferocity. The Nigerian government in its efforts to ameliorate the negative impact of the pandemic created the Economic Sustainability Plan (ESP). The ESP is a development framework for a COVID-19 response that robustly appreciates the pandemic and provides appropriate and sustainable solutions for the country.

In April 2020, as part of the country’s plan to ameliorate the effect of the pandemic, the International Monetary Fund (IMF) approved a N1 313.2 billion (US$4.4 billion) emergency facility to the Central Bank of Nigeria to help mitigate the impact of COVID-19. Despite the emergency finance package, Nigeria’s foreign reserve is currently indicating a decline of 20 percent compared to the 2019 figure. The country’s external reserves as at 15 July 2020 was N1 950.9 billion (US$36.12 billion), showing a downward slide compared to N17 446.3 billion (US$45.17 billion) on June 11, 2019. The reserve has lost over N3 476 billion (US$9 billion) within a space of 13 months. Fluctuating foreign exchange market interventions and direct payments majorly contributed to the decline in external reserves of the country.

Nigeria’s GDP growth rate contracted by 14.3 percent as at August 2020. The annual growth rate reduced by 6.1 percent in the second quarter of 2020. The official exchange rate has also increased from ₦360/US$1 to ₦380/US$1. In 2019, the mortgage portfolio was at 0.17 percent of GDP compared to the 2019 figure. Despite the emergency finance package, Nigeria’s foreign reserve is currently indicating a decline of 20 percent compared to the 2019 figure. The country’s external reserves as at 15 July 2020 was N1 950.9 billion (US$36.12 billion), showing a downward slide compared to N17 446.3 billion (US$45.17 billion) on June 11, 2019. The reserve has lost over N3 476 billion (US$9 billion) within a space of 13 months. Fluctuating foreign exchange market interventions and direct payments majorly contributed to the decline in external reserves of the country.

As of July 2020, the inflation rate was 12.8 percent compared to 11.4 percent in May 2019. In the second quarter of 2020, the unemployment rate was reported to be 27.1 percent compared to 23.1 percent reported in 2019. Also, the underemployment rate rose from 20.1 percent in Q3 2018 to 28.6 percent in Q2 2020. This significant change can be largely attributed to the pandemic. Nigeria’s biggest revenue earner – the oil sector – recorded 6.63 percent (year-on-year) contraction in Q2 2020, indicating a decrease of 13.80 percentage points relative to the rate recorded in the corresponding quarter of 2019. The downfall of the global crude oil price immensely contributed to the decline in economic growth of the country. The external debt was approximately N1 10 685 478 million (US$27 665.66 million) in the first quarter of 2020. The combination of the reduced earnings through the oil sector; pressure to service external debt and the continued pandemic environment has contributed to the challenge of housing in Nigeria.
Nigeria’s housing sector also struggles with the absorptive capacity of the market which is majorly influenced by the affordability of mortgages and housing units. While mortgage interest rates are averaging 20-25 percent, composite house prices in Lagos and Abuja for Q2 2020 either remained stagnant or increased at an average of 4.5 percent compared to Q1 2020.13

**Access to finance**

The ability to access finance for housing development is improving in Nigeria. Registered mortgage providers have increased from 34 in 2019 to 35 in 2020 with 22 commercial banks and 7 microfinance banks that improve financial capability in the housing sector.14 A few commercial banks such as First Bank, UBA, Union Bank, Stanbic IBTC and Access Bank continue to provide home loans that also cover repairs and renovations to Nigerians. The interest rate is fixed for the whole period of the loan. Repayment is usually made by monthly installments and is available through online platforms.15

The Federal Mortgage Bank of Nigeria (FMBN) is the most affordable housing finance in the country, albeit it is a government subsidized framework for loans up to ₦15 000 000. FMBN’s housing loans are available to contributors to the National Housing Fund (NHF) Scheme, a social savings scheme designed to mobilize long-term funds from Nigerian workers, banks, insurance companies and the government to increase access to affordable housing finance. FMBN gives concessionary loans to the Primary Mortgage Banks (PMBs) at a 4 percent interest rate, while the mortgage banks provide loans to qualified workers that contribute to the NHF scheme at 6 percent per annum with payment terms of up to 30 years.16

FMBN’s loans are zero equity contribution for loans under ₦5 million (US$12 945.4) while only 10 percent equity is required for loans ranging from ₦5 million (US$12 945.4) to ₦15 million (US$38 836.3). Subscribers can only apply after six months of contributions of 2.5 percent of basic monthly salaries. As part of FMBN’s response to COVID-19, the bank has promised to focus a considerable amount of its portfolio to engender affordable housing in the informal sector. To be able to do this, the bank is relying on the Bank Verification Number (BVN) technology (a unique identifier system created by the Central Bank of Nigeria) to guarantee repayments.17

Outside of the government subsidised loan framework, market rate mortgages range from 17 percent to 25 percent per annum. Maximum loan repayment tenors are between 10 to 20 years with lenders demanding between 30 and 50 percent equity contribution.18

In its efforts to reduce loan delinquencies because of the pandemic, the CBN in its initial policy measures to COVID-19 created measures that will boost repayment and provide more liquidity that will improve access to finance. Some of these measures include the extension of a moratorium by one year for all principal repayment of CBN facilities; interest rate reduction for one year from 9 percent to 5 percent; creation of a ₦50 billion (US$129.9 million) targeted facilities for SMEs; credit support to the healthcare industry; regulatory forbearance; and strengthening of the loan deposit ratio for banks.19

**Affordability**

Affordability continues to be a major limiting factor to home ownership in Nigeria. To curb this, several state governments have embarked on rent-to-own schemes to provide housing for their citizens. For example, Lagos State government is using its rent-to-own housing scheme to provide accommodation for state employed low and middle cadre officers. The scheme provides for subscribers to pay only 5 percent equity contribution as a commitment fee and the outstanding balance is spread over a period of 10 years with a single digit interest rate.20 With a population estimated at 20 million, the city has a housing deficit of approximately three million units.21

Another initiative of government is the Family Homes Funds (FHF) Help-to-Buy scheme. The scheme provides loans of up to 40 percent of total cost of a newly built house for low-middle income individual subscribers. The structure of the loan comes with a 5-year moratorium with a monthly interest rate of 3 percent in the first year, rising to a maximum of 15 percent in the 20th year.22

**COVID-19 response**

On 30 March 2020, Nigeria commenced its lockdown for an initial period of fourteen days. The Nigerian Presidential Task Team on COVID-19 published an Implementation Guidance for Lockdown Policy to inform businesses and citizens.

On 15 April, the Central Bank of Nigeria announced that it would initiate funding interventions in four key sectors that include affordable housing. The CBN’s primary housing COVID-19 intervention is to create a fund that targets developers in support of housing construction. The Central Bank of Nigeria (CBN) has taken the initiative to provide bank loan forbearance measures to ease the burden on borrowers who are facing repayment challenges. Furthermore, the bank launched a ₦50 billion (US $129 million) credit facility and provided liquidity of ₦3.6 trillion (US$9.3 billion) into the banking and finance system.

The challenge of housing affordability has created and enabled a whole new sub sector – Property Technology (PROPTECH). Proptech start-ups are leveraging technology to create a sharing and collaborative economy to create affordability. For example, companies such as Landinfo, Technology Spleet, Rent Small Small, Muster, and Fibre are creating studio and one-room apartments for young and upwardly mobile individuals allowing them to pay monthly using technology platforms.

Conversations with real estate developers reveal that the demand for housing is still on the increase despite the pandemic. However, it is important to note that affordability also remains a challenge especially at the bottom of the income pyramid.

**Housing supply**

Nigeria’s housing deficit continues to grow and is currently estimated at 17 million. Nigeria’s housing backlog poses health challenges to many individuals as 60 to 79 percent of Nigerians are slum dwellers.24 This makes them vulnerable to transmission of communicable diseases. According to the World Health Organization, human-to-human transmission of the COVID-19 virus is largely occurring in families and the secondary transmission rate of COVID-19 is higher in clusters of large households.25

The housing stock in Nigeria is estimated at 10.7 million, out of which only about 5 percent is in formal mortgage.26 The widening gap between housing demand and supply is caused by a multiplicity of factors including land acquisition, high cost of building materials, lack of proper land regulation and policy. To deal with the lingering issue of housing production in the country, the Federal Government created Family Homes Funds in 2018 to provide accessible finance for affordable housing projects that align closely with the Sustainable Development Goals to promote sustainable cities and communities. Many private sector participants are also working to bridge the housing supply gap especially in the low income segment. An example is the Millard Fuller Foundation (MFF) which provides an opportunity for low income earners to purchase their houses through a variety of convenient payment options.

Another significant route to improving the state of housing supply in the country is the Lagos State Rent to Own approach which began in 2016. At takeoff of the scheme, Lagos State had 4 355 completed housing units. Out of this number, the state has granted affordable housing for 1 230 beneficiaries.27

The pandemic significantly affected the supply of housing as the construction sector was not considered an essential one during the lockdown. In its most recent response to COVID-19, the CBN articulated the need to boost the housing sector through some deliberate interventions as contained in the CBN Governor’s address – Turning COVID-19Tragedy into an Opportunity for a New Nigeria.28 Analysts believe that these interventions will help in boosting the housing supply segment of the market. Some of the interventions include the provision of ₦1 trillion in loans to boost local manufacturing and production across critical sectors; and enabling the rapid recovery of the economy by focusing on critical sectors that will generate massive employment and economic empowerment throughout
Property markets
In 2020, Nigeria’s score in the ease of doing business report increased from 52.9 percent in 2019 to 56.9 percent. This ranks the country at 131 out of 190. This is an improvement compared to 146th position in 2019. Notably, there was greater improvement in dealing with construction permits in Nigeria as the country ranks 55 in 2020 compared to 149 in 2019. However, Nigeria currently ranks 15th in the General Olusegun Obasanjo’s regime, is still active. The law vests all land to each State Governor, thus hindering most Nigerians ability to acquire land.

In 2020, the price of the cheapest newly built one bedroom flat was estimated to be N2.8 million (US$8 040) in an urban area. Typical price per square meter of residential dwellings was reported to be N600 000 (US$1 553.50) while annual rental price was N14 000 (US$36.2) in high density urban settings.

In terms of the movement of house prices, a review of the Roland Igbimoba House Price Index (RI Index) shows that the movement of house prices in the second quarter of 2020 was more erratic than in the first quarter of the same year (Q1 2020) and the same quarter in the previous year (Q2 2019). Price changes were more in the negative contrary to what was observed in the first quarter. Average house prices fell in Port Harcourt and Kaduna but were more resilient in Lagos and Abuja.

The general poor performance of average house prices in the second quarter of 2020 is largely because of the impact of the pandemic on economic activities in the country. Understandably, Port Harcourt and Kaduna are the worst hit. Port Harcourt is severely affected because the economy largely depends on crude oil whose production, distribution and sales were the most negatively affected due to the lockdown of economic activities. The movement of house prices in Kaduna also fell sharply due to the combined effect of the pandemic and the insecurity in that part of the nation. House prices in Lagos showed some resilience to the effect of the pandemic probably due to the diversity of economic activities in the state as well as the early gradual ease off lockdown. House prices in Abuja seemed the least affected possibly because the Federal Capital Territory (FCT) was the first to lift the lockdown, hence economic activities quickly returned to normal in that part of the country.

Policy and legislation
The Land Use Decree known as Decree 6 of 1978 promulgated 42 years ago by the General Olusegun Obasanjo’s regime, is still active. The law vests all land to each State Governor; thus hindering most Nigerians ability to acquire land. The formality of the title system hinders the land registration system as every process and transaction requires consent from the state governor.

Many state governments including Lagos and Oyo states have taken bold steps towards reviewing and regulating real estate transactions in Nigeria. While Lagos state has created the Lagos State Real Estate Regulatory Agency (LASRERA) for the regulation and improved documentation of real estate activities, Oyo state has launched a digitized Certificate of Occupancy (C of O) issuance platform called Oyo State Home Owners Charter (OYHOC) scheme.

Although there is an extant law regulating the practice of real estate in Lagos state, currently there are over thirty thousand unregulated practitioners. These include developers and mostly estate agents responsible for lettings. The law regulating the practice was published in the State Gazette No 58, Vol 40 of 7th August 2007 as Law No 25 of 2007. The unregulated activities and rampant fraudulent practices in the state especially within the low-income bracket has raised questions about the capacity of the government to live up to its social contract of protecting the citizens and their properties. LASRERA has created a web portal for issuance and renewal of licenses and will maintain a register of licensed estate agents and collate data on property transactions. The vision of the state is to provide an investment-friendly and transparent housing sector that safeguards the interests of all stakeholders. One way to do this is to seamlessly generate data points that help planning and policy decisions. The back-end dashboard of the LASRERA portal has big data that covers all tenancies in the state, upcoming housing projects, and sales/lease transactions.

OYHOC makes the processing and collection of C of O faster, easier and affordable. The improved OYHOC will generate C of O’s that ease authenticity of confirmation. In addition, the scheme also facilitates property documentation on a government digital database for ease of confirmation and transfer; thus making the use of properties as collateral for any financial transactions easier. The processing and collection of Certificate of Occupancy would take only 60 days under the OYHOC scheme. The application form would cost only N6 000 (US$15.5) which will be paid using recharge cards customized with OYHOC. Meanwhile the Oyo state government will bear the price of survey and planning permission. The government will also pay for other relevant documents for subscribers under the OYHOC scheme.

Further, the regulatory environment in the country is witnessing a lot of efforts from the Nigerian Mortgage Refinance Company (NMRRC). NMRRC is on the road pushing and advocating for the Model Mortgage Foreclosure Law (MMFL). The law is aimed at eliminating the barrier of foreclosure disincentives for investors. As of August 2020, six states have signed the law and another six are currently in the pipeline.

Opportunities
The improved ranking of Nigeria in the World Bank Doing Business for 2020 signals progress towards a good investment climate for the country. Sustaining and improving this ranking post pandemic will breed trust for both local and foreign investors. The CBN recently announced its plan to inject approximately N500 billion (US$1.3 billion) into the housing sector. Part of this investment is to...
support existing institutions such as the Federal Mortgage Bank of Nigeria (FMBN) to scale their operations for greater impact.

Following the pandemic, the Federal Government recently announced the Economic Sustainability Plan (ESP). The ESP’s major thrust is to ensure that Nigeria is self-sustainable in the production and consumption of goods. The expected outcome is to create millions of new jobs by encouraging local production, services, innovation, and the use of local materials.1 The ESP has a bold and audacious plan to deliver up to 300 000 homes on an annual basis. This will not only provide job opportunities for young career professionals and artisans, but it will create investment opportunities for entrepreneurs and tech startups that can leverage the local production and supply chain. The ESP is also geared towards supporting the informal sector by creating easy access for business building and company name registration.

Family Homes Funds (FHF) has recently been appointed by the CBN to manage the execution of the housing component of the ESP. As part of the transaction structure, FHF is the loan obligor and will work with the private sector with funding of N200 billion (US$5.19 million) from the CBN at a subsidised lending rate of not more than 5 percent per annum. The tenor of the funding is three years and it will be guaranteed by the Federal Ministry of Finance. This transaction presents a significant opportunity for local manufacturing and building materials entrepreneurs and professionals. It is expected that the 300 000 units of houses will be spread across the 36 states in the country with the ability to generate 1.5 million jobs by 2025.2

Websites


Central Bank of Nigeria: https://www.cbn.gov.ng/

Real Estate Developers Association of Nigeria: https://redanonline.org.ng/

Mortgage Banking Association of Nigeria: http://mban.org.ng/

Nigeria Mortgage Refinance Company: https://rmrc.com.ng/

Family Homes Funds: https://fhf.com.ng/

Haggai Mortgage Bank: https://haggaibank.com/


4 Developers include Mita Africa, TAF Africa and PMBN.


Availability of data on housing finance

Over the last twelve months, there has been a general consensus towards improving the sharing of data within the sector. Following CAHF’s collaboration with the NMRC and critical stakeholders in creating a data agenda for the country, there have been several interactions regarding the need for a data repository.

Following the partnership established by the Real Estate Developers Association of Nigeria (REDAN) with both government and private sector players including the FMBN, NMRC, CBN, NBS, Nigeria Population Commission, Pison Housing Company, Value Chain Mortgage Affordability Platform (VC-MAP), and a host of others, the Housing Market Information Portal (HMIP) has been designated to be the data repository for the sector. The NMRC developed and hosts the HMIP which is a decision-making tool that supports the growth of affordable housing and housing finance markets in Nigeria https://hmip.rmrc.com.ng/nmrc/ .

It is hoped that with the synergy created through HMIP, sector participants will continue to see the need to engage and share data that will be relevant for the growth and development of the housing sector. HMIP will also help in providing the requisite market information to investors who hitherto had difficulty in the dark as it relates to the Nigerian real estate market. This activity notwithstanding, access to data remains challenging with key market indicators simply unavailable to investors, policy makers and researchers.
Overview

The Rwandan National Strategy for Transformation aims to accelerate sustainable urbanisation from 18.4 percent to 35 percent by 2024 as a key driving factor for economic growth. This will be achieved by the Government of Rwanda (GoR) developing six secondary cities in addition to Kigali, the capital city of Rwanda, to decentralise socioeconomic development to the entire country through public and private investment. Seventy-seven percent of Kigali households live in unplanned settlements that have narrow access pathways. Ten percent of houses in these settlements are seriously overcrowded while a quarter of Kigali households use shared toilets and only have access to shared, unimproved water sources.

Rwanda has continued to register progress, as evidenced by the World Bank Doing Business reports. In 2020 Rwanda remained the second easiest place to do business in Africa and 38th globally, a drop from the 29th position.

In response to the pandemic, the GoR launched a FrW100 billion (US$105.4 million) fund to support affected businesses through subsidised loans from commercial banks and microfinance institutions (MFIs), and credit guarantees. The fund targets small and medium-sized enterprises and hard-hit sectors such as the hospitality industry. Furthermore, businesses were supported through tax deferral and relief measures. While many interventions were implemented to mitigate the spread and effects of COVID-19, no major response was implemented for the housing sector and the pandemic has continued to be a predominantly Kigali-based, or at least an urban phenomenon.

Access to finance

According to a report released in August 2020 by the National Bank of Rwanda (NBR), growth of the banking sector loan book (outstanding loans) slowed owing to reduced lending in the first half of 2020. Outstanding loans reduced by 14.6 percent (year-on-year) to FrW2.306 billion (US$2.43 billion) compared to a 16 percent growth in June 2019. The slowdown is attributed to weak lending, especially during the country lockdown. The pandemic revealed the need for banks to diversify their loan portfolio, which is currently concentrated in the mortgage sector at 34.3 percent and the trade sector at 15 percent. However, mortgage loans had been slowing due to the prudent lending standards of banks attributed to a loan-to-value policy implemented by the NBR. This policy was implemented in March 2019 and requires that banks limit loan-to-value ratios of banks attributed to a loan-to-value policy implemented by the NBR.

NB: Figures are for 2020 unless stated otherwise.

(a) Xe.com
(b) World Bank World Development Indicators
(c) Human Development Reports, United Nations Development Programme
(d) National Bank of Rwanda
(e) Rwanda Affordable Housing Authority
(f) World Bank Ease of Doing Business Indicators
(g) Demographic and Health Surveys, USAID
(h) United Nations Human Settlements Programme

<table>
<thead>
<tr>
<th>Main urban centres</th>
<th>City of Kigali, Musanze, Huye, Rubavu, Rusizi, Nyagatare</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange rate (1 July 2020): 1 USD = [a] 1 PPP$ = [b]</td>
<td>948.36 Rwandan Franc (RWF) 920.14 Rwandan Franc (RWF)</td>
</tr>
<tr>
<td>Total population [b]</td>
<td>Urban population [b] 12 626 950 2 186 104</td>
</tr>
<tr>
<td>Population growth rate [b]</td>
<td>Urbanisation rate [b] 2.61% 3.2%</td>
</tr>
<tr>
<td>GDP per capita (Current US$) [b]</td>
<td>US$802</td>
</tr>
<tr>
<td>Percentage of population below national poverty line (2017) [b]</td>
<td>46.0%</td>
</tr>
<tr>
<td>Unemployment rate (% of total labour force, national estimate) (2017) [b]</td>
<td>7.3%</td>
</tr>
<tr>
<td>Proportion of adult population that borrowed formally (2017) [b]</td>
<td>34.3%</td>
</tr>
<tr>
<td>Gini coefficient (2017) [b]</td>
<td>0.54</td>
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<tr>
<td>HDI country ranking (2018) [c]</td>
<td>HDI country ranking [c] 157</td>
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<tr>
<td>GDP (Current US$) [b]</td>
<td>US$10 122 million</td>
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<tr>
<td>GDP growth rate [b]</td>
<td>9.41%</td>
</tr>
<tr>
<td>Inflation rate [b]</td>
<td>3.35%</td>
</tr>
<tr>
<td>Yield on 10-year government bonds</td>
<td>n/a</td>
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<tr>
<td>Lending interest rate (2018) [b]</td>
<td>16.52%</td>
</tr>
<tr>
<td>Number of mortgages outstanding [d]</td>
<td>41 013</td>
</tr>
<tr>
<td>Value of residential mortgages (Current US$) [d]</td>
<td>US$329.2 million</td>
</tr>
<tr>
<td>Typical mortgage rate</td>
<td>1 Term</td>
</tr>
<tr>
<td>Ratio of mortgages to GDP</td>
<td>3.25%</td>
</tr>
<tr>
<td>Number of mortgage providers [d]</td>
<td>16</td>
</tr>
<tr>
<td>Number of microfinance loans outstanding [d]</td>
<td>528 724</td>
</tr>
<tr>
<td>Value of microfinance loans in local currency units [d]</td>
<td>US$1 000 000 000 RWF</td>
</tr>
<tr>
<td>Number of microfinance providers [d]</td>
<td>457</td>
</tr>
<tr>
<td>Total number of formal residential dwellings in the country</td>
<td>n/a</td>
</tr>
<tr>
<td>Total number of residential properties with a title deed [e]</td>
<td>1 469 445</td>
</tr>
<tr>
<td>Number of formal housing units built in this year (2019) [f]</td>
<td>16 241</td>
</tr>
<tr>
<td>Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [f]</td>
<td>12 500 000 RWF</td>
</tr>
<tr>
<td>Size of cheapest, newly built house by a formal developer or contractor in an urban area [f]</td>
<td>30m²</td>
</tr>
<tr>
<td>Typical monthly rental for the cheapest, newly built house [g]</td>
<td>150 000 RWF</td>
</tr>
<tr>
<td>Cost of standard 50kg bag of cement in local currency units [g]</td>
<td>12 000 RWF (US$12.65)</td>
</tr>
<tr>
<td>Type of deeds registry: digital, scanned or paper [g]</td>
<td>Computer - Fully digital</td>
</tr>
<tr>
<td>World Bank Ease of Doing Business Index rank [g]</td>
<td>38</td>
</tr>
<tr>
<td>Number of procedures to register property [g]</td>
<td>3</td>
</tr>
<tr>
<td>Time to register property [g]</td>
<td>7 days</td>
</tr>
<tr>
<td>Cost to register property as share of property price [g]</td>
<td>0.1%</td>
</tr>
<tr>
<td>World Bank EOI Quality of Land Administration Index score (0-30) [g]</td>
<td>28.50</td>
</tr>
<tr>
<td>Percentage of houses with basic sanitation services: Total</td>
<td>Urban (2017) [h]</td>
</tr>
<tr>
<td>Percentage of houses with no electricity: Total</td>
<td>Urban (2017) [h]</td>
</tr>
<tr>
<td>Percentage of houses with 3+ persons per sleeping room: Total</td>
<td>Urban (2017) [h]</td>
</tr>
<tr>
<td>Percentage of urban population living in slums (2018) [i]</td>
<td>65.1%</td>
</tr>
</tbody>
</table>
The microfinance sector continues to be an important element in the financial sector as it reaches the majority of Rwanda’s rural population. Similar to the banking sector, lending continued to be the main business for MFIs with the total outstanding credit increasing by 8.3 percent from FRw168 billion (US$177 million) in June 2019 to FRw182 billion (US$192 million) in June 2020, compared to 12.3 percent growth registered in the previous year. This percentage decline is mainly attributed to credit risks related to COVID-19 and weak credit demand associated with disruption in business. Agriculture and livestock loans continue to take the biggest share of MFI loans at 35.1 percent followed by trade at 28.7 percent and mortgages at 13.1 percent.6

In a press release by NBR, the financial sector was reported to have remained sound and stable at the end of June 2020. However, there were notable effects from a slowdown of economic activity due to lockdown measures to contain the spread of the pandemic. This resulted in a decline in demand for new loans and an increased demand in loan restructuring. Banks restructured over 39 percent of their loan portfolio in the second quarter of 2020, the equivalent of FRw978 billion (US$1.03 billion) while MFIs restructured approximately 23 percent of their loan portfolio, the equivalent of FRw41.6 billion (US$43.9 million) in the same period. The growth of outstanding loans reduced to 14.6 percent as of June 2020 from 16.6 percent in June 2019, while new loans reduced by nine percent during the first six months of 2020 compared to a similar period in 2019.6

The NBR has instituted monetary fiscal and supervisory measures to support the financial sector. These include establishing a FRw50 billion (US$52.7 million) lending facility to support banks facing liquidity challenges; reviewing the treasury discount bond window from five percent to four percent; and releasing FRw23.4 billion (US$24.7 million) additional liquidity to banks. The GoR’s Economic Recovery Fund7 and other tax incentives will support financial stability. In addition, the NBR restricted dividend distribution in supervised financial institutions to support their capital position.

Affordability
Access to affordable housing is listed among the key factors for promoting inclusive urban development and promoting the right to live well for all urban dwellers. In Kigali, approximately 54 percent of inhabitants are low income and earn between FRw36,038 and FRw213,381 (US$38 and US$225) a month. The middle income group represents only 21 percent of inhabitants and their monthly incomes range between FRw213,381 and FRw642,990 (US$225 and US$678). Generally, the housing market has largely targeted high income households, which represent less than 12 percent of all urban dwellers earning more than FRw642,990 (US$678) and can afford housing prices that are greater than the purchasing capacities of other categories of urban dwellers. Consequently, most of the Kigali city inhabitants who cannot afford formal housing prices have informally self-developed their dwellings in unplanned areas, which take up 60 percent of residential neighbourhoods in this city.8

Housing finance in Rwanda is expensive and the housing market is at an early stage. Mortgage interest rates are approximately 17 percent.9 This means that only a small portion of households can afford to borrow. For most of the population borrowing is effectively out of reach, with the result that buying a home is also out of reach.

Similar to many sectors, the construction and real estate sector has faced challenges due to lockdown measures. Some of the immediate challenges included an increase in prices of products like cement, which has made it more costly for developers to continue existing projects. In addition, international travel restrictions hindered entry of key products such as aluminum and tiles, and this will affect completion times and budgets for projects. While the construction industry was reported to be growing rapidly, having grown by 33 percent in the fourth quarter of 2019,10 it has declined this year due to the pandemic.

Housing supply
The formal housing sector in Kigali is generally made up of real estate agencies or individual developers which purchase land from private landowners and develop housing units that are then sold to the public. Some of the major formal developers include public agencies such as the Rwanda Social Security Board and the Development Bank of Rwanda, various local and foreign registered real estate agencies operate in the country, such as Urukumbuzi, Abadahigwa k’Ntego, Ultimate Developers Limited, Millennial Development Limited and Remote Estates, among others. However, they tend to supply a small number of houses, hardly meeting three percent of the annual housing demand in Kigali city.

Informal housing development entails self-help construction and is used by approximately 40 percent of low income Kigali city inhabitants whose monthly income is less than FRw260,378 (US$380). Most of these are original inhabitants of the city and own land through the traditional process of inheritance.11 In addition, middle income groups have been using the informal housing development option to build houses they use as personal residences or rent out to tenants. Informal housing development has resulted in the escalation of informal settlements.12

A study by the International Growth Centre (IGC) in 2019 reports that the annual average increase in the number of households between 2014 and 2017 was at 38.144, while the annual average number of houses built was 24.773. Therefore, if the ratio of households to houses of 1.2 remains constant in subsequent years, the following estimates of houses will be needed in the medium population growth scenario with a medium household size scenario, it was estimated that in 2018 Kigali needed 305,594 houses which will grow by 294,672 to a total number of 600,266 houses in 2032; in the low population growth scenario, housing need in Kigali will grow from 286,633 in 2018 to 543,138 in 2032, and in the high population growth scenario, housing need will grow from 345,079 in 2018 to 718,205 in 2032.13

The GoR has partnered with the World Bank to access two grants. The first is FRw90 billion (US$95 million) for urban upgrading and infrastructure, which has been implemented. The second is for housing finance for FRw142.3 billion (US$150 million), which has recently been approved to fund the Rwanda Housing Financing Project.14 The main objective of this project is to expand access to long-term housing finance for the benefit of middle income segments that have limited or no access to mortgages under the current market conditions and to support capital market development.

Property markets
According to the World Bank Doing Business 2020 report, Rwanda remained the second easiest place to do business in Africa and is now 38 globally out of 190 countries. Registering property in Rwanda takes only seven days, three procedures and costs 0.1 percent of the property value, while the time taken to obtain a construction permit dropped from 113 days to 97 days, with registration for the building permit processed online.15

A Multidisciplinary Digital Publishing Institute journal article16 revealed that the price for a three-bedroom house ranged between FRw2.9 million and FRw3.5 million (US$3,035 and US$3,734) among the three developers interviewed. This shows very low trends in affordability, since less than 30 percent of households can afford a house from the housing packages proposed by real estate developers in Kigali.17 The high property prices are attributed to the high cost of construction.
material and internal installations as well as the high cost to import them. Other factors include high investment profits set by the real estate developers and high salaries of the foreign engineers and local experts employed in the construction sector.

**Policy and legislation**

The government, through the Ministry of Infrastructure, has developed the Urbanisation and Rural Settlement Sector Strategic Plan 2018-2024. This highlights the need for private investment in affordable housing and the creation of an enabling environment to increase access to housing for all Rwandans, with a target to reduce the housing deficit by 10 percent by 2023. It further stipulates the need to increase households’ access to mortgages through support schemes such as guarantee funds.\(^\text{16}\) Land that is available for human settlement development should be managed in an integrated cross-sectoral way and government assets must be managed to create a competitive private construction industry. Lastly it calls for integrated programme capacity.

The government is undertaking a variety of infrastructure investments and has introduced a property tax\(^\text{19}\) to help finance these. If implemented correctly, this tax mechanism could encourage the development of idle urban land as well as contribute to fiscally healthier cities. This law is crucial for decentralised entities as it will allow them to mobilise some of the resources needed to provide the basic infrastructure for economic growth and efficient service delivery as districts currently rely heavily on central government funding.

On 4 September 2020, the City of Kigali launched a new city master plan to be implemented from 2020 to 2050. This introduces a flexible and incremental approach to city development as it seeks to accommodate a 3.8 million population by 2050, which is the estimated increase from the current 1.6 million population. The master plan is guided by economic, social and environmental drivers. Major changes related to housing include mixed-use houses, where one building can be used for different purposes; a minimum of 70 houses per hectare, where the minimum houses per hectare will increase from 25 to 70 houses; home offices, where small business owners will be allowed to have small offices in residential areas; flexibility in building residential houses, which will also allow improvement of unplanned settlements without necessarily relocating residents and allowing auxiliary residential units; and a new approach to density, which integrates medium-height storey buildings.\(^\text{20}\)

**Opportunities**

The World Bank, IGC, other key stakeholders and the government have undertaken several studies on affordable housing in Rwanda. These studies have greatly improved understanding of the key gaps and opportunities for promoting housing in the country’s cities and provide information on how to better target resources. Some of the completed studies include Housing Need in Kigali;\(^\text{21}\) Housing Policies in Rwanda\(^\text{22}\) and Assessing Rwanda’s Affordable Housing Sector, among others.\(^\text{23}\)

The Rwanda Development Board reports that the real estate sector is a key driver of future economic growth, having contributed FRw647 billion (US$682 million) to the national gross domestic product (GDP) in 2019.\(^\text{24}\) The real estate sector has also shown high potential to create job opportunities in Rwanda. In 2017, the sector supported approximately 157 000 jobs, resulting in paid labour remuneration to the value of FRw111 billion (US$117 million). Approximately FRw53 billion (US$58.2 million) in net indirect taxes and a gross operating surplus of FRw129 billion was generated. The estimated direct contributions (gross value added plus intermediate inputs) of housing construction and housing rental activity collectively accounts for 11.5 percent of Rwanda’s GDP.\(^\text{25}\)

In 2019, Rwanda registered investments worth FRw2.33 trillion (US$2.46 billion), an increase of 22.6 percent from the previous year. While the construction sector has attracted significant investment, it still heavily relies on importing most building materials such as cement, tiles, manufactured steel and paint, among other things. There is therefore an opportunity for investors to promote local manufacturing of materials needed for construction to serve the local market and neighbouring landlocked countries that face similar high import and transport costs.

Demand for secure, affordable housing is surging because of the fast urban population growth – estimated at 5.75 percent annually, more than twice the rate of overall population growth in the country.\(^\text{26}\) This, coupled with the significant housing deficits evident in Kigali and the secondary cities, presents an opportunity for real estate development in Rwanda.

Innovative approaches, such as the Green City Concept, have been pioneered in Kigali city to set a new standard for affordable housing and sustainable urban development in Rwanda and in Africa. In February 2020, the project received its first capital injection from the German government through KfW Development Bank worth approximately FRw1.0 billion (US$10.5 million). The first phase of the project is set to kick off this year and will see the construction of 749 housing units on 18 hectares at an estimated cost of FRw98.4 billion (US$103.8 million) for five years, while the entire project will be developed on 620 hectares at an estimated FRw1.4 trillion (US$15 billion). A Rwanda Country Private Sector Diagnostic report\(^\text{27}\) highlights alternative building technologies as an innovative approach to complement traditional construction techniques and materials. Rwanda is exploring ways to introduce several innovations to the market, either by local companies, or joint ventures with international partners with the latter providing the initial technical and financial input required to bring the products to local markets.
Additional sources


The three developers are: Abadahigwa Kuntego Ltd, Groupe Palmeraie Development and Shelter Afrique.

The Rwanda Housing Authority provides useful administration data on indicators such as prices of affordable units, construction costs and rental prices, among others.

Availability of data on housing finance
In Rwanda data on housing is generally available but is collected by different institutions. Data on the financial sector and its performance is collected by the National Bank of Rwanda and reported in the Monetary Policy and Financial Stability Statement released twice a year. Data on economic performance is documented by the Ministry of Finance and Economic Planning as well as the National Institute of Statistics Rwanda. Data on property markets is also available in the Doing Business Report released annually by the World Bank.

Despite these, data on housing supply and affordability is not consistently collected and published. However, there are recent studies available, conducted by individuals as well as the IGC, which commissioned a study on housing demand in Kigali in 2019 and housing policy in Rwanda in 2020. A key limitation is that these studies focused on Kigali and, while it is important that some aspects may be similar to other districts, it is important to get a full picture of the country.

The National Institute of Statistics conducts an Integrated Household Living Conditions Survey or Enquête Intégrale sur les Conditions de Vie des ménages (EICV) every three years. This survey has sections on housing but the indicators are mainly focused on household living conditions. It is important to note that the EICV has been a useful reference source for other studies on affordable housing in Rwanda, especially those by IGC. The Rwanda Housing Authority provides useful administration data on indicators such as prices of affordable units, construction costs and rental prices, among others.

Websites
National Institute of Statistic Rwanda https://www.stats.gov.rw/home
National Bank of Rwanda https://www.bnr.rw/home/
World Bank https://www.worldbank.org/
International Growth Centre https://www.theigc.org/
Republic of Rwanda https://www.gov.rw/
Rwanda Development Board https://rdrb.rw/
Development Bank of Rwanda https://www.brd.rw/

Websites
National Institute of Statistic Rwanda https://www.stats.gov.rw/home
National Bank of Rwanda https://www.bnr.rw/home/
International Growth Centre https://www.theigc.org/
Republic of Rwanda https://www.gov.rw/
Rwanda Development Board https://rdrb.rw/
Development Bank of Rwanda https://www.brd.rw/
The country has a high debt level, a low ratio of tax revenue to gross domestic product (GDP), and relies heavily on external support. The economy of São Tomé and Príncipe is based mainly on subsistence agriculture and fisheries. It relies heavily on foreign grants, which exceeded 10 percent of GDP in recent years and exports of goods amount to only four percent of GDP. The country is highly dependent on cocoa, tourism and hospitality. In 2019, cocoa exports accounted for 52.4 percent of total goods exports and 1.6 percent of GDP. The large cocoa plantations in 2018 accounted for 90 percent of the farmed land and two thirds of employment.

The IMF has estimated that the country has a “housing deficit of 60 percent” although there is no break down of this. Furthermore, a very high percentage (85.7 percent) of the urban population live in slums. According to the most recent census, conducted in 2012, most São Toméans own their homes. Houses are primarily made from wood, with 64.8 percent using wood for construction and 15.3 percent using reclaimed or salvaged wood.

São Tomé and Príncipe faces serious fiscal problems, although strong fiscal consolidation measures reduced the domestic primary deficit by 2.4 percent of GDP in 2019. On 6 April 2020, the government announced the first four confirmed cases of COVID-19 and by 25 May, positive cases had risen to 299, of which four fully recovered and 12 died. As a preventive measure, the government implemented a state of emergency from 17 March 2020.

The COVID-19 pandemic is causing a sharp economic contraction, raising urgent balance of payments and fiscal financing needs. The tourism sector, with direct contribution to GDP of about six percent to eight percent has ground to a halt, externally financed projects have been delayed, and international supply has been disrupted. A fiscal gap has developed because of the expected drop in revenue across all categories (except oil imports) and the increased health and social expenditures to mitigate the impact of the pandemic. Inflation grew to nine percent in 2018, and was slightly lower at 8.2 percent in the second quarter of 2019. Real GDP growth in 2020 is projected to decline to -6.0 percent, compared with pre-crisis projections of 3.5 percent. Average real growth and inflation are both revised down to four percent and three percent respectively (compared to 4.3 percent and four percent).
Access to finance

The 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 five commercial banks. These are Energy Bank, Banco Internacional de Sao Tome e Principe (BISTP), Ecobank Sao Tome and Principe (Ecobank), Afriland First Bank Sao Tome and Principe (Afriland) and BGFIBank. Two banks have been undergoing liquidation, although limited progress has been made. The liquidator of Banco Equador completed the asset evaluation but only sold a small portion of the fixed assets due in part to the constraints from the small market size and the pandemic. Banco Privado (BISTP) lost its license due to repeated non-compliance with directives from the central bank. The largest bank, BISTP, has two-thirds of the total assets (65 percent) in a highly-concentrated banking system. Afriland has 14 percent, BGFIBank has 11 percent, Ecobank has seven percent and Energy Bank has three percent. Most of the banks are regional players headquartered in Cameroon, Togo, Nigeria and Gabon, and only have branches in Sao Tome and Principe. There are 20 locally based agencies of institutions of credit, concentrated in the district of Agua-Grande.

With 67 percent of the population living in poverty, Sao Tome and Principe is not yet a mature lending market. In 2019, credit to the economy by banks remained low as they were saddled with a large number of legacy non-performing loans, which comprised approximately 25 percent of total loans, subsequently exacerbated by a court system which impedes loan collection. In 2019, overdue credit was concentrated in three economic sectors, namely trade, consumption and construction/housing. The lending market for housing developers and retail lenders is consequently poorly developed. In 2016, only 48 percent of people had a savings account, seven percent of small and medium-sized enterprises had a bank loan, and less than five percent had access to consumer loans. The lending interest rate in 2018 was 19.9 percent. Duration of loans vary significantly, from one year to 37 years. Interest rates earned on deposit accounts are relatively low, at below four percent, pointing at significant spreads. The central bank interest rate was nine percent at the end of 2019 and the average interest rate for commercial banks was 13.31 percent. Credit to the construction sector is provided mainly by one bank, and to a large extent for lending to tourism and manufacturing. In 2018, most loans were to individuals (97 percent) although by value, loans to firms represented 71 percent.

Sao Tome and Principe’s global rankings on the ability of businesses and citizens to get credit are mixed. According to the World Bank Doing Business 2020 report, Sao Tome and Principe has a relatively strong score on credit registry coverage at 21.5. The country scores zero on strength of legal rights (for example, there is no collateral registry nor priority for secured collateral holders in case of insolvency), a five on depth of information, but zero on credit bureau coverage. 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 financial sector infrastructure and regulation are being upgraded. To mitigate the high risk in private sector credit, the Banco Central Sao Tome e Principe recently upgraded its credit registry and an upgrade to the payment systems infrastructure is also underway with support from the World Bank and the African Development Bank. The World Bank is also assisting to develop a resolutions framework, a highly-concentrated banking system. A five-year strategy has been developed for economic and financial sector development. The World Bank is also assisting to upgrade the credit registry and an upgrade to the payment systems infrastructure. A five-year strategy has been developed for economic and financial sector development. The World Bank is also assisting to upgrade the credit registry and an upgrade to the payment systems infrastructure.

There are no statistics on the total number of mortgages available and the microfinance sector is described as “miniscule” with two operators. However, the BISTP website provides information on a mortgage product it has on offer. This is for acquisition, construction, recovery or expansion of own housing and improvement works. BISTP can finance up to 100 percent of the value of the works or acquisition, with the option of financing up to 50 percent of the guarantee amount. The mortgage interest rate can be up to eight percent per annum or five percent with a financial guarantee. The repayment term can be up to a maximum period of 240 months (20 years).

Affordability

The country is ranked 137 out of 189 countries and territories in the United Nations Development Programme’s Human Development Index (HDI). Between 1990 and 2018, Sao Tome and Principe’s HDI value increased from 0.437 to 0.609, an increase of 39.3 percent. Estimates based on surveys for 2014-2019 reveal that 66.2 percent of the population live below the national poverty line. The unemployment rate remains relatively high at 8.3 percent (2017). Joblessness mainly affects youth aged between 15 and 24 years, which has a bearing on social stability and general economic productivity. Given the restricted diversity of the economy, the government is the main formal employer.

Housing supply

The 1975 Constitution of Sao Tome and Principe 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.” In 2018, it was announced that the World Bank would provide approximately Db218 277 538 (US$10 million) to finance social projects in Sao Tome and Principe to help reduce social inequalities and fight poverty for the next five years; half the amount will finance social housing projects, while the other half will cover vocational training and other actions within the scope of projects submitted by the Ministry of Employment and Social Affairs.

Housing markets

The World Bank Doing Business 2020 report places Sao Tome and Principe at 170 out of 190 economies, the same position it was in in 2019. Sao Tome and Principe has a deeds and title registry; it takes 52 days to register property in the country, and it costs 10.2 percent of the property value to register title, with the quality of the land administration index at 45.44

COVID-19 response

On 6 April 2020, the Government announced the first four confirmed cases of COVID–19 and the Government subsequently decreed a general nationwide lockdown which lasted approximately 3 months.

The central bank reduced the reference interest rate and local banking minimum reserves, introduced flexibility on prudential ratios, increased the grace period to a minimum of six months, revised banking fees downward and opened a credit line to business. The central bank also announced that the permanent liquidity facility rate would be reduced from 11 percent to 9.5 percent.
There is some ongoing reform. According to the World Bank, São Tomé and Príncipe has made registering property less costly by lowering property transfer taxes.46 The country uses a title registration system and the institution in charge of immovable property registration is Conservatória do Registo Predial de São Tomé, however, the country does not have a comprehensive and functional electronic database for checking for encumbrances on property.46 Transparency of data is also hindered by a lack of online access, and there are no publicly available official statistics tracking the number of transactions at the immovable property registration agency. São Tomé and Príncipe has a land tenure system that is a mixture of private land ownership and usufruct. Eighty-six percent of the land is state-owned.47 Responsibility for the administration of urban land rests with the Ministry of Infrastructure, Natural Resources and Environment. Not all privately held land plots in the largest business city are formally registered at the immovable property registry and neither are all the privately held land plots in the economy. In addition, not all privately held land plots in the largest business city are mapped; the same applies for privately held land plots in the economy.48

### Policy and legislation

The 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 zones.49 São Tomé and Príncipe is also tackling the lack of digitised information by implementing a digital Registry and Notary Information System.50 The lack of interoperability of information systems between the cadastral, tax administration and transport directorate is also the subject of system reform, to avoid data duplication and support policy decisions.51

### Opportunities

Conditions for growth for small, vulnerable and island-based economies like São Tomé and Príncipe are based on macroeconomic stability, and much of this reform is ongoing and should lead to greater economic growth if it is sustained. Economic opportunities, especially in the tourism sector, have been identified by the government and can be further exploited.

The reach of financial services is generally low, including banking and microfinance. In addition, there is little in the way of innovative products to tap the market at lower income levels — formal financial products are mainly unaffordable except for the middle class. The need for innovation is even greater in housing finance, as there is clear evidence that little formal housing lending happens in the country.

Given the impact of COVID-19 on the country, the priority of the government in the medium term should be to improve the business environment to facilitate investments into the country and, in the long term, it should put in place policies to facilitate infrastructure development.52

### Availability of data on housing finance

Banco Central São Tomé e Príncipe, which serves in a supervisory role over the national financial system and defines monetary and exchange rate policies in the country, is a good source of information as it publishes statistics and information on the banking sector in the country, as well as annual reports. The information on this site is in Portuguese.

The National Statistics Institute of the Democratic Republic of São Tomé and Príncipe is a source of housing data in the country but most of the information on the website is not recent, with the most recent census information available dated 2012. However, it does publish other recent information such as population estimates.

### Additional sources


### Websites

Banco Central São Tomé e Príncipe [http://www.bctsp.st/](http://www.bctsp.st/)


Energy Bank: [http://www.energypastsao.com/loans-services.html](http://www.energypastsao.com/loans-services.html)


Afriland: [https://afrilandfirstbankst.com/](https://afrilandfirstbankst.com/)

Ecobank: [https://ecobank.com/personal-banking/everyday-banking](https://ecobank.com/personal-banking/everyday-banking)
Overview

The population of Senegal was estimated at 16,209,125 in 2019, of which 46.7% percent is urbanised and characterised by the predominance of youth (52.1% are under the age of 20). Senegal’s political and economic capital is Dakar, which accommodates 23% of the population. Senegal has a long tradition of promoting housing. It is one of the pioneers in Africa in the production of planned housing and serviced plots. The public real estate companies, National Moderate Rent Housing Corporation and Cape Verde Real Estate Company, were established before independence. Senegal was the first country in Africa to host a site and service project in the 1970s. However, despite political and regulatory initiatives, notably the Senegal Housing Bank (BHS), established in 1979, is the first of its kind in WAEMU. Interest rates on housing cooperatives, and the promotion of social housing, the country has a significant housing deficit. It was estimated at more than 300,000 units in 2013 and since then has increased by about 10,000 units a year, resulting in an estimated backlog of 370,000 units in 2020.

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The cities have the largest human settlements and are also the main entry points into the country. With their ports and airports, they were the most affected by the COVID-19 pandemic. The region of Dakar is the most affected with more than 70% of patients (9,481 out of 13,456) on 29 August 2020.

Access to finance

Senegal is home to 25 banks and four financial institutions. This makes Dakar one of the main financial hubs of the West African Economic and Monetary Union (WAEMU) zone. In addition, the BHS, established in 1979, is the first of its kind in WAEMU. Interest rates have fallen in recent years to between 6.5% and 10% per annum. With BHS, the average rate is 7.2%.

The 218 microfinance institutions play a crucial role in financing the country’s economic activities. In the fourth quarter of 2019, outstanding loans of these institutions amounted to CFA 410 billion (US$ 753 million) for a total of 460,547 loans. These microfinance institutions provide non-mortgage loans, usually for housing improvements.
Almost all commercial banks in the country offer mortgages. The national banking system injects nearly CFA 50 billion (US$85.6 million) annually into housing, but this represents only a small share of total loans in the economy as a whole.10 Also, according to a study by the International Finance Corporation (IFC), bank financing covers only 15 percent to 20 percent of mortgage needs and there is a question of whether the cause is structural11 (limited bank capacity) or operational (insufficient bankable applications).

Acceptance of loan applications is decided primarily by the applicant's solvency, which is determined by income and the prescribed assignable share. In Senegal, the usually applied quota is 33 percent of income. However, some banks allow exemptions on this rate in favor of high incomes, while ensuring that the borrower has enough to live decently after the repayments. Another element of mortgage eligibility is the effort rate or personal contribution, which is usually 20 percent. Unless there is a waiver, the minimum is 10 percent. (BHS grants a waiver to its clients, public servants whose salaries are domiciled in its institution. Borrowers in this category may be exempt from contribution.)

Housing is a social property that everyone wants to acquire and preserve. This, coupled with the nature of the guarantee (mortgage on the product), means that the default rate is generally well contained. The BHS default rate is 2020 is 1.09 percent,12 while the Central Bank of West African States (BCEAO) reports a 5.2 percent rate of deterioration for all bank loans in Senegal for April 2020.13

In addition to mortgages, financial institutions provide credit to developers and housing construction companies. The promoters are financed in the form of revolving credits to cover their needs before reaching the financial autonomy that comes after the break-even point marking the balance between investment disbursements and marketing cash flow. As for companies, they benefit from advances of funds from the banks against the collateral of their work contracts. As part of the response to the pandemic, the state has also put in place a mechanism for banks to inject financing of around CFA200 billion (US$342 290) in the form of cash credits or investment for companies.14

Affordability
Housing affordability in Senegal is a controversial issue. The lack of supply means that all products put on the market by end up being sold. It is rare to see serviced plots or turnkey dwellings remain unsold for a long time because, as a last resort, the most difficult assets to acquire are bought by real estate investors which will lease them.

According to the National Agency for Statistics and Demography (ANSD), the most common housing occupancy is property (70 percent) and rent (23.3 percent), while 3.4 percent are housed free of charge.15 In the Plateau district of downtown Dakar the average monthly rent for a three-bedroom apartment is CFA1.6 million (US$2 735),16 while the monthly rent for a newly built dwelling in the extension areas of the Dakar metropolitan area is CFA138 814 (US$238).17 This is the average for the first five months of 2020 and reflects a 24.1 percent decrease compared to the same period in 2019.18 This relatively large decline in the first half of 2020 could be attributed to the uncertainty of the economic outlook created by the COVID-19 pandemic.

Due to relative household poverty (the poverty index was at 37.8 percent in 2019),19 almost all the products currently listed by real estate developers are financially inaccessible for the vast majority of those looking for a property. A loan on the best terms from the banks to acquire the cheapest housing currently available on the market would require a monthly income of about CFA232 000 (US$397),20 which excludes 70 percent of potential applicants. As 80 percent of the homes currently on the market cost more than CFA30 million (US$51 690),21 it would require a monthly income of CFA444 966 (US$762), excluding also more than 80 percent of housing applicants.

This shows how distorted and selective the real estate market is. To mitigate the effects of this, the government has initiated a project of 100,000 housing units over five years. Through this project, the state intends to provide support to the housing sector, which can reduce the costs by up to 38 percent (half in developed land, the other half in the form of tax facilities).22 Nevertheless, the cheapest housing is expected to cost CFA10 million (US$17 114), excluding taxes, and will only be accessible to 30 percent of households.23

Housing supply
The government’s 100,000-houses project includes benefits related to facilitating access to land and tax incentives, and includes a framework agreement with developers. The agreement stipulates that 50 percent of the allocated area is reserved for social housing costing less than CFA12 million (US$20 537), and 20 percent of the area for economic housing costing less than CFA20 million (US$34 229). The framework agreement is complemented by specifications on minimum technical and comfort requirements for social housing (two-bedroom, living room with a minimum of 60m² built) taking into account the size of households in Senegal. While more than half of Dakarans live in households with less than 10 people, most households outside Dakar have 10 or more people, with 64.2 percent living in rural areas and 56 percent in urban areas.24

As part of this ambitious project, the government has identified thousands of hectares in the urban area within the Dakar–Mbour–Thiès triangle and in other localities in the country. In addition, in 2020, the state has set up two support structures: the Society for Land Development and Urban Renovation (SAFRI) and the Fund for Social Housing (FHS). The latter will be financed, among other things, by the payment of the parafiscal tax on cement and other materials. FHS resources will be used to support supply by financing development and demand through loan guarantees as well as interest rate enhancements.25

However, overall supply of housing is variable and not sufficiently controlled due to the dominance of informal activity in the market. Supply is still concentrated in the Dakar metropolitan area and mainly composed of villas with three or four main rooms. Supply was only about 5,000 units a year before the implementation of the Senegal Emerging Plan in 2014. Housing supply increased to 8,861 housing units a year in 2019, comprising 5,263 serviced plots and 3,598 housing units of parapublic and private developers, including those in the urban hub of

COVID-19 response
The state, in partnership with the banking sector (BCEAO and commercial banks) has set up a financing mechanism for companies affected by the COVID-19 crisis. “The aim of this was to enable companies in the most vulnerable sectors to access the necessary resources, in terms of interest rates and maturity that take into account their situations, enabling them to meet urgent needs.”26 Initiatives include the payment of CFA302 billion (US$516.9 million) debt owed to government suppliers, CFA100 billion (US$171.1 million) financial support for the most affected sectors, and the distribution of basic food kits to one million poor households, the majority of whom live in disadvantaged urban and rural neighbourhoods.27

The government created the COVID-19 Pandemic Response and Solidarity Fund. This fund, worth CFA1 trillion (US$1.7 billion), is being used to fund the Economic and Social Resilience Programme to improve people’s living and housing conditions, including the distribution of food to one million vulnerable households, also in poor urban neighbourhoods, and payment by the state of bills covering two months of electricity and water consumption for all.28

As part of the response to the pandemic, the state has also put in place a mechanism for banks for financing of around CFA200 billion (US$342 290) in the form of cash credits or investment for companies.29

The government also deferred payment of taxes until 15 July 2020 for the entire population. In the housing sector, it invited landlords and homeowners to refrain from processing evictions during the state of emergency and agreed to support two months of consumption of electricity and water bills.
Property markets

Despite the huge housing deficit, the Senegalese residential real estate market is active. However, it suffers from a lack of reliable and up-to-date data because, apart from the ANSD statistics, usually from housing censuses, there is no recent study of the housing market in Senegal. In reality, there is confusion between the need for housing and the actual demand for housing (in the commercial sense of the term) and whether it is property to acquire or to rent.

Prices vary widely (from single to quadruple) from one area to another in the Dakar metropolitan area. For example, to acquire housing, the selling prices per square metre vary from an average of CFA 238 618 (US$408)\textsuperscript{27} in the new extension zones to more than CFA 1 000 000 (US$1 709)\textsuperscript{28} in the city centre of Dakar.

There are also huge constraints on access to land. The registration of land on the national domain follows a long procedure involving the local authorities; the decentralised services of the state (departmental services for cadastre, urbanism, domains and others); the Directorate General of Taxation and Domains (which provides the secretariat for the Government Operations Control Commission-CCOD); the ministry in charge of domains (which prepares the report for the Government Operations Control Commission-CCOD); the ministry in charge of domains (which prepares the report for the presentation of the draft registration decree); and the Presidency of the Republic (for the signature of the registration decree by the President of the Republic).

Despite the legislation in this area from 1964, including the law on the National Domain Act, which marks the implementation of modern/regular land tenure, the traditional method of tenure by communities persists. The co-existence of these two regimes (formal/informal) explains the small number of formally created land titles. By 2014, only 152 000 land titles\textsuperscript{29} had been issued, accounting for less than eight percent of households in the country. Since then, significant efforts have been made to create property title deeds. For example, the Property Conservation and Land Law Offices of Ngour and Pikine,\textsuperscript{30} located in the Dakar region, saw a significant increase in the creation of new land titles between January and July 2020. At the Ngour Office, 2 420 titles were created between January and August 2020 out of a cumulative 22 810 titles registered on the land book, an increase of more than 10 percent in eight months.\textsuperscript{31}

There is some information on land management through the Land Management Support Project. In addition, some Land Conservation offices have begun computerised entry of land data. However, land management is still mainly dominated by the manual listing of titles. For the procedure to transfer a title, for example, from the purchase of an already registered property, Senegal recorded a score of 58.3 points out of 100 in the World Bank Doing Business 2020 report.\textsuperscript{32}

Policy and legislation

Senegal’s housing policy took a significant turn in 2020 with the organisation of the 3rd International Housing Fair (SENHABITAT DAKAR), the creation of SAFRJU and FHS, and the holding of the Presidential Council on Housing.

The state does not directly intervene in the construction of housing. This is left to parapublic and private real estate developers, cooperatives and households (self-construction). However, the state has tried to create a conducive environment by liberalising the profession of real estate developer; creating the BHS, framing housing cooperatives, establishing the Housing Guarantee Fund, and passing the Law 2016-31 of 8 November 2016 under the Social Housing Orientation Act.

In addressing costs and access to land, the 100 000-housing project plans to reduce costs through local production of building materials and reserves 50 percent of the land for units costing less than CFA 12 million (US$20 537). Also, the Presidential Council of 20 August 2020 has established a single window to reduce costs through local production of building materials and reserves 50 percent of the land for units costing less than CFA 12 million (US$20 537). Also, the Presidential Council of 20 August 2020 has established a single window to initiate land and administrative procedures for developers selected for this national project.

Opportunities

The huge housing deficit in Senegal indicates considerable potential. The 100 000-housing project revealed an over-demand of more than 110 percent: 213 744 eligible applications were registered for a projected bid of 100 000 units.\textsuperscript{33} In addition, the 100 000-housing project requires an annual bank financing of CFA 200 billion (US$342.3 million) while banks currently finance houses up to CFA 30 billion (US$53.6 million).\textsuperscript{34} This is a real opportunity for financial institutions willing to provide mortgages.

Other opportunities are the construction of rent-to-own housing and the production of serviced plots for self-construction, self-financing and incremental construction. These opportunities are justified by the fact that certain segments of the market, especially those earning less than CFA 1 500 (US$197) a month (corresponding to the first five deciles of the income scale) will have difficulty accessing property built through a mortgage.

Senegal’s political stability, its freely convertible currency and controlled inflation (around one percent) are also strengths. However, the country remains largely dependent on imports and still faces the high cost of inputs such as fuel and electricity.
Websites
Central Bank of West African States www.bceao.int
Directorate of Regulation and Supervision of Decentralized Financial Systems www.drs-dfd.gouv.sn
Microfinance Directorate www.microfinance.sn
Cape Verde Real Estate Company www.scapeca.org
National Agency for Statistics and Demography www.ansd.sn
National Moderate Rent Housing Corporation www.snhlm.sn
Housing Bank of Senegal www.bhs.sn
MaMaison www.mamaison.sn
Senegalese Real Estate www.senegaleseimmobilier.net
African Development Bank www.afdb.org
Directorate of Regulation and Supervision of Decentralized Financial Systems www.drs-dfd.gouv.sn
Central Bank of West African States www.bceao.int
Ministry of Economy, Planning and Cooperation, Business Support Measures www.covid19.economie.gouv.sn
Microfinance Pulse Fund www.mfinf.sn

Availability of data on housing finance
The following are the main sources of housing data and statistics in Senegal.

- ANSD is the main source of statistical data for the building and public works and housing sectors. ANSD collects and publishes its data through censuses, surveys and studies.
- The BHS collects its data from developers and clients receiving loans.
- The Directorate of Regulation and Supervision of Decentralized Financial Systems collects data from microfinance institutions.
- BCEAO collects its data from commercial banks.
- The African Development Bank publishes socioeconomic data on African countries.

The main data challenges are related to lack of specificity (data are often global and not disaggregated by sector or subsector), the lack of regular updates and sometimes unreliable nature of the data provided.
Seychelles

Overview

Seychelles is a small island developing state with a population of 97,625. The country comprises 115 islands, with a land surface area of 459 km². Seychelles is land scarce, having little land in absolute terms. The country is 56.7 percent urbanised and this is projected to rise to 70 percent by 2050. The population figures pose immense pressure, particularly in the coastal zones, from increasing demand on housing, industrial development and intensive agricultural practices.

Seychelles mainly depends on tourism and fishing. The country is projected to have a gross domestic product (GDP) growth rate of 3.3 percent in 2020 before rebounding to 4.2 percent in 2021, while a continuing prudent monetary stance will keep inflation at around three percent in 2020 and 2021. The lending rate (effective average interest rate) was 11.86 percent at the end of May 2020. The Human Development Index placed Seychelles at 62 out of 189 countries and territories and gave it a score of 0.801 in 2018.

Access to finance

Seychelles has a well-developed financial system overseen by the CBS and the Financial Services Authority. Its structure comprises the CB, traditional commercial and offshore banking institutions as well as specialised financial institutions and foreign exchange offices. Nine banks operate in Seychelles, of which seven (with two having a minority of shareholders in Seychelles) are privately owned. The government of Seychelles has majority ownership in the other two. There are 10 mortgage providers with a prevailing mortgage to GDP ratio of 4.3 percent. All nine banks provide deposit and lending services including mortgage services. As of December 2019, the effective lending rate declined by 22 basis points, from 12.58 percent in the previous year to 12.36.

Seychelles banking system's credit risk recorded a decline on account of a reduction in non-performing loans (NPLs). The NPLs to gross loans ratio increased by 1.8 percentage points to settle at 26 percent at the end of October 2019, while the ratio stood at 2.9 percent. The NPL ratio has been low and relatively stable at three percent although it is set to rise markedly in 2020. In terms of sectors, the highest

11 percent mortgage rate and an average mortgage term of 20 years, with a mortgage to GDP ratio of 4.3 percent. All nine banks provide deposit and lending services including mortgage services. As of December 2019, the effective lending rate declined by 22 basis points, from 12.58 percent in the previous year to 12.36.

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<table>
<thead>
<tr>
<th>Key Figures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Main urban centres</strong></td>
</tr>
<tr>
<td>Victoria</td>
</tr>
<tr>
<td><strong>Exchange rate</strong></td>
</tr>
<tr>
<td>1 USD = 13.63 Seychellois Rupee (SCR)</td>
</tr>
<tr>
<td>1 PPP$ = 7.49 Seychellois Rupee (SCR)</td>
</tr>
<tr>
<td><strong>Total population</strong></td>
</tr>
<tr>
<td>97,625</td>
</tr>
<tr>
<td><strong>Urban population</strong></td>
</tr>
<tr>
<td>55,762</td>
</tr>
<tr>
<td><strong>GDP per capita (Current US$)</strong></td>
</tr>
<tr>
<td>US$1,647</td>
</tr>
<tr>
<td><strong>Population growth rate</strong></td>
</tr>
<tr>
<td>20%</td>
</tr>
<tr>
<td><strong>Unemployment rate</strong></td>
</tr>
<tr>
<td>3.9%</td>
</tr>
<tr>
<td><strong>Proportion of adult population that borrowed formally</strong></td>
</tr>
<tr>
<td>n/a</td>
</tr>
<tr>
<td><strong>Gini coefficient</strong></td>
</tr>
<tr>
<td>45.90</td>
</tr>
<tr>
<td><strong>World Bank Ease of Doing Business Index (2017)</strong></td>
</tr>
<tr>
<td>62</td>
</tr>
<tr>
<td><strong>GDP (Current US$)</strong></td>
</tr>
<tr>
<td>US$1,699 million</td>
</tr>
<tr>
<td><strong>GDP growth rate</strong></td>
</tr>
<tr>
<td>4.71%</td>
</tr>
<tr>
<td><strong>Inflation rate</strong></td>
</tr>
<tr>
<td>n/a</td>
</tr>
<tr>
<td><strong>Yield on 10-year government bonds</strong></td>
</tr>
<tr>
<td>n/a</td>
</tr>
<tr>
<td><strong>Lending interest rate (2018)</strong></td>
</tr>
<tr>
<td>12.60%</td>
</tr>
<tr>
<td><strong>Number of mortgages outstanding</strong></td>
</tr>
<tr>
<td>n/a</td>
</tr>
<tr>
<td><strong>Value of residential mortgages (Current US$) (2019)</strong></td>
</tr>
<tr>
<td>US$9.27 million</td>
</tr>
<tr>
<td><strong>Typical mortgage rate</strong></td>
</tr>
<tr>
<td>10%</td>
</tr>
<tr>
<td><strong>Ratio of mortgages to GDP (2019)</strong></td>
</tr>
<tr>
<td>4.30%</td>
</tr>
<tr>
<td><strong>Number of mortgage providers (2019)</strong></td>
</tr>
<tr>
<td>10</td>
</tr>
<tr>
<td><strong>Number of microfinance loans outstanding</strong></td>
</tr>
<tr>
<td>9,072</td>
</tr>
<tr>
<td><strong>Value of microfinance loans in local currency units</strong></td>
</tr>
<tr>
<td>1,385,000,000 SCR</td>
</tr>
<tr>
<td><strong>Number of microfinance providers (2019)</strong></td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td><strong>Total number of formal residential dwellings in the country</strong></td>
</tr>
<tr>
<td>n/a</td>
</tr>
<tr>
<td><strong>Total number of residential properties with a title deed (2019)</strong></td>
</tr>
<tr>
<td>340</td>
</tr>
<tr>
<td><strong>Number of formal residential dwellings built in this year</strong></td>
</tr>
<tr>
<td>100</td>
</tr>
<tr>
<td><strong>Price of the cheapest, newly built house by a formal developer or contractor in an urban area</strong></td>
</tr>
<tr>
<td>392,266 SCR</td>
</tr>
<tr>
<td><strong>Size of cheapest, newly built house by a formal developer or contractor in an urban area</strong></td>
</tr>
<tr>
<td>150 m²</td>
</tr>
<tr>
<td><strong>Typical monthly rental for the cheapest, newly built house</strong></td>
</tr>
<tr>
<td>13,597 SCR</td>
</tr>
<tr>
<td><strong>Cost of standard 50kg bag of cement in local currency units</strong></td>
</tr>
<tr>
<td>32,670 SCR</td>
</tr>
<tr>
<td><strong>Type of deeds registry</strong></td>
</tr>
<tr>
<td>Computer/Fully digital</td>
</tr>
<tr>
<td><strong>World Bank Ease of Doing Business Index rank</strong></td>
</tr>
<tr>
<td>100</td>
</tr>
<tr>
<td><strong>Number of procedures to register property</strong></td>
</tr>
<tr>
<td>4</td>
</tr>
<tr>
<td><strong>Time to register property</strong></td>
</tr>
<tr>
<td>33 days</td>
</tr>
<tr>
<td><strong>Cost to register property as share of property price</strong></td>
</tr>
<tr>
<td>7.0%</td>
</tr>
<tr>
<td><strong>World Bank DBI Qty of Land Administration index score (2019)</strong></td>
</tr>
<tr>
<td>21.00</td>
</tr>
<tr>
<td><strong>Percentage of women who own a house alone</strong></td>
</tr>
<tr>
<td>n/a</td>
</tr>
<tr>
<td><strong>Percentage of households with basic sanitation services</strong></td>
</tr>
<tr>
<td>Total: 91.6%</td>
</tr>
<tr>
<td><strong>Percentage of households with no electricity</strong></td>
</tr>
<tr>
<td>Total: 7.5%</td>
</tr>
<tr>
<td><strong>Percentage of households with 3+ persons per sleeping room</strong></td>
</tr>
<tr>
<td>Total: 42.6%</td>
</tr>
<tr>
<td><strong>Percentage of urban population living in slums</strong></td>
</tr>
<tr>
<td>n/a</td>
</tr>
</tbody>
</table>

NB: Figures are for 2020 unless stated otherwise.

(a) IMF
(b) World Bank
(c) Human Development Reports, United Nations
(d) World Bank Doing Business Country Profile 2018
(e) Central Bank of Seychelles
(f) World Bank Sub-Saharan Africa: Doing Business 2019
(g) Afrexim Bank Seychelles
(h) International Monetary Fund (IMF)
(i) National Bureau of Statistics
(j) Ministry of Finance
(k) Premium Realty
(l) Arima Real Estate
(m) Lafarge
(n) World Bank Ease of Doing Business Indicators
(o) Demographic and Health Surveys, USAID
(p) United Nations Human Settlements Programme

UN-HABITAT
growth in NPLs was recorded in mortgage loans, private households and real estate, which was by Rs6.1 million (US$345 687), Rs4.7 million (US$266 349) and R4.3 million (US$243 681) respectively.\textsuperscript{20}

An estimated 94 percent of Seychellois use banks in the country. Seychelles also has three non-banking financial institutions which include the Seychelles Credit Union, a savings and credit cooperative society and the Development Bank of Seychelles,\textsuperscript{21} which provides flexible financing for businesses and projects to promote economic growth and employment. The Housing Finance Company Limited (HFC) is a government-owned company providing financing to Seychellois to purchase land, construct homes, and finance home improvements. The HFC is likely to be the country’s largest mortgage provider.

The HFC also offers three types of home loans 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 Rs1 200 000 (US$68 004). The eligibility for this loan is to be employed and earning less than Rs30 000 (US$1 700) a month. There is no minimum qualifying income, though in practice loans are not affordable for those who earn less than Rs6 000 (US$340) a month. The loan amount is calculated based on a client’s net income, with the repayment amount being calculated at 30 percent to 40 percent of the net income or 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 Rs550 000 (US$31 169) granted to clients employed and earning less than Rs30 000 (US$1 700) a month. The House Extension Loans are intended to help clients renovate their houses. For general renovations, the maximum loan amount is Rs350 000 (US$19 834). The maximum loan period is five years (which can be extended to seven years under special circumstances). Applicants must earn less than Rs20 000 (US$1 133) a month per household. The repayment period is five years. Despite the existence of commercial banks, approximately 97 percent of housing projects have been financed through the HFC housing loans alone.

The World Bank ranked Seychelles at 144 out of 190 countries for ease of getting credit in the 2020 Doing Business report compared to 134 in 2019 and 133 in 2018.\textsuperscript{22} A credit bureau needs to be set up and collateral and bankruptcy laws reinforced to protect the rights of borrowers and lenders and to bolster lending. The aggregate stock of outstanding credit grew by 4.3 percent in 2019 as an increase in credit to the private sector due to an increase of Rs22 million (US$1.2 million) in the subcategory “mortgages.”\textsuperscript{23} An analysis of the sectoral distribution of credit indicated that credit allocated to “mortgages” representing 15 percent rose by 30 percent, Rs283 million (US$16 million).\textsuperscript{24}

The investment portfolio of the insurance industry consisted of six components, with the real estate sector (property, land and buildings) accounting for the largest share of 45 percent of total investments.\textsuperscript{25} Consequently, the insurance sector’s exposure to real estate shocks remains relatively high.

**Affordability**

The contraction in tourism-related activities and underperforming dividends are the main factors impacting revenues, which would bring the total revenue (excluding grants) to GDP ratio to 31.6 percent in 2020, compared with 37.7 percent in the pre-pandemic budget.\textsuperscript{26} Therefore, demand for housing is unlikely to taper in the medium term as rural to urban migration is set to increase in the years to come.\textsuperscript{27}

Seychelles makes subsidised mortgage loan facilities available for families seeking to purchase or build their first home. HFC offers a range of end-user products promoting housing affordability.\textsuperscript{28} Between 2015 and 2019, approximately 5 500 loans were made available by the HFC. A Home Savings Scheme enables Seychellois to have a minimum deposit of 10 percent to qualify for government-constructed housing (the current purchase price of government subsidised housing is approximately Rs450 000 (US$25 502). 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.

**COVID-19 response**

As a result of the COVID-19 pandemic, a two month lockdown was imposed during March and April 2020. On 28 April 2020 the President announced the lifting of some of the measures that were put in place to curb the spread of the pandemic. All restrictions on the movement of people were lifted in May; schools were reopened and shopping hours were extended. Travel restrictions ended on 1 June 2020 when the airport reopened. The tourism industry has been heavily impacted by the pandemic, with restricted air travel and with cruise ships only being allowed to dock again at Port Victoria at the end of 2021.

On 20 March 2020 Seychelles announced a reduction of loan repayments for six months and the tax payments due in March were postponed until September. The Central Bank of Seychelles (CBS) reduced the policy rate by 100 basis points to four percent on 23 March 2020. The CBS also provided a credit facility of approximately Rs55 million (US$36 million) to assist commercial banks with emergency relief measures to assist businesses and individuals struggling with the financial impact of the pandemic. In addition, the CBS provided a limited credit resource to the government of up to Rs300 million (US$30 million).

The CBS announced that commercial banks, the Development Bank of Seychelles, and the Seychelles Credit Union have agreed to consider a moratorium of six months on the repayment of principal and interest on loans, to assist businesses in impacted sectors. The six-month moratorium may also apply to individuals.

There was no response from government in terms of informal settlements.

In addition, Seychellois families have been able to acquire their own homes at a subsidised rate through a long-standing social housing scheme. The 2019 National Budget was accompanied by a government commitment to deliver 143 plots of land and 406 houses in 2019, and 72 plots of land and 32 houses in 2020. The government has been looking at different options for ensuring that more houses are built in the next six years. As part of the process, the government has engaged with bilateral partners to finance the construction of 3 000 houses.

**Housing supply**

Seychelles Vision 2033 presents a view of the housing sector as “a dynamic real estate sector driven by the private sector and supported by Government that delivers affordable, diverse and quality homes.”\textsuperscript{29} A population and housing census conducted in Seychelles in 2010 showed that there were 23 770 housing units, and 24 770 households. Regarding tenure, the number of owners was 17 158, the number of tenants was 4 796 and the number of free occupations was 2 299.\textsuperscript{30} The Seychelles Housing Subsidy Scheme was launched in 2014 and set up to improve access to affordable construction and ownership. To qualify for the loan, applicants must be employed or self-employed Seychellois citizens earning a fixed income.\textsuperscript{31}

Seychelles has completed and allocated 14 housing projects under the 24-24-24 project (24 houses in 24 districts in 24 months) launched in 2017.\textsuperscript{32} As at July 2020, as announced by the housing ministry, more than half of the projects have been delivered (326 units out of 575). The government has provided 340 families with keys to their new homes.\textsuperscript{33}

In the 2020 Budget, the government announced plans to deliver 209 new homes to families in 2020\textsuperscript{34} and to have completed 286 plots. Furthermore, through the Property Management Corporation (PMC), the government will finance another Rs200 million (US$11 million) worth of projects, done through a bond issued by the PMC in January 2020, for five years at a five percent interest rate.\textsuperscript{35}

**Property markets**

Vision 2033 on the housing sector aims to provide stimulus for the real estate market to adequately cater for the growing needs of a diverse and dynamic population.\textsuperscript{36} The real estate market and infrastructure have interesting opportunities. As per the Premium Realty insight opinion on Seychelles, land and
**SEYCHELLES**

**Annual income profile for rural and urban households based on consumption (PPP$), 2019**

<table>
<thead>
<tr>
<th>PPP$</th>
<th>No. of households (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPP$40 001 – PPP$10 000 000</td>
<td>1 359 571 SCR</td>
</tr>
<tr>
<td>PPP$23 001 – PPP$40 000</td>
<td>7.49</td>
</tr>
<tr>
<td>PPP$12 001 – PPP$23 000</td>
<td>1.64%</td>
</tr>
<tr>
<td>PPP$8 001 – PPP$12 000</td>
<td>864</td>
</tr>
<tr>
<td>PPP$5 001 – PPP$8 000</td>
<td>20</td>
</tr>
<tr>
<td>PPP$3 601 – PPP$5 000</td>
<td>43</td>
</tr>
<tr>
<td>PPP$2 401 – PPP$3 600</td>
<td>46</td>
</tr>
<tr>
<td>PPP$1 601 – PPP$2 400</td>
<td>48</td>
</tr>
<tr>
<td>PPP$1 001 – PPP$1 600</td>
<td>45</td>
</tr>
<tr>
<td>PPP$500 – PPP$1 000</td>
<td>47</td>
</tr>
<tr>
<td>PPP$100 – PPP$500</td>
<td>49</td>
</tr>
</tbody>
</table>

**Population:** 97 625  
**Urbanisation rate:** 1.64%  
**Cost of cheapest newly built house:** 1 359 571 SCR  
**House price PPP$:** PPP$148 768  
**Urban households that could afford this house with finance:** 56.23%  
**1 PPP$:** 7.49 Seychellois rupee

Source: https://www.cgid.com/ (2020)

property prices in the capital vary considerably depending on location. Property prices approximate or start at Rs2.1 million (US$160 000), while the average price for land with no view was Rs988 (US$36) per square metre and the average price for prime beachfront properties was Rs29 804 (US$1 689) per square metre. The average price of residential real estate in Seychelles is now in the range of Rs52 938 (US$3 000) to Rs79 407 (US$4 500) per square metre.

A 150m² property costing Rs3 176 280 (US$180 000) might typically rent for around Rs12 352 (US$700) a month. This is equivalent to a yield of 4.7 percent. Larger properties produce lower yields, as is typical in most places. Monthly rent varies from Rs13 745 (US$778.92) to Rs21 877 (US$1 239.75) for a single bedroom in the city centre; Rs27 490 (US$1 557.85) to Rs41 626 (US$2 358.97) for a three bedroom in city centre, while buying an apartment in the city centre varies from Rs13 663 (US$774.28) to Rs33 044 (US$1 872.58) per square metre. The mortgage interest rate varies from 6.50 to 15 percent yearly for 20 years fixed rate.

A total of 25 931 houses were counted in the 2010 census, of which approximately 92 percent were occupied. The occupied dwellings comprised 24 770 households, indicating that around 1 000 households live in shared dwellings. The household size (number of persons) ranges from 2.9 on outer islands to 4.5 in the Roche Caiman district. The proportion of dwellings constructed of stone or blocks increased from 29 percent in 1971 to 85 percent in 2010.

There are only 10 licensed estate agents in operation where clients can go for assistance in impacted sectors. The six-month moratorium may also apply to individuals.

**Policy and legislation**

Seychelles “new property exchange policy” comes into application on 1 August 2020. This policy focuses on houses and land owned by the government and will be managed by the PMC. It covers the following transactions: exchange of government houses managed by the PMC for government houses; exchange of government houses managed by the PMC for government houses managed by the PMC; selling of previously purchased government houses to government; exchange of land bought or obtained privately for houses; exchange of land for land; and exchange of land plus houses for land or houses.

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 of 1972; the Land Reclamation Act (Cap. 106); the National Monuments Act (Cap. 140); and the Civil Code of Seychelles Act of 1976.

In 2010 the government adopted the Seychelles Investment Act No. 31 of 2010, which sets up the Seychelles Investment Board. The Seychelles Investment Board aims to protect the rights of investors, both domestic and foreign, while reserving certain economic activities for domestic investors. On 4 April 2014, the Seychelles government adopted a new policy on the sale of land to foreigners, which enables non-Seychellois to acquire freehold land which is held in private ownership only.

**Opportunities**

Investors invested in the local housing market sector are advised to stay in the country for as long as possible to control all levels of work, so that in the future they can guarantee the quality of construction or have a reliable local partner. For any investment project, the Seychelles Investment Bureau assists with investment and commercial projects, including with real estate.

**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.
Sierra Leone

Dr Yousouf Keita, Centre for Economic Research and Development

Overview

The Republic of Sierra Leone has a total population estimated at 7,650,154 in 2020. The urban population growth rate is 42.1 percent associated with a population density of 106 inhabitants per km². The capital city of Freetown has one of the highest population densities in the world with 8,450 people per km², and a high proportion of informal settlements accounting for 35 percent of the city's inhabitants. These are major challenges to preventive measures against the spread of COVID-19, as physical distancing and restrained movement may be difficult to practice in informal settlements. Migration from rural to urban cities also puts pressure on authorities to address the housing crisis in the country. Freetown needs 280,000 housing units, or 19,000 houses a year by 2028.

Sierra Leone has a fragile economy still recovering from a decade of civil war. The macroeconomy is mainly dependent on diamond production and has been unstable over the last few years. Its gross domestic product (GDP) is valued at Le42,993,116.254 (US$4.4 billion) with a GDP per capita estimated at Le4,299.3 (US$4,442.1 billion) with a GDP per capita estimated at Le4,299.3 (US$4,442.1 billion). The overall inflation rate was recorded at 15.47 percent in May 2020. Government gross debt culminated at 65.4 percent of GDP. According to World Bank development indicators, the lending interest rate in Sierra Leone was reported to be 17.92 percent in 2019. While the unemployment rate remained at 4.3 percent in 2020, the job market remains fragile.

The COVID-19 pandemic has adversely impacted economic activity, with economic growth rate projected to shrink by -3.1 percent in 2020 compared to the pre-COVID-19 projection of 4.1 percent growth.

Since the onset of COVID-19, the Federation of the Urban and Rural Poor (FEDURP) and the Centre of Dialogue on Human Settlement and Poverty Alleviation (CODOHSARA) have taken action to curb its spread. However, the slums and informal settlements remain largely ignored by state institutions. In April 2020, the federation put together a COVID-19 response plan aligned with the objectives of Sierra Leone Slum Dwellers International (SDI) Alliance for COVID-19. This includes monitoring and advocacy activities at settlement and civil society level to minimise threats of eviction and counterproductive closures of essential informal services during periods of lockdown. The COVID-19 response plan put together by FEDURP and CODOHSARA in collaboration with the Freetown City Council, which aligns with SDI’s objective to fight the pandemic, includes:

- Providing community owned and validated settlement profile; and
- Monitoring and advocacy of activities to minimise the threat of evictions.

Access to finance

Despite the government’s commitment to narrow the gap between banks’ credit supply and households’ demand for loans in the housing industry, the financial sector remains difficult to access for Sierra Leonians. As of 2018, the banking industry and non-banking sector include 14 commercial banks, 17 community banks, 11 insurance companies,
The financial sector is dominated by commercial banks with a share of Le8.5 trillion, accounting for 24.4 percent of GDP. The microfinance industry expanded in 2018, becoming a major financial service provider for funds for low-income earners. This was mainly the result of government efforts to promote financial inclusion as a tool to promote growth and long-term investments to boost the housing development and finance industry.

Despite a larger geographical presence of microfinance institutions in comparison to commercial banks, use of personal loans to cover housing demand is limited. There are no data on special policy measures by the government to improve housing conditions for the poor during the COVID-19 pandemic. However, the Monetary Policy Committee (MPC) of the Bank of Sierra Leone (BSL) decided to keep the monetary policy rate unchanged at 15 percent in July 2020 because of an increasing outlook of inflation. Because of the lockdown imposed by the government, prices for food and other essential commodities have been the sources of inflation pressure in Sierra Leone.

The economic downturn resulting from the pandemic continues to constrain credit growth in Sierra Leone and the MPC expects that this credit shortening will be moderated by the BSL Special Credit Facility of Le500 billion to support specific activities such as production and distribution of essential commodities. This facility does not mention the housing finance sector. In the meantime, the interest rate remains high, with potential adverse implications for investments.

The fiscal deficit has worsened because of increased government spending against the pandemic.

In summary, the banking sector remains relatively stable according to BSL. This is illustrated by the improvement in all key Financial Soundness Indicators (except the non-performing loan ratio of 12.2 percent, above the required prudential limit of 10 percent).

Affordability

Acute poverty associated with poor living conditions, overcrowding, and poor public policies in housing finance adversely affect the ability of poor people to earn enough and afford decent housing. The prevailing political and economic uncertainty combined with the pandemic make it difficult for banks to provide funding to low-income households to purchase or rent affordable houses. A large majority of Sierra Leoneans therefore cannot afford decent housing.

The high cost of housing limits access to decent housing for low-income earners. Experts estimate the cost of building a three-bedroom house at between Le146.6 million (US$15,000) and Le439.740.000 (US$45,000). A typical bungalow with five rooms, built on 1.39 town lots in Wellington in Freetown, is priced at Le1.5 billion (US$160.000). A four-bedroom bungalow built on two town lots, located off Airport Ferry Road in Freetown, is estimated at Le1.8 billion (US$180,000). Sierra Leone Property Solutions provided different property prices on its website, with the cheapest price of a two-storey building constructed on 1.1 town lot estimated at Le928,260,465 (US$95,000).

The major challenge is that construction companies and banks are reluctant to engage low income earners as they prefer to target high earners.

Housing supply

Sierra Leone faces challenges in providing decent affordable housing for the poor. Although government programmes have opened a Housing Finance Scheme through the HFC Bank, the housing built is high-end and out of the financial reach of many. This scheme is based in part on a "city-competitive" model to make Freetown look like other modern cities.

In the absence of long-term public policies, poor people continue to produce poor quality houses nationwide. The 2015 Population and Housing Census analysed housing conditions of the population and revealed that the total stock of houses in the country was 801,417 and that there are 1,265,468 households. This indicates a housing gap of 464,051 houses.

COVID-19 response

The COVID-19 pandemic was confirmed to have reached Sierra Leone on 31 May 2020. By the end of April, 124 people had tested positive and seven had died. The government announced a three-day lockdown on 5 April, and subsequently, additional measures were imposed. On 3 May, another lockdown was announced.

The BSL did not use an expansionary monetary policy to reduce borrower’s costs during the pandemic, because of fear of inflationary pressure that could further disrupt the economic variables. In the absence of public policy towards a moratorium on evictions, FEDURP and Freetown Municipality put together a strategy to prevent and quell the spread of the virus. They engaged in monitoring and advocacy activities at settlement and city levels to minimise threat of evictions and counterproductives closures of essential informal services during the lockdown.

Because of the health emergency and planners' limited understanding of the fluidity of informal settlements, the preventive measures prescribed by the government did not consider the key challenges faced by the residents of these settlements. The mayor engaged with informal communities to understand their day-to-day constraints. As a result, the mayor considers informal settlement upgrading and relocation as a potential solution.

The rebels’ invasion in 1999 in Sierra Leone completely decimated approximately 5,932 homes with major destruction in the country. National statistics estimate that almost 300,000 homes were destroyed by 2001. As a result, housing supply continues to be a major challenge for the Sierra Leonean government. To meet these challenges, the Deputy Minister for Lands, Housing and the Environment led an investment mission to Zimbabwe in July 2019 to finalise a housing deal with a local developer, Enhanced Mortgaging and Housing Africa (EMHAA). A Memorandum of Understanding was signed between EMHAA and the Sierra Leone Housing Corporation (SALHOC) in February 2020 in Freetown. According to the deal, the two parties will work together under the Housing Development Partnership to construct more than 100,000 social houses in both countries. This project is expected to kick off with the initial phase of constructing at least 50,000 accommodations in five years.

In addition, in August 2019, the Mayor of Freetown announced that Sierra Leone was set to begin the construction of 5,000 housing units in Freetown as part of an affordable housing project to ease the plight of city dwellers in uncongenial habitations and poor housing conditions.

Despite these efforts, the list of homeseekers continues to grow each year because of the increased costs of purchasing a piece of land.

While older two-storey wooden houses have been replaced by structures built using concrete blocks with corrugated iron roofing in Freetown, village houses are traditionally made of sticks with mud walls and thatch or grass roofing.

Property markets

Land administration in Sierra Leone is complicated. There are two types of land tenure, colonial land or freehold land, and customary land or leasehold land. Foreigners cannot own land under either of these systems but can lease for up to 99 years. There is no land titling system to validate ownership, so lease rights are hard to secure. In the World Bank 2020 Doing Business indicators, Sierra Leone is ranked 163 out of 190 countries. It takes 56 days to register a property while it takes 51.6 days in Sub-Saharan African countries. The cost of registering property is 10.6 percent of the property value in Sierra Leone compared to 7.3 percent in Sub-Saharan African countries.

On average, land prices vary in relation to land size and locations. A typical town lot (piece of urban land upon which housing can be built) in Freetown is 3,750 square feet (348 m²). A land size of six town lots is priced at Le107.5 million (US$1.1 million). The least expensive land for sale, located at Juba Hill is priced at Le17.3 million (US$1.8 million) per town lot.
Policy and legislation

There is no orderly housing finance policy in Sierra Leone. The Sierra Leonean legislation governing housing issues is weak. In Sierra post-conflict, there have not been major reforms in the housing industry and the legislative framework is outdated. However, the fast rate of urban population growth in Sierra Leone is putting pressure on government to undertake housing policy reforms. The 1960 Freetown Improvement Cap 66 was promulgated to control building construction in Freetown. In 1982, the Government of Sierra Leone (GoSL) established SALHOC to promote housing access in the country. It was expected that SALHOC could produce at least 6 500 houses for sale, lease and develop building materials, and establish training centres. Established before the 1990s, Sierra Leone land rights include the Non-Citizens (Registration, Immigration and Expulsion) Act of 1965, the The Protectorate Land Ordinance of 1927, the Imperial Statutes Act, the Town and Country Planning (Amendment) Act No. 3 of 2001 and the Summary Ejectment Act No.6 of 2006. Land is classified as state, private or communal. However, most land is governed by customary tenure in a chieftaincy system with chiefs as custodians. The Local Government Act No. 1 of 2004 gives local councils the right to acquire and hold land. The 2005 National Land Policy of 2005 promotes equal opportunity to protect property and preserve the existing rights of private ownership. The increase in epidemics combined with rapid urbanisation is set to exert enormous pressure on city authorities to provide more land for housing. The Sierra Leone housing finance market is not dynamic. As a result of the population density growth, the number of persons per room has increased throughout the country. Successive governments have tried to tackle this. Like Ghana, the GoSL has used retirement funds to invest in housing. The National Security and Insurance Trust has also channeled money into home financing and supports the Home Finance Company to provide mortgage funds for poor people.

Opportunities

Housing Investment offers major investment opportunities that can boost GDP if the GoSL can develop an adequate policy tool to drive foreign and domestic investments in the housing industry in Sierra Leone. Despite economic gains in the last decade, Sierra Leone struggles to provide basic needs such as housing. There is a crucial need for investment in housing in the form of upgrading or renovation of existing houses, construction of traditional and low-cost housing and the building of conventional and luxury houses. The GoSL therefore encourages investors to get involved in housing development in the country. The delivery of housing for the vulnerable is under the authority of SALHOC. To tackle the problem and make cities and human settlements inclusive, safe, resilient and sustainable, SALHOC encourages smart spending on low-cost housing. The GoSL should create incentives to renovate and construct new houses. The GoSL should also use tax credits to encourage a broader range of investors to build houses for sale and private rental at affordable costs.

Availability of data on housing finance

Data collection and data availability in housing development and finance is fraught with difficulties in Sierra Leone. This makes it impossible for investors and decision-making authorities to provide a stock of housing for the most vulnerable people. The following institutions are the major sources for data in Sierra Leone:

- The Bank of Sierra Leone, responsible for the monetary policy, collects data on credit and interest rate, supervises and stimulates the banking system to loan out money to the people. However, specific data on mortgage and mortgage rate in the housing sector is not available.
- Commerce and Mortgage Bank, and First Bank Sierra Leone also collect data associated with home loan mortgage finance, but this data is not disaggregated and is kept confidential by these financial institutions.
- Sierra Leone Property Solutions and Global Property Guide records data on properties and sale. Most of the data can be found on these entities’ websites.
- Urban Gateway and Construction Review registers data on public private partnerships in the housing sector and addresses the housing backlog in the country.
- Sierra Leone Urban Research Centre records data associated with informal settlements during the period of COVID-19 pandemic.

Additional sources

Airbnb https://www.airbnb.com/sierra-leone/stays
Websites
ACAPS Sierra Leone www.acaps.org
Trading Economics www.tradingeconomics.com
International Monetary Fund www.imf.org
Sierra Leone Access Bank www.sierraleone.accessbankplc.com
Bank of Sierra Leone www.bsl.gov.sl
Know Your City www.knowyourcity.info
Sierra Leone Urban Research Centre www.slurc.org
Sierra Leone Property Solutions www.sierraleoneproperty solutions.com
Global Property Guide www.globalpropertyguide.com
First Bank Sierra Leone www.fbnbanksierraleone.com
Wyse Real Estate www.wyserealestate.com
VSL Property www.vslproperty.com

Overview

According to the United Nations and World Health Organization, Somalia is facing a "triple-threat" of floods, drought and the COVID-19 pandemic. In February this year, government declared a national emergency due to a locust outbreak, which was deemed the worst in 25 years, threatening food supply and worsened by the flooding. The United Nations High Commissioner for Refugees (UNHCR) estimates that there are almost 2.6 million internally displaced persons (IDPs) living in informal settlements or camps with no access to basic services. There are more than 2,344 camps nationally. 

Refugees (UNHCR) estimates that there are almost 2.6 million internally displaced persons (IDPs) living in informal settlements or camps with no access to basic services. There are more than 2,344 camps nationally. 1

Evictions pose a real threat in Somalia, with 48,000 people evicted from places of residence in the first quarter of 2020 and 268,000 in 2019. While the National Evictions Guidelines were published late 2019, a moratorium on evictions was being advocated widely during this time of the pandemic due to the extended risk for displaced Somalis, given the threat of community transmission in overcrowded IDP settlements. This is also in light of the limited health infrastructure and professional services available in Somalia (estimated at two healthcare workers per 100,000 people). 2 The threat is also exacerbated by risk of family separation, domestic violence against women and children, and stigmatisation.

Somalia recorded the country’s first case of COVID-19 on 16 March 2020. As of 16 September 2020, there were 488 active cases and 98 confirmed deaths. 3 According to the International Monetary Fund (IMF), 4 a coordination committee between the World Bank, the United Nations and Somalia’s Ministry of Health was formed to respond to the spread of the outbreak in Somalia. A Country Preparedness and Response Plan (CPRP) was prepared in late March. The CPRP identifies IDPs, the elderly and the urban poor as the most affected and at-risk population groups. The CPRP also alludes to the impact of the pandemic on general livelihoods and the economy. The CPRP objectives are to a) direct support to the Health Preparedness and Response component of the Federal Government of Somalia’s Comprehensive Socio-Economic Impact and Response Plan for COVID-19; and b) provide support to the indirect but immediate humanitarian consequences of the pandemic, particularly continuity of critical interventions identified within the 2020 Somalia Humanitarian Response Plan.

Key Figures

<table>
<thead>
<tr>
<th>Key Figures</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange rate</td>
<td>1 July 2020: 1 USD = [a] 1 PPS = [b]</td>
</tr>
<tr>
<td>Total population</td>
<td>15,442,905</td>
</tr>
<tr>
<td>Population growth rate</td>
<td>2.86%</td>
</tr>
<tr>
<td>GDP per capita (Current US$) (2018)</td>
<td>US$499</td>
</tr>
<tr>
<td>Percentage of population below national poverty line (2017)</td>
<td>4.1%</td>
</tr>
<tr>
<td>Unemployment rate (2017)</td>
<td>14.0%</td>
</tr>
<tr>
<td>Proportion of adult population that borrowed formally</td>
<td>n/a</td>
</tr>
<tr>
<td>Gini coefficient</td>
<td>n/a</td>
</tr>
<tr>
<td>HDI country ranking</td>
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</tr>
<tr>
<td>GDP (Current US$) (2018)</td>
<td>US$7,484 million</td>
</tr>
<tr>
<td>GDP growth rate (2018)</td>
<td>-1.54%</td>
</tr>
<tr>
<td>Inflation rate (2018)</td>
<td>2.60%</td>
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<tr>
<td>Yield on 10-year government bonds</td>
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</tr>
<tr>
<td>Lending interest rate</td>
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</tr>
<tr>
<td>Number of mortgages outstanding</td>
<td>n/a</td>
</tr>
<tr>
<td>Value of residential mortgages (Current US$)</td>
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</tr>
<tr>
<td>Typical mortgage rate</td>
<td>Term</td>
</tr>
<tr>
<td>Ratio of mortgages to GDP</td>
<td>n/a</td>
</tr>
<tr>
<td>Number of mortgage providers</td>
<td>n/a</td>
</tr>
<tr>
<td>Number of microfinance loans outstanding</td>
<td>n/a</td>
</tr>
<tr>
<td>Value of microfinance loans in local currency units</td>
<td>n/a</td>
</tr>
<tr>
<td>Number of microfinance providers (2019)</td>
<td>6</td>
</tr>
<tr>
<td>Total number of formal residential dwellings in the country</td>
<td>n/a</td>
</tr>
<tr>
<td>Total number of residential properties with a title deed</td>
<td>n/a</td>
</tr>
<tr>
<td>Number of formal housing units built in this year</td>
<td>n/a</td>
</tr>
<tr>
<td>Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units</td>
<td>20,216,641.05 SOS (US$3,499)</td>
</tr>
<tr>
<td>Size of cheapest, newly built house by a formal developer or contractor in an urban area</td>
<td>150m²</td>
</tr>
<tr>
<td>Typical monthly rental for the cheapest, newly built house</td>
<td>n/a</td>
</tr>
<tr>
<td>Cost of standard 50kg bag of cement in local currency units</td>
<td>3,754.05 SOS (US$6.50)</td>
</tr>
<tr>
<td>Type of deeds registry: digital, scanned or paper</td>
<td>Paper</td>
</tr>
<tr>
<td>World Bank Ease of Doing Business index rank</td>
<td>180</td>
</tr>
<tr>
<td>Number of procedures to register property</td>
<td>5</td>
</tr>
<tr>
<td>Time to register property</td>
<td>180 days</td>
</tr>
<tr>
<td>Cost to register property as share of property price</td>
<td>1.4%</td>
</tr>
<tr>
<td>World Bank EGI Quality of Land Administration index score (0-100)</td>
<td>7.5</td>
</tr>
<tr>
<td>Percentage of women who own a house alone: Total</td>
<td>n/a</td>
</tr>
<tr>
<td>Percentage of households with basic sanitation services: Total</td>
<td>n/a</td>
</tr>
<tr>
<td>Total urban</td>
<td>n/a</td>
</tr>
<tr>
<td>Percentage of households with no electricity</td>
<td>n/a</td>
</tr>
<tr>
<td>Percentage of households with 3+ persons per sleeping room: Total</td>
<td>n/a</td>
</tr>
<tr>
<td>Urban</td>
<td>n/a</td>
</tr>
<tr>
<td>Percentage of urban population living in slums (2018)</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Significant donor support was sourced to assist Somalia in the response to COVID-19, flooding and drought. This includes from the United Nations, World Health Organization (WHO), World Bank (WB) (US$17.5 million), United Nations Children’s Fund (UNICEF) and the African Development Bank (AfDB) (US$25 million). Efforts by the Central Bank of Somalia in response to the pandemic include the release of US$2.9 million for lending to small and medium enterprises; and improving the monitoring of financial and liquidity conditions by improving data collection. 5

Access to finance

The Central Bank of Somalia is responsible for licensing, supervising and regulating Somalia’s commercial banking and non-banking financial institutions, including microfinance, mobile money transfer, insurance and credit associations. There are nine banks licensed and operating in Somalia – Dababshiil Bank International, Daryeel Bank, SomBank, Agro Africa Bank, 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. There are 10 licensed money remittance providers or Hawalas and six major microfinance providers – MicroDahab, IBS Microfinance, Premier Microfinance, AMAL Microfinance, KAABA Microfinance, and Kaah International Microfinance Services. Average microfinance loans are around US$1 000 with tenor of less than a year.7

According to the IMF,8 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. Due to COVID-19 restrictions forcing some business to close globally, many migrant workers are left with no income outside further reducing the limited funds that would normally be sent back to their families in Somalia for subsistence. The Somali economy is heavily dependent on remittances which accounts for about 31 percent of gross domestic product (GDP).9 In 2019, more than US$2.7 billion10 in remittances was sent to Somalia. Remittances have declined by 50 percent during the COVID-19 period, which local Somalis (40% of the population) are dependent on – adversely affecting income.11 According to USAID,12 COVID-19-related airport closures, airline route suspensions, and quarantines prevent the transfer of banknotes into Somalia, further affecting banks’ liquidity. The USAID-funded Somalia Growth, Enterprise, Employment, and Livelihoods project is working to address this.

In 2017, 7.9 percent13 of adults held accounts at formal financial institutions, indicating low levels of financial inclusion. This is, however, expected given the nature of the financial sector in Somalia. Financial sector assets were equivalent to 4.3 percent of GDP and credit to the private sector was 1.3 percent of GDP in 2018.14 According to Making Finance Work for Africa, 201815 key challenges the financial sector in Somalia faces include trust and information deficits, a lack of capacity and financial infrastructure, unfavourable terms and conditions, and insufficient collateral for the majority of the public.

On 25 March 2020, the IMF and World Bank’s International Development Association approved Somalia’s eligibility for debt relief under the Heavily Indebted Poor Countries initiative. This will allow for Somalia’s debt to be reduced to US$357 million from US$5.2 billion over approximately three years. This is of particular importance currently as Somalia will be able to integrate back into the international community during the pandemic where support is being sought from the international community.16

Importantly, the Somali banking sector is mainly governed by Islamic banking with some conventional banking. This refers to interest-free banking governed by principles of Islamic Sharia. This means, in the context of Somalia, lending terms do not include an interest rate as lending is interest free. Instead, while there is a profit mark-up upfront on the net cost of the property.

Affordability

A World Bank supported study17 profiling poverty in the country in 2016 indicates that the percentage of the Somali population living below the international poverty line of US$1.90 at 2011 purchasing power parity (PPP) 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. The average daily per capita expenditure is US$1.25 2011 PPP and poverty is the worst in IDP settlements. In addition to limited remittance inflows, the COVID-19 pandemic has intensified already high unemployment and stalled the economy generally, worsening housing affordability.

The Consumer Price Index (CPI), as reported by the Somalia Directorate of National Statistics,18 indicated that overall CPI from July 2019 to July 2020 decreased to 4.09 percent from 6.80 percent in the prior year. Housing, water, electricity and gas increased year-on-year from -1.4 percent in June 2019 to 5.57 percent in July 2020, indicating a significant decrease in affordability.19

The cheapest newly built house by a developer in 2020 was US$36 00020 (excluding land) and the cost of a 50kg bag of cement is between US$6.5 and US$7.0. In contrast eighty-five percent of Somali households earn below PPP$80021 per annum and only 38 percent are employed.22

Ahmed Khadar Jama23 indicates that, on the housing demand side, key challenges include short repayment periods due to risk of liquidity, down payment value requirements, the high Murabaha rate, limited real estate developers, and the high costs 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 in Somalia. An example presented by Jama24 indicates that, for a house that costs US$75 000, the required monthly repayments would be US$2 012, which includes a 30 percent down payment and 15 percent Murabaha rate over a period of 30 months. As indicated above, this is unaffordable to the majority of the population, given that only 7.9 percent of people have accounts at formal financial institutions. The down payment value that financial institutions require is between 20 and 30 percent of the price inclusive of the Murabaha. The Murabaha rate, according to Jama,25 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.

Housing supply

Somalia’s population growth has decreased from 3.4 percent to 2.9 percent over the past two decades and the population is estimated at approximately 14.3 million people currently, of which 40 percent reside in urban areas.26

For the first time ever, a national survey was undertaken and the results were released this year. The aim of the Somali Health and Demographic Survey (SHDS) 202027 is to monitor and track the respective priority sectors identified in the National Development Plan (NDP).

According to the SHDS, approximately 32 percent of households are headed by women and the average household size is 6.2 persons.28 Sixty-five percent of households have access to improved or drinkable water sources of which 42 percent is piped water to a household or plot.29 Fifty-six percent of households have access to improved sanitation facilities, which are basic sanitation facilities. Forty-four percent of households have access to electricity. The majority of households, 58.9 percent, have floors made of earth/sand while only 26.2 percent of floors are made of cement. About 44.5 percent use firewood for cooking and 44.3 percent use charcoal for cooking. Over 50 percent of households’ roof structures are made up of metal sheets.30

The International Institute for Environment and Development identifies four types of housing in Somalia:

- Bulsh, 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;
- 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;

**COVID-19 response**

Somalia’s partial lockdown began in March 2020 when restrictions were placed on schools and universities as well as large gatherings and non-essential business, public transport and travel. Somalia is still in partial lockdown, however, flights reopened on 3 August 2020 and schools on 15 August 2020.

A Country Preparedness and Response Plan40 by UN agencies, the Inter-Cluster Coordination Group and other cluster partners was prepared in late March. The CCRP identifies IDPs, the elderly and the urban poor as the most affected and at-risk population groups. Evictions pose a real threat in Somalia during this time of the pandemic, with 48 000 people evicted from places of residence in the first quarter of 2020. While the National Evictions Guidelines41 was published late 2019, a moratorium on evictions is being advocated widely due to the extended risk posed to displaced Somali, given the threat of community transmissions in overcrowded IDP settlements with limited access to basic services to practice good hygiene and social distancing essential to halting the spread of the virus.
### Somalia

**Urbanisation rate:**

<table>
<thead>
<tr>
<th>No. of households (thousands)</th>
<th>Average annual household income needed for the cheapest newly built house by a formal developer, 2019 ($)</th>
<th>Average annual household income using expenditure, 2019 ($PPS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPP$40 001 – PPP$10 000 000</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>PPP$23 001 – PPP$40 000</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>PPP$12 001 – PPP$23 000</td>
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<td>n/a</td>
</tr>
<tr>
<td>PPP$8 001 – PPP$12 000</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>PPP$5 001 – PPP$8 000</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>PPP$3 601 – PPP$5 000</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>PPP$2 401 – PPP$3 600</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>PPP$1 601 – PPP$2 400</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>PPP$1 001 – PPP$1 600</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>&lt;PPP$100</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

**Source:** https://www.cgidd.com/ (2020)

### Verification of the authenticity of a title registered before 1991

Verification of the authenticity of a title registered before 1991 therefore goes outside the country and costs approximately US$1 000 - US$2 000 and takes a month to be processed.39 Ownership details on a property registration in the past 10 years is available at a lawyer’s office in an official bulletin and costs US$50 for the lawyer to check. While property registration is not normally done at the courts, banks require property registration at the court of appeal as collateral to obtain a loan.40

An internet search identified three formal real estate agents operating in Somalia, namely My Property Somalia, Kaah Properties and Reali Group. The price of rental property for a one-bedroom apartment in the city centre in Mogadishu, according to Numbeo (2020)41, is US$193 and US$75 outside of the city centre. According to Numbeo (2020)42, the price per square meter to buy an apartment in the city centre is US$30 380.

### Policy and legislation

With evictions having been identified as a grave challenge in Somalia, the National Eviction Guidelines43 have been drafted to ultimately to protect the right to adequate housing and to protect human rights.

According to the NDP (2020-2024),44 the Somali government signed the Kampala Agreement, which outlines the states commitment towards protecting IDPs which is relevant to the housing backlog in these communities.

### Opportunities

The NDP indicates that the real estate and construction sector in Somalia has potential, driven mainly by housing demand from rapid urbanisation and diaspora investments in the main cities, particularly Mogadishu. The focus on IDPs and camp management, not only generally but in light of COVID-19 awareness, together with the recently legislated National Evictions Guidelines, shows the government’s commitment to improving housing in the country. In addition, approved donor funding will assist Somalia in these trying times as well as showing renewed commitment from the international community.

National elections in Somalia are set to take place in November this year, which is a political milestone for Somalia. However, this may be delayed because of the COVID-19 pandemic, locust infestation, as well as security and technical issues affecting preparations.

### Additional sources


**Country profile**

Villas located in the older city suburbs and periphery; housing wealthy Somalis and foreign nationals; and

Apartments inhabited by middle and upper middle class Somalis with an average cost of US$350 to US$500 a month located within the city centre.31

The UNHCR identifies that the lack of land tenure and forced evictions inhibit the ability of partners to improve living conditions within camp sites. In addition, UNHCR indicates that the COVID-19 pandemic is creating changes in service modalities and that there is a need to prioritise service provision.32

Somalia’s NDP 2020-2024,33 identifies housing as an essential service and prioritises housing and urban development in many regions, including Banaadir and South West State. The prioritisation of housing is already evident in Banaadir as an Affordable Housing Action Plan is being developed as well as the World Bank’s Somali Urban Investment Planning Project.34

According to the NDP (2020-2024), 27.5 percent of commercial banks’ credit to the private sector was in real estate projects such as Daru-Salaam in Mogadishu. This development consists of 300 residential houses, including sport, education and health facilities.

### Property markets

The NDP 2020-2024 identifies the importance of the real estate sector and constraints to growth in the construction sector have been highlighted. These include the lack of an appropriate regulatory environment; poor governance in the public sector; the lack of building standards and health and safety regulation; high land prices and disputes; and the shortage of skills. The NDP 2020-2024 strategy includes promoting the market for low cost housing through tax incentives to the market for affordable; quality housing for the poor; starting to improve security of land tenure, with a particular emphasis on durable solutions for displaced persons; establishing an accessible system of financing that helps the less well-off buy their homes; improving construction sector skills; strengthening building standards; and supporting urban planning and infrastructure development.

The World Bank Doing Business45 report indicates it costs 1.4 percent of a property’s value to register a property, lower than the regional average of 7.3 percent. There are five procedures and it takes 188 days to register a property (more than three times higher than the Sub-Saharan Africa average of 51.6 days). Title deeds are currently only documented on paper; however, these can be accessed at a notary office which is registered at the court of appeal. The Court of Appeal and Banaadir Regional Authority (Municipality of Mogadishu, Land Management Department) are responsible for immovable property registration. The Banaadir Regional Authority is also responsible for showing legal boundaries in the business district. The Ministry of Finance provides a tax clearance, or Nulla Osta, which verifies that a seller has paid all property taxes.36 Articles 938 and 939 of the Somali Civil Code Law No. 37 of 1973 provide the legal basis for dispute resolution.37 Fraudulent titles and land disputes are still common in Somalia even though it is mandated by law to be registered.38 Prior to 1991, all titles were moved out the country and kept by a former Registrar official.
Websites
Central Bank of Somalia https://centralbank.gov.so/
Ministry of Finance Somalia https://www.mof.gov.so/
Global Land Tool Network https://gltnt.net/
UN Refugee Agency https://data2.unhcr.org/
Ministry of Health Somalia https://moh.nomadilab.org/
International Monetary Fund https://www.imf.org/
Numbeo https://www.numbeo.com/
Making Finance Work for Africa https://www.mfw4a.org/

Availability of data on housing finance
Access and general availability of data has been identified as a key gap by the Federal Government of Somalia. It, however, remains a challenge to undertake ground research due to vulnerable conditions and security risks throughout the country. The primary sources of housing finance data are:

- The Directorate of National Statistics under The Ministry of Planning, Investment and Economic Development is the main provider of statistical data for decision-makers and researchers for planning in an effort to address socio-economic development of Somalia. To this end, the Somali Health and Demographic Survey 2020 was recently launched. This is the first of its kind in Somalia. In addition, the CPI index and COVID-19 situational update is also published by the department.

Central Bank of Somalia provides data on banking supervision and licensing and has a function for economic research (there are no archives as yet). Generally the Annual Reports provide information – however, these have not been updated in three years.

United Nations High Commissioner for Refugees collects data on internally displaced persons in Somalia by monitoring refugee and movement patterns, access to services, and the nature of vulnerability. In addition, UNHCR is monitoring COVID-19 outbreaks in some IDP camps in Somalia.
Overview

South Africa has the second largest economy in Africa, with a gross domestic product of R5,078 trillion (US$351.422 million) and a population of 58.5 million. Prior to the COVID-19 pandemic, the economy was showing signs of low growth, estimated at 0.15 percent in 2019, with negative growth already observed in the last two quarters of 2019. There was a further rating agency downgrade and the economy continued to decline by two percent (quarter-on-quarter, seasonally adjusted and annualised) in the first quarter of 2020. The pandemic and ensuing lockdown saw the temporary suspension and then gradual reopening of business and industrial production resulting in diminished government revenues, a R70 billion International Monetary Fund loan, and government debt at 87 percent of GDP. During the first quarter of 2020, major industries such as mining and manufacturing contracted. The construction industry contracted by 4.7 percent, with a decrease in residential and non-residential building activity. However, real estate activity showed an increase during the first quarter.

According to Statistics South Africa, unemployment rose from 27.6 percent in Q1 2019, to 30.1 percent in Q1 2020, worsened by the strict lockdown. By 11 August 2020 the rand hit an exchange rate low to the US dollar of 6.83 South African Rand.

The pressures of COVID-19 have exacerbated conflict around affordable housing. In the lowest market segment - backyard rentals - tenants’ increasing inability to pay their rentals due to the economic effects of the lockdown was reported to be a cause of the increase in land invasions. This has led to conflict with some local authorities, although some have contested the legitimacy of these land claims.

Key housing-related government responses to COVID-19 have focused on the housing backlog and informal settlements. These included providing temporary residential units and mobile homes, as well as promoting a programme to release land for backyard households and those on the waiting lists. Other priorities include providing shelter for people living on the streets in cities, and de-densifying informal settlements. Steps proposed by government to facilitate social distancing in informal settlements include in-situ upgrading, partial upgrading/relocation and total relocation.

Key figures

<table>
<thead>
<tr>
<th>Key Figure</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (Current US$)</td>
<td>US$351.422 billion</td>
</tr>
<tr>
<td>GDP growth rate</td>
<td>0.15%</td>
</tr>
<tr>
<td>Inflation rate</td>
<td>4.12%</td>
</tr>
<tr>
<td>Yield on 10-year government bonds</td>
<td>9.40%</td>
</tr>
<tr>
<td>Lending interest rate</td>
<td>10.13%</td>
</tr>
<tr>
<td>Number of mortgages outstanding</td>
<td>1.63 million</td>
</tr>
<tr>
<td>Value of residential mortgages (Current US$)</td>
<td>US$56.765 million</td>
</tr>
<tr>
<td>Typical mortgage rate</td>
<td>12% (20 years) 20%</td>
</tr>
<tr>
<td>Ratio of mortgages to GDP</td>
<td>16.15%</td>
</tr>
<tr>
<td>Number of mortgage providers</td>
<td>15</td>
</tr>
<tr>
<td>Number of microfinance loans outstanding</td>
<td>730,700</td>
</tr>
<tr>
<td>Value of microfinance loans in local currency units</td>
<td>ZAR 278,450,129,000</td>
</tr>
<tr>
<td>Number of microfinance providers</td>
<td>4,500</td>
</tr>
<tr>
<td>Total number of formal residential dwellings in the country (2016)</td>
<td>13,404,199</td>
</tr>
<tr>
<td>Total number of residential properties with a title deed (2016)</td>
<td>6,607,803</td>
</tr>
<tr>
<td>Number of formal housing units built in this year</td>
<td>45,366</td>
</tr>
<tr>
<td>Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units</td>
<td>ZAR 40,000</td>
</tr>
<tr>
<td>Size of cheapest, newly built house by a formal developer or contractor in an urban area</td>
<td>40m²</td>
</tr>
<tr>
<td>Typical monthly rental for the cheapest, newly built house</td>
<td>ZAR 4,000</td>
</tr>
<tr>
<td>Cost of standard 50kg bag of cement in local currency units</td>
<td>ZAR 65 (US$3.77</td>
</tr>
<tr>
<td>Type of deeds registry</td>
<td>Digital/Scanned</td>
</tr>
<tr>
<td>World Bank Ease of Doing Business index rank</td>
<td>84</td>
</tr>
<tr>
<td>Number of procedures to register property</td>
<td>7</td>
</tr>
<tr>
<td>Time to register property (in months)</td>
<td>23</td>
</tr>
</tbody>
</table>
| Cost to register property as share of property price (in percentage) | 8.0%
| World Bank ODI Quality of Land Administration index score (0-30) | 15.50 |

Note: Figures are for 2020 unless stated otherwise.

*Building plans passed and buildings completed for the private sector, as reported by metropolitan municipalities and large municipalities only.

*Member organisations of the African Union for Housing Finance (AUHF):
- First National Bank - International Home Loans
- Home Finance Guarantors Africa Reinsurance
- Select Advisors Limited
- GAP Solutions
- TABF Limited
- (a) Xc.com
- (b) World Bank World Development Indicators
- (c) Human Development Reports, United Nations Development Programme
- (d) Worldhousedata.com
- (e) National Credit Regulator (NCR)
- (f) First National Bank
- (g) South African Reserve Bank
- (h) MicroFinance South-Africa (MFSA)
- (i) Statistics South Africa (StatsSA)
- (j) Lightstone Property Ltd
- (k) Cosmopolitan Projects
- (l) BuildIt
- (m) World Bank Ease of Doing Business Indicators
- (n) Demographic and Health Surveys, USAID
- (o) United Nations Human Settlements Programme
- (p) UN-HABITAT

The National Department of Human Settlements has adjusted its budget for 2020/21 in response to COVID-19. Government has reallocated R300 million (US$17.4 million) towards the support of rental relief to social housing institutions during the lockdown. A further R300 million debt relief earmarked for borrowers in the affordable housing sector will be reappropriated as a grant to the National Housing Finance Corporation.
Access to finance

South Africa benefits from a robust banking sector governed by the Banks Act No. 94 of 1990, and an active banking association. The country has five principal high-street banks; 19 registered banks, four mutual banks, four co-operative banks, 16 local branches of foreign banks, and 30 foreign banks with approved local representative offices.11 The capital adequacy percentage was 15.79 percent in May 2020, a drop from 16.90 percent in May 2019. As of May 2020, there were 15 banks subject to prudential regulation offering residential mortgage advances to the household sector.12 A number of mortgage portfolios have been securitised.

While access to credit is generally available to low income earners, the lockdown created financial hardship, which saw a slowdown in demand for home loans by mid-May 2020, despite a reduced lending rate of 7.75 percent.13 Mortgages totalled R978.62 billion (US$56.7 billion) in the fourth quarter of 2019, constituting just under 1.7 million accounts, a decrease in accounts of 0.35 percent year-on-year. During 2019, a total of 155 817 mortgages were granted, of which only just under 1.7 million accounts, a decrease in accounts of 0.35 percent year-on-year. Of those, 15 banks subject to prudential regulation offering residential mortgage advances to the household sector.12 A number of mortgage portfolios have been securitised.

Human settlements value chain, however, the Bill has not yet been approved by government’s housing programme, a fully-subsidised 40m² house is available to households living in state-subsidised housing.23 The government’s housing programme has had a tremendous impact on housing supply: according to the General Household Survey (2018), 13.6 percent of households lived in state-subsidised housing.

Microfinance

Continues to grow in strength, supported by credit bureaux which are regulated by the National Credit Regulator. There were 7.3 million microfinance loans outstanding at the end of the fourth quarter in December 2019 with the bulk of agreements constituting a rand value greater than R20 000 (US$1 600).24 Some specialist microcredit providers offer “housing microfinance”, funded by the Rural Housing Loan Fund (now merged with the NHFC).

Affordability

Despite a comprehensive subsidy framework, housing affordability is a key challenge especially for the lower income working class. Through the national government’s housing programme, a fully-subsidised 40m² house is available to households earning less than R3 500 (US$215) per month who meet certain qualification criteria. Households earning between R1 500 (US$92) and R15 000 (US$905) a month may be eligible for rental housing in inner city developments through government’s social housing programme. Government’s Finance Linked Individual Subsidy Programme (FLISP) provides up to R121 626 (US$7 057) to first-time buyers earning between R3 301 (US$203) and R22 000 (US$1 726) a month. The subsidy is variable, with low income earners qualifying for larger amounts. In 2018/19, 6 673 FLISP subsidies were disbursed, against a target of 16 870 beneficiaries, whereas private sector lenders and DFIs issued over 343 000 loans to households in the affordable housing market. The Government Employees Housing Scheme also offers a housing allowance to government employees.22

COVID-19 response

A lockdown was imposed on 28 March 2020 which brought a complete shutdown of the economy for five weeks. Subsequently economic activity was incrementally increased beginning in May. Notably, there were three repo rate cuts by the South African Reserve Bank during the pandemic; the last in July 2020 set the prime lending rate at a record low of seven percent.

During the lockdown, government imposed a suspension of all evictions, while simultaneously taking a zero-tolerance approach to land invasions.42, 43 The government’s R200 billion (US$1 16 billion) COVID-19 loan guarantee fund was designed to assist businesses with cash flow so as to stave off business closure and job losses.44 Unemployment Insurance Fund (UIF) Temporary Employer/Employee Relief Scheme (TERS) was offered to businesses which closed or partly closed their operation for up to three months as a result of the COVID-19 pandemic. It appears the TERS relief benefit has been extended until 30 October 2020.

The government’s response to informal settlements was multi-faceted: selective testing in “hot spots” where there were high living densities, as well as the supply of water tankers to enable personal hygiene measures. Furthermore, the government allocated R2.4 billion (US$139 million) to improve access to sanitation and water in informal settlements.45

The price of the cheapest, newly-built two-bedroom house built on a minimum size plot of 40m² in the City of Johannesburg is R539 830 (US$31 320).23 At the prime rate (7.0 percent), and with no deposit, the monthly repayments on this house would be R4 185 (US$243) a month, presumably affordable to a household earning R1 674 (US$973) per month. With a FLISP subsidy of about R61 000 (US$3 544), a household earning about R15 000 (US$871) per month might qualify. For lower income earners, the resale market provides some affordability. For example, at an income of R3 700 (US$215) per month a household could afford R143 171 (US$83 306).24 Houses at these prices do exist in established townships where houses developed as part of the national housing programme have been integrated into the property market. This offers a new opportunity for affordability that begs further policy attention.

Consumer price inflation dropped to 3.2 percent in July 2020, down from 4.5 percent in May 2019, with “housing and utilities” rising by just 3.2 percent from July 2019.25 The lockdown, with reduced business activity, has led to a fall in household incomes, undermining housing affordability.26 This may stimulate demand for housing at the lower end of the housing price spectrum compared to higher value properties. The significant reduction in the prime lending rate also creates an opportunity for first-time buyers to access the lower end of the housing market, with more affordable home loans and lower monthly repayments.

Housing supply

A key pressure on affordability is the insufficiency of supply, especially in the affordable segment. In 2019, a total of 45 366 new housing units were delivered across the top twenty municipalities in the country. The deeds registry shows that in the same period, a total of 56 610 new residential properties came onto the deeds registry, of which 55 percent were valued at less than R600 000 (US$34 865).

While the vast majority of South African households (81 percent in 2018) reside in formal dwellings, a significant number live in informal dwellings (13 percent) and 5 percent live in traditional dwellings. Urbanisation, including internal migration to Gauteng and Cape Town, has put increased pressure on housing supply in urban areas. In 2018, 17.9 percent of households in the metropolitan areas lived in informal dwellings.27 Government’s housing programme has had a tremendous impact on housing supply, according to the General Household Survey (2018), 13.6 percent of households lived in state-subsidised housing.28 Since 1994, the government has...
delivered over 4.7 million housing opportunities. In 2018/19, 2.284 social housing rental units were completed. Measures put in place by government to provide relief during the pandemic include the delivery of 8,000 housing units, built with alternative technologies.

**Property markets**

The residential property market forms the backbone of the total property market. As at the end of December 2019, out of the 7.4 million properties on the National Deeds Registry, 6.6 million were residential properties. Of these, 2 million (31 percent) were properties financed and delivered by the state as part of the national housing subsidy programme since 1994. A further 1.1 million government subsidised houses have not yet been formally transferred and are therefore not yet part of the formal property market. If these were to be formally registered, the proportion of residential properties financed by the state and given away for free would equal 43 percent of the total market.

Over half (56 percent) of all residential properties are valued at less than R600,000 (US$34,865)—that is, “affordable” to the working class. These properties trade less frequently and are less likely to be financed with a mortgage and overall, perform worse than the higher value market. Anecdotal evidence suggests that among government-subsidised properties, the rate of informal transactions is high. Constraints undermining property market performance in the sub-R600,000 segment include the time and cost to transfer property, the particular difficulty of resolving deceased estates in the context of rising property values, the extensive title deed backlog of state-subsidised houses, as well as the lack of access to critical information and support to help low-income property owners navigate formal processes.

South Africa has a strong rental market, with an estimated 25 percent of households residing in formal dwellings saying in 2018 that they rent their homes; a further 54 percent owned their homes, 12 percent rented rent-free, and eight percent were repaying a loan. A significant source of supply is informal, backyard rental, with an estimated 1.835 million units across the country in 2016. According to the South African Reserve Bank, residential rental prices had inflated only slightly by March 2020 but remained relatively low due to the surge in supply, while the National Housing Code delineates the various national housing programmes.

Policy and legislation

Section 26 (1) of the Constitution sets out the legislative framework for the right to access to adequate housing. The Housing Act No. 107 of 1997 gives effect to this constitutional right and sets out the roles of various government spheres in housing delivery, while the National Housing Code delineates the various national housing programmes.

In 2014 the Rental Housing Act No. 50 of 1999, which governs the functioning of the provincial housing tribunals, was amended; however the date that the Amendment Act comes into effect has not yet been promulgated by the President. Issues addressed in the Rental Housing Amendment Act include the right to privacy should the landlord wish to undertake an inspection, the requirement that lease agreements be in writing, the establishment of a Rental Housing Information Offices in every local municipality, and the expansion of the powers of the rental housing tribunals. The Social Housing Act No. 16 of 2008 was promulgated to promote the framework for social housing, and to establish the Social Housing Regulatory Authority so as to regulate social housing institutions’ access to public funds, and endorse approved social housing projects. The Housing Development Agency (HDA) Act No. 23 of 2008 established the mandate of the HDA to accelerate human settlements development through plans to identify, acquire and release land.

Future plans for policy initiatives include, among others, the drafting of a Comprehensive Rental Policy; the drafting of an Affordable Housing Policy; and revisions of the Social Housing Policy and Regulations. The Prevention of Illegal Evictions Amendment Bill is also under review.

Other key legislation recently enacted has aimed to strengthen the sector and the market, including the Property Practitioners Act No. 22 of 2019, and the Electronic Deeds Registration System Act No. 19 of 2019, which provides for a new electronic system for the handling, lodging and safekeeping of deeds. The Housing Consumer Protection Bill, which seeks to enhance the National Home Builders Registration Council’s regulatory role, was approved by Cabinet in August 2019, while the Home Loan and Mortgage Disclosure Amendment Bill has been submitted to Cabinet for approval.

In 2019/2020 two bills related to land tenure also made their way in Parliament. A draft bill calling for the Constitution to be amended to allow for the expropriation of land without compensation was introduced amid considerable controversy. Further, public hearings in Parliament have been held on the Upgrading of Land Tenure Rights Amendment Bill, which aims to secure ownership of land rights for those discriminated against in the past.

Opportunities

The prospects for growing demand in the lower end of the affordable housing market are potentially strong in the face of the COVID-19 pandemic, as shrinking incomes necessitate cheaper housing options for households. The possibility of...
From an investor perspective this lies in mid-priced flats and apartments. Houses of capital. The reduced prime rate also provides opportunities for investors to build in the sector with lower development costs, financed with a lower cost of interest rates, thereby extending the market reach within the affordable housing sector. The general downscaling of activity of households brings another area of opportunity. From an investor perspective this lies in mid-priced flats and apartments. Houses of capital. The reduced prime rate also provides opportunities for investors to build in the sector with lower development costs, financed with a lower cost of interest rates, thereby extending the market reach within the affordable housing sector.

Websites

Housing Development Agency http://www.thehda.co.za/
South African Reserve Bank https://www.resbank.co.za
Social Housing Regulatory Authority http://shra.org.za/
Department of Human Settlements http://www.dhs.gov.za
National Credit Regulator https://www.ncr.org.za
First National Bank https://www.fnb.co.za/home-loans/housingFinance.html
GAP Solutions http://www.gapsolutionsinsure.com/
- National Housing Finance Corporation https://www.nhfc.co.za
- The Banking Association South Africa http://www.banking.org.za/
- TUHF Limited https://www.tuhf.co.za/
- Build Global Inc https://www.buildglobal/south-africa
Select Advisors Limited https://www.selectafrica.net/contact-us/

Availability of data on housing finance

The major banks may supply data which is sometimes made available for publication through the Banking Association South Africa. However, no reports on average home loan sizes were available this year. The National Credit Regulator Consumer Credit Market Report includes data on credit granted to consumers and contains mortgage-related data. Its Credit Bureau Monitor captures reports of the credit bureaus in the country. Furthermore, the South African Reserve Bank collects data on banking and the financial sector; data relating to mortgage advances in the economic returns of the banking sector are publicly available.

The Department of Rural Development and Land Reform Deeds Office keeps a register on the number of properties with a title deed, however, the data is only obtainable at a cost. Statistics SA has published brief information on housing inflation but does not produce any data on housing finance.

previously middle income households scaling down to the affordable “gap” market also exist in this scenario. The relatively higher nominal growth in houses priced at R250 000 (US$14 505) to R750 000 (US$43 515) beat out this growing demand. The reduction in the mortgage prime lending rate (to the current seven percent) is attractive to buyers who can more easily qualify for a home loan at reduced interest rates, thereby extending the market reach within the affordable housing sector. The reduced prime rate also provides opportunities for investors to build in the sector with lower development costs, financed with a lower cost of capital.

The general downscaling of activity of households brings another area of opportunity. From an investor perspective this lies in mid-priced flats and apartments. Houses of capital. The reduced prime rate also provides opportunities for investors to build in the sector with lower development costs, financed with a lower cost of interest rates, thereby extending the market reach within the affordable housing sector. The general downscaling of activity of households brings another area of opportunity. From an investor perspective this lies in mid-priced flats and apartments. Houses of capital. The reduced prime rate also provides opportunities for investors to build in the sector with lower development costs, financed with a lower cost of interest rates, thereby extending the market reach within the affordable housing sector.

The asset base of government-subsidised houses on the national deeds registry provides a particularly important opportunity in the context of declining new build that warrants attention by both the public and private sectors. Of the 2 million government-subsidised houses on the deeds registry, about one million are in the major metros, and of these, 905 367 are older than eight years, making them eligible for trade on the resale market. Each year, 2.49 percent of residential properties transact. For state-subsidised houses, the churn rate is much lower; closer to 0.61 percent. If the national average churn rate of 2.49 percent would apply to state-funded houses in the major metros, this could suggest the potential for 22 544 new transactions of properties that currently sell for less than the cheapest newly-built house, but which are affordable to the working class “gap” market. The sellers of these houses then become 22 544 buyers with equity-ready to purchase the next house. Each transaction creates an opportunity for a mortgage lender. This suggests the potential for lenders to develop lower-value mortgage products that truly understand the government-subsidised housing market; for housing micro lenders to support home improvements that add value to properties and for cities to support value creation in state-funded housing settlements, through infrastructure delivery, administrative support for home improvements and transactions, as well as good governance.

4 Stoddart, E. (2020). This PMF has no stringent conditions, but the next one will. 28 July 2020. Daily Maverick.
6 Humanitas. A. (2020). Words condemn land invasions as R500 million housing development is lost. 29 July 2020.
8 South African National News Agency (2020). Committee welcomes R300m rental relief for housing. 9 July 2020. SAPeople nugva.
Overview

South Sudan ceded from Sudan in 2011. The country’s economy has since come under pressure, following the bilateral disagreements with Sudan over oil fields, pipelines and territorial disputes and the government shutdown of oil production. On the 16 December 2013, a civil war that lasted for more than six years began; the effects of which manifested, in “ethnic massacres, widespread rape, the recruitment of child soldiers and other atrocities”. On the 22 February 2020, opposing political factions under President Salva Kiir and former vice president and rebel leader Riek Machar were able to finally ratify the “transitional coalition government” that had been under review since September 2018 – a power-sharing arrangement toward an election in three years.

An estimated two-million South Sudanese have had refuge in neighbouring countries during the conflict, with almost as many categorised as internally displaced people (IDP) as of August 2017. As a reflection of the regional instability, despite poor infrastructure and social services, 299 815 refugees have fled to South Sudan from Sudan and other neighbouring countries. These IDPs and refugees are living in abandoned buildings, informal settlements and refugee camps.

Added to this, South Sudan has pervasive poverty with more than “80 percent of the population defined as income-poor and living on an equivalent of less than US$1 ($5.02) per day and just over 90% of the urban population reported to be living in slums. This is compounded by “drought, floods, crop and livestock failures, and disease”. The extremity of this socioeconomic vulnerability means that the majority of South Sudanese people are unable to afford formal housing.

There have, however, been signs of improvements as reflected in the increase of the country’s gross domestic product (GDP), reported at 5.8 percent in 2019. The 2019 GDP is an indicator of significant growth considering that in 2016 the GDP rate was reported as a deficit of 13.1 percent. There is an expectation that the pandemic, in addition to other natural disasters this year, will overstrain the country’s weak public health system and exacerbate food insecurity and poverty. There are also fears that the impacts of COVID-19 on the international oil markets will negatively affect South Sudan’s revenue, given that oil accounts for a project 84 percent of the country’s revenue sources.

South Sudan has seen a drastic decline in the inflation rate from 39.5 percent in April 2020 to 7.5 percent in June 2020. This drop increases the purchasing power of consumers and is a positive sign of economic stabilisation despite the current global economic crisis.

The South Sudanese budget has historically emphasised allocation for wages and salaries; for instance, the 2018/2019 budget allocated 50 percent. In contrast, the 2019/2020 budget made a colossal shift, cutting the allocation to 13 percent. The reprioritisation is focused on capital expenditure on infrastructure, evidenced by the 59 percent allocation in 2019/2020 as compared to 11 percent the previous year.
Access to finance

The country’s financial sector is fledgling, lacking in scale, liquidity, efficiency, and is predominantly cash-based without the necessary regulatory oversight. The Bank of South Sudan (BSS) lists 30 registered commercial banks, including foreign and domestic enterprises. Within the banks operating in the country, two offer “credit facilities, trade finance, and saving accounts products and services”. The lack of competition in the market is marked by high interest rate margins and narrow product offerings. Given that the majority of the population live in rural areas, bank penetration is negligible, with only one percent of the population having bank accounts. There has been development in the mobile banking sector to encourage growth driven by the BSS, however, it is limited by access to technology and a lack of regulatory support.

Although the client base of commercial banks is limited, from 2011 to 2018 deposits increased by 64 percent, and loans increased by 35 times. In 2018 the non-performing loan rate was 5.1 percent, the lowest in the young country’s history. The financial sector growth has, however, not related to an increase in credit toward construction and real estate, for which the percentage of loans was only 19 percent in 2018. Equity Bank and Kenya Commercial Bank (KCB) offered limited loans to home builders; however, the interest rate for these loans was high and the repayment period was three years for full settlement.

In 2013 the Minister of Housing and Physical Planning announced the establishment of the Housing Finance Bank (HFB), which was funded through a public-private partnership to the value of US$200 billion (SS$11.1 billion) (government holding 20 percent, local investors 31 percent and foreign investors 49 percent). The intention was to build a mortgage system that would enable citizens to upgrade their houses using more durable materials such as cement, as studies at the time showed that 93 percent of privately owned houses were grass-thatched mud huts. Loans provided by the HFB would be payable over a 15-year term and were available for public clients and government officials. HFB was to engage property developers in the private sector to produce a range of housing stock for the market that could be made available to those who would consider purchasing through a mortgage. Despite the promises, there is no supporting information available to clarify the outcome of this particular intervention.

Affordability

A traditional mud hut of 28m², the most common housing typology across the country even within urban centres, costs on average SS£250 (US$59) to build. Although these units are easy to build, they have flawed foundations, are prone to flooding, poorly ventilated and have high maintenance requirements. An 80 m² prefabricated house costs SS£25,000 (US$452) to build. However, these units are not affordable for poor people because of the high energy costs of air conditioning and also because they are costly to maintain.

In Darfur, a basic two-bedroom 48 m² unit was SS£15,000 (US$271). The prefabricated house costs SS£25,000 (US$452) to build. A traditional mud hut of 28m², the most common housing typology across the country even within urban centres, costs on average SS£250 (US$59) to build. Although these units are easy to build, they have flawed foundations, are prone to flooding, poorly ventilated and have high maintenance requirements.

The occupation of unregistered land potentially demarcated for alternate uses results in a high risk of eviction in urban and peri-urban areas. There is no humanitarian aid in these locations, including the provision of food, hygiene education and resources.

COVID-19 response

A partial lockdown was imposed between 14 March and 25 March 2020, air travel was suspended, schools and universities closed and a curfew was implemented. Curfews were in place until 8 May 2020, although some businesses and retail reopened under specific social distancing guidelines.

To mitigate long-term economic fallout due to the COVID-19 pandemic, the BSS has undertaken proactive mitigation measures to protect commercial banks, other businesses, and the South Sudanese people in general. These measures include:

- The reduction of the central bank interest rate by three percent (from 13 percent to 10 percent). The aim is to make loans more affordable.
- The reduction of the cash reserve ratio by five percent (from 15 percent to 10 percent) to release additional liquidity to commercial banks that can be targeted to support economic activities especially amongst the sectors hardest hit by the pandemic such as micro and small business enterprises.
- The suspension of the minimum paid-up capital regulation, which required all banks to increase their “paid-up capital to a minimum of SS$5 billion (US$904.1 million) for six months.”
- The specification to all government agencies, financial institutions, non-governmental organisations, civil society organisations and citizens, to use the local South Sudanese pound for all transactions to ensure value retention and minimise increased demand for the US dollar.
- Debt restructuring allowing banks to negotiate favourable terms, such as lower repayment rates or extended periods, to ensure that businesses have sufficient liquidity to prevent closure.
- Monitoring changes in the exchange rate to ensure access to “foreign exchange for importation of essential commodities into the country.”

There is no supporting indication that a moratorium was implemented on evictions. Many communities in South Sudan are at high risk of eviction due to loss of income resulting from restrictions on trade and activities during the pandemic. "IDP communities ‘living in abandoned or unused buildings’ are also at high risk of eviction." There is no indication of specific housing interventions from government to address informal settlements. There is some humanitarian aid in these locations, including the provision of food, hygiene education and resources.

Property markets

In 2014 it was estimated that 50 percent of the South Sudanese urban population lived on unregistered land. Further tenure uncertainty has resulted from:

- Poor governance and the lack of consistent urban planning strategies, due to high staff turnover within the department of Town Planning (under the State Ministries of Physical Infrastructure);
- An absent public review process; and
- Absence of general urban area mapping, due to less than 15 percent of the land having been surveyed.

The occupation of unregistered land potentially demarcated for alternate uses results in a high risk of eviction in urban and peri-urban areas.

Information is available about this sector or the number from private developers as part of large-scale projects. UN-Habitat has two ongoing projects valued at an estimated US$6.5 million (SS£360 million), through which it has built about 5,000 houses, for returnees and refugees in South Sudan.

Housing supply

There is insufficient data to specify housing stock availability. The country is predominantly rural with four out of five South Sudanese living in rural areas which lack basic social services with an urbanisation rate of 1.74 percent. The majority of the population (both in rural and urban areas) live in traditional mud houses which are largely self-built and owner-occupied. These informal, traditional houses are built from cheap, locally sourced materials. The formal housing sector provides housing for a small sector of the population, however, no supporting information is available about this sector or the number from private developers.
The World Bank Doing Business 2020 report shows that there are no official statistics available for tracking the number of transactions for property registration. All privately held land plots are not registered and there is no electronic database for recording boundaries, checking plans and providing cadastral information.\(^{46}\) Acquiring construction permits took 23 procedures over 131 days at 8.5 percent of the property value,\(^{47}\) which reflects rates within the region, but is indicative of the high costs associated with constructing as this applies only to permitting beyond the actual construction cost and would be eventually be passed on to the buyer. The registration of a property should take seven procedures over 48 days at 14.6 percent of the property value. However, South Sudan applies only five out of a possible 30 indicators for the quality of land administration, an unfavourable indication of the real application of measures that should be in place to acquire and register property.\(^{48}\)

### Policy and legislation

The administration of land is governed by the Land Act of 2009, the Local Government Act of 2009 and the Transitional Constitution of South Sudan of 2011. The Land Policy of 2011 is not yet in force. The leading party in South Sudan, the Sudan Peoples’ Liberation Movement (SPLM), developed a policy of “taking towns to the people” in 2004. The policy concentrated on rural development, transformation, and investment.\(^{49}\) The policy was based on a decentralised model that supports access to basic services and livelihood opportunities in rural areas and smaller urban centres. For instance, this included schools, healthcare facilities, clean water, electricity, road upgrades, banking services, modernised agriculture and security.\(^{50}\) The service-focused approach intended to counteract the flow of rural-to-urban migration and “ease the pressure on services, housing, land and security.”\(^{51}\) This policy is, however, focused on service delivery and housing is not specified or prioritised as a deliverable therein. The Ministry of Lands, Housing and Urban Development had an expenditure budget of SS£39 886 632 (US$720 951) in the 2019/2020 financial year.\(^{52}\) Lack of national investment in the housing sector in a fragile country with high rates of poverty indicates that the direct provision of housing is not a state priority.

### Opportunities

Following the resolution of the power-sharing agreement of the transitional government earlier this year, there is a sense of optimism and opportunity in taking the country forward. There is intent, although not yet mobilised, by the state to diversify and stabilise the economy, which is currently heavily reliant on the oil sector, as well as support from the international community from a humanitarian and developmental investment perspective. To achieve sustainable growth in the country, specific measures must be taken, such as addressing:

- Public sector corruption;
- Improving agricultural productivity;
- Alleviating poverty and unemployment; and
- Improving fiscal transparency – particularly for oil revenues.\(^{53}\)

Also, there is a need to support business growth through state revenue streams that must be developed, growing the tax base and improving regulatory oversight and conditions.

### Availability of data on housing finance

It is not easy to find information or data about housing and finance in South Sudan. The BSS provides some information but a significant number of archived reports are not available on the website. Current statistics are not available. Further, communication with local specialists or people working within the housing or construction industry yielded limited information around specific indicators. However, it did illustrate that communication using mobile platforms and social media was more readily used than formal websites.

### Websites

African Development Bank www.afdb.org
Aljazeera www.aljazeera.com
Bank of South Sudan www.bankofsouthsudan.org
CIA World Factbook www.cia.gov
Doing Business www.doingbusiness.org
International Monetary Fund www.imf.org
International Finance Corporation www.ifc.org
Knoema www.knoema.com
Ministry of Finance and Planning www.mofep-gss.org/
Numbeo www.numbeo.com
Trading Economics www.tradingeconomics.com
Urban Africa www.urbanafirca.net
UN-Habitat www.unhabitat.org
World Bank www.worldbank.org

### Additional sources


Overview
In November 2019 the Sovereign Council, a transitional joint civilian-military executive body, assumed control of the Sudanese government, following the 30-year rule of President Omar Hassan Ahmad al-Bashir and the eruption of civil unrest and protests.1 Sudan has a legacy of regional economic, political and social instability, decades of economic sanctions, and armed conflict and civil war, which have resulted in a lack of basic infrastructure, food insecurity, and limited access to humanitarian aid and development within a harsh environment plagued by water scarcity and desertification.2 The Sudanese economy was mainly driven and reliant on the oil sector and resulting foreign direct investment which was destabilised following the secession of South Sudan in 2011, where the predominant oil reserves are located.3

The country’s gross domestic product (GDP) has been in decline since 2015, dropping from over US$74.3 billion (SD4.1 trillion) to US$18.9 billion (SD955 billion) in 2019, with the gross national income (GNI) per capita dropping from US$1 490 (SD93 440) to US$590 (SD32 621) in the same period and the 2020 GDP growth rate reported at -4 percent.6 The annual rate of inflation reported in June 2020 was 13.6 percent in contrast to 64.3 percent in January 20207, with pressure from food and fuel prices, which have intensified due to the COVID-19 pandemic.8 As Sudan abides by an Islamic banking practice and standards, with poor quality and timeliness of the data which is difficult to access, the figures available are not always reliable.9 The financial system is defined as small with low levels of inclusivity, particularly beyond major urban centres.10

In response to the COVID-19 pandemic, interventions by governmental and non-governmental actors have included food distribution and social support, humanitarian aid, prevention programmes, community communication and outreach, national strategic support, and establishing isolation facilities.11

Access to finance
The Sudanese financial sector is seen to have been compromised as a result of international sanctions imposed since 1997 with the withdrawal of many correspondent banking relationships.12 The financial system is defined as small with low levels of inclusivity, particularly beyond major urban centres.13 The CBOS lists 35 operating banks in the country.14 The CBOS holds majority shares in several banks and financial institutions, creating a conflict of interest with its role as industry regulator.15 An assessment conducted by the International Monetary Fund (IMF) resolved that the fiscal governance practices in Sudan lacked transparency; failed to adhere to best practices and standards, with poor quality and timeliness of the data which is difficult to reconcile across institutions; and lacked impartial oversight and governance structures including a legal specification of authority, duties and required accountabilities.16

KEY FIGURES

| Main urban centres | Al Khartoum, Al Kabirat, Assouk, Assouk, Khartoum, Nyala, Port Sudan, Wad Medani |
| Exchange rate (1 July 2020): 1 USD = [a] 1 PPRS = [b] | 55.29 Sudanese Pound (SDG) 12.71 Sudanese Pound (SDG) |
| Total population [b] | Urban population [b] | 42 813 238 | 14 957 233 |
| Population growth rate [b] | Urbanisation rate [b] | 2.39% | 3.24% |
| GDP per capita (Current US$) [b] | USD442 | 50.6% |
| Percentage of population below national poverty line (2017) [b] | 2017) | 12.8% |
| Unemployment rate (% of total labour force, national estimate) (2017) | n/a |
| Proportion of adult population that borrowed formally (2017) [b] | 0.5 |
| Gini coefficient (2017) [b] | 35.4 |
| HDI country ranking (2018) [c] | HDI country score (2018) [c] | 168 | 0.51 |
| GDP (Current US$) [b] | USD18 902 million |
| GDP growth rate [b] | -2.55% |
| Inflation rate (2018) [b] | 16.90% |
| Yield on 10-year government bonds | n/a |
| Lending interest rate [b] | 5.10% |
| Number of mortgages outstanding (2019) [d] | 6 250 |
| Value of residential mortgages (Current US$) (2019) [d] | USD337.5 million |
| Typical mortgage rate [e] Term (2019) [d] | Deposit (2019) [d] | 17% | 10 years80% |
| Ratio of mortgages to GDP | 4.96% |
| Number of mortgage providers (2019) [f] | 15 |
| Number of microfinance loans outstanding (2019) [f] | 1 300 000 |
| Value of microfinance loans in local currency units (2019) [f] | n/a |
| Number of microfinance providers [f] | 38 |
| Total number of formal residential dwellings in the country | n/a |
| Total number of residential properties with a title deed (2019) [d] | 185 000 |
| Number of formal housing units built in this year (2019) [d] | 32 000 |
| Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2019)[d] | USD1 300 000 SDG |
| Size of cheapest, newly built house by a formal developer or contractor in an urban area (2019) [d] | 120m² |
| Typical monthly rental for the cheapest, newly built house | n/a |
| Cost of standard 50kg bag of cement in local currency units (2019) [d] | 1 315 SDG (US$29.01) |
| Types of deeds registry: digital, scanned or paper [g] | Computer - Scanner |
| Number of procedures to register property [g] | 5 |
| Time to register property [g] | 11 days |
| Cost to register property as share of property price [g] | 2.6% |
| World Bank EPR Quality of Land Administration index score (0-30) [g] | 5.5 |
| Percentage of women who own a house alone: Total | Urban [h] | n/a | n/a |
| Percentage of households with basic sanitation services: Total | Urban [h] | n/a | n/a |
| Percentage of households with no electricity: Total | Urban [h] | n/a | n/a |
| Percentage of households with 3+ persons per sleeping room: Total | Urban [h] | n/a | n/a |
| Percentage of urban population living in slums (2018) [i] | 88.4% |

NB: Figures are for 2020 unless stated otherwise.
[a] xe.com
[b] World Bank World Development Indicators
[c] Human Development Reports, United Nations
[d] Kalamu Consulting
[e] Human Settlements Programme
[f] Kalamu Consulting (UN-HABITAT)
[g] Demographic and Health Surveys, USAID
[h] United Nations Human Settlements Programme
[i] Trading Economics

Africa Housing Finance Yearbook 2020
There is limited information available on the specification of mortgage-related products, the terms therein and the banks which offer such products. The CBOS does not provide supporting data on the sector and prior yearbook reports have confirmed that there was a policy dissuading investment within the housing sector through a moratorium on property loans for approximately five years. This can be attributed in part to the restrictions of an Islamic finance system with Sharia principles requiring accommodations for risk-sharing, leasing and interest-free loans.17

In 2009, as an attempt to bridge the financing gap, the CBOS encouraged the expansion of Islamic microfinance services, with the intent that this could address “social needs such as housing and agriculture.”18 Banks were required to:

- Allocate a minimum of 12 percent of their portfolios to microfinance;
- Create microfinance units which would report plans to the CBOS and;
- Roll out media-based outreach programmes.19

The result has been the establishment of “10 microfinance institutions, microfinance windows in 12 banks and the creation of ‘micro’ products available for poor clients in five insurance companies.”20 However, the primary market being served by these products is the agricultural sector.

During the pandemic, economic stimulus and relief measures have prioritised funding toward implementation of healthcare, for which a budget estimate of US$1.20 million (SD6.6 billion) is required to tackle the crisis in Sudan.21 The relief measures identified would focus on direct contributions such as providing unemployment benefits and food packages.

Inadequate access to housing finance is an obstacle for Sudanese homemakers at multiple economic levels. The nature of an Islamic financial system restricts the viability for commercialisation and private sector-driven product development. The products, as with microfinance, need to be adapted to target the required need and adapt to the restrictions of the legal framework.

**Affordability**

The range of building costs per square metre varies from SD1 200m² (US$66m²) to SD3 000m² (US$166m²) depending on construction type.22 Basic housing remains largely unaffordable for most Sudanese people as the cost of construction is excessively high compared to salaries, with a high market average income of SD1 358 (US$97)23 a month, and excludes the cost of land. It would take between 20 and 84 years depending on the type of house and interest rates, assuming a savings rate of 25 percent of income.24 The high cost of construction is attributed to increasing government tariffs on materials, which are largely imported, value-added tax, services, equipment rental and labour costs.25

The reality is that in key urban centres in Sudan such as Khartoum the price of real estate is earmarked for the elite. Vacant land in desirable locations in Khartoum costs as much as SD82 936m² (US$1 500m²).26 The prices are attributed to high demand, government policies, rising inflation rates and the weak local currency value.27 Research between 1997 and 2006 indicated that the costs of housing, water and electricity grew at twice the rate of tradable goods such as food, clothing and consumer items.28 Studies in 2009 indicated that most low income households (50 percent of the population) could afford houses of non-durable materials, 10 percent to 15 percent could afford houses of durable materials, and five percent of high income households could afford houses of advanced materials.29

The reality that in key urban centres in Sudan such as Khartoum the price of real estate is earmarked for the elite. Vacant land in desirable locations in Khartoum costs as much as SD82 936m² (US$1 500m²).26 The prices are attributed to high demand, government policies, rising inflation rates and the weak local currency value.27 Research between 1997 and 2006 indicated that the costs of housing, water and electricity grew at twice the rate of tradable goods such as food, clothing and consumer items.28 Studies in 2009 indicated that most low income households (50 percent of the population) could afford houses of non-durable materials, 10 percent to 15 percent could afford houses of durable materials, and five percent of high income households could afford houses of advanced materials.29

The local government in Khartoum has attempted a response to the housing issue by creating the Housing and Construction Fund in Khartoum City, intended to enable access to adequate housing for all social classes.30 The project was unsuccessful for several reasons. First, its funding was meant to be sourced through profits from luxury housing, but low demand for luxury housing meant there were no funds to develop public housing.31 Second, eligibility was determined by a rating system prioritising applicants who had lived in the city for more than 10 years.32 Third, proof of formal employment was required as part of the application, thereby marginalising those working in the informal sector.33 Last, public housing development was not done on well-located land close to employment opportunities, but rather on the outskirts of the city centre. As such, and also because of poor public transport infrastructure, the travel costs to workplaces made the developments untenable for the target market.34

High rates of inflation of imported goods and materials and a Consumer Price Index (CPI) that rose from SD2 535 (US$46) in January to SD4 395 (US$79) in June 202035 make housing unaffordable. In turn, sanitation infrastructure is also underdeveloped and the country is categorised as having a high risk of spread for major infectious diseases,36 which given the current pandemic is a pressure point for the country.

The Sudanese pound continues to depreciate rapidly, high inflation is affecting household spending power; the country faces shortages of fuel, cooking gas and bread, and the measures implemented to halt the spread of the COVID-19 virus place further strain on an already compromised economy.37

**Housing supply**

In 2008 the National Fund for Housing and Reconstruction was launched to address sustainable urban development through the construction and market development of affordable housing at various income levels.38 This programme has, however, been constrained by limited funding. Sudanese citizens are reportedly addressing their own housing needs with their own savings and transfers from remittances.39

There have, however, been a number of notable housing projects over the years. The core issues within these projects have been concerns of funding, lack of sustainable local materials and ill-considered design typologies, and location challenges. The housing projects include:

- New Deimis Resettlement Project of 1949, located in Khartoum town, included 1 233 residential plots. This project was self-built and not funded by the state.40
- El Shabeya Project of 1963-1985 in Khartoum North focused on workers’ housing within an industrial area of 1 048 units. The recipients had to have a down payment of 10 percent of the total cost of the house and the services provided, with the balance paid in instalments over 20 years.41
- Al Iskan Project of 1975, west-south of Khartoum town, consisting of 200 prototype units.42
- Elthora hara 72, northwest of Omdurman in Karari locality, was constructed by a state fund and broke ground in 2003. It encompassed 674 low-cost housing units, 410 middle income units, and 62 high income units.43 It included upfront payments of 20 percent of the total cost of the house and the services, with remainders payable in instalments over a period of 12 years.44
- Al Rasheed Pilot Project by the United Nations Human Settlements Programme in Khartoum between 2008 and 2010 included 400 semi-detached units, as well as a pilot for low-cost sewage waste and a water treatment system, and construction training for masons and specialists to build 500 public and private pit latrines.45

**COVID-19 response**

A governmental task team, the High Committee for Health Emergencies, was formed to co-ordinate the country’s COVID-19 response efforts, comprising representatives from the Ministries of Health, Labour and Social Welfare, Foreign Affairs, Internal Affairs, Information, and Finance, as well as the head of the Central Bank of Sudan and representatives of the army, the police and the security services. The Sudanese Security and Defence Council declared a state of health emergency on 16 March 2020, three days after the first reported case of COVID-19. The protocols included “closing all airports, land and sea border crossings, apart from aid, technical and humanitarian support.”46 As the epicentre of the pandemic within the country, the state of Khartoum was placed under a total lockdown on 13 April 2020.

From the perspective of local and international aid and investment, there is little evidence of prioritisation around housing delivery or finance as a specific outcome or mechanism for social development.
These models failed to provide a sustainable replication model catering for the low income housing market, which is currently still underserved with 50 percent of urban dwellers living in informal settlements.46

Property markets

The higher income market for housing within Khartoum has been growing, in which the private sector is able to find investment partners based on potential returns. However, the industry remains constrained by statutory development processes. As of 2020, it takes 255 days to obtain construction permits based on the World Bank Doing Business report, with 11 days to register the property at a rate of 2.6 percent of the property value.47

The majority of Sudanese live in simple houses of their own (86 percent dwellings are owner-occupied) or rent from landlords or agricultural scheme authorities.48 Housing can be classified into four types of tenure status: owned, rented, provided as part of work, and free dwelling.49 This ownership, however, relates specifically to the dwelling itself and not the land on which it is located. The central government struggles to formalise land tenure and titles, with most land owned by the state which does not recognise customary land tenure; as such land is allocated on a leasehold basis.50 As only 2.3 percent of the adult population have access to credit,51 with a mortgage sector that is still underdeveloped, the property market is limited to those who can afford to purchase from savings or cash reserves. Private sector investment in real estate is thereby noted as a complex series of agreements and informal leases between land brokers.

Policy and legislation

There is limited definition of the direct policies implemented by the state to develop housing. The approaches have been largely project and programme-based, such as the Khartoum housing and development fund. They are intended to support low income families by providing housing with minimum structure for eligible families, according to a point system.52 The fund is currently inhibited by “deficiencies in infrastructure, inappropriate policies, and the financial and technical weaknesses of local institutions that hinder the potential for progress.”53

At the centre of the housing challenge in Sudan is access to land. During the period of political and economic instability, control and management of prime land in Khartoum was always contentious. This has translated to policies on informal housing “that combined particularly violent actions of eviction and displacement of squatters to the outskirts of the city with programmes that sought to allocate parcels of land on the urban fringes.”54 Various conflicts around land have increased significantly “in which a plot of land might change hands several times a year, sold on by an intermediary or an unscrupulous landowner, or an attempt to regularise a transaction might be blocked by local authorities.”55

Also, the lack of access to finance tools is a hindrance to individual economic upliftment. The “regime change has created a window of opportunity for essential reforms and improving governance could prove fundamental in addressing major macro imbalances and revamp broad-based growth.”56 The implications of the pandemic have, however, resulted in a global redirection of national investment and resource allocation to address the immediate needs to ensure basic survival.

Opportunities

Sudan has the opportunity to develop local capacity in the supply of technologies and materials for basic construction. It is “important to find methods to modify the existing construction types and seek suitable alternatives for them at an acceptable cost.”57 “The search for alternative materials and building technologies affordable for the middle and low income classes is assumed to be one of the possible solutions to urban housing as well as for rural housing.”58 This is crucial to build local capacity, decrease the cost of building materials and diversify local economic opportunities. A sustainable housing sector requires capacitiation of local authorities to create housing policies that align with sustainable development goals and objectives; enabling community participation in project planning and decision-making to ensure sustainability of interventions; and, at the family level, empowerment of residents to modify their housing to meet individual needs.59

Availability of data on housing finance

There is limited information publicly available and online specifically on housing and housing finance. Sources such as 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/), have intermittent data available with links and archives not accessible or only available in Arabic.

Further, the IMF reports that the “inherent fragility of the country is its limited institutional capacity, the lack of reliable and timely data and in general an inadequate level of transparency.”60

Websites

Central Bureau of Statistics www.cbs.gov.sd
Centre for Affordable Housing Finance http://housingfinanceafrica.org/
Doing Business https://www.doingbusiness.org/
International Monetary Fund https://www.imf.org
Land Links https://www.land-links.org/country-profile/sudan/#1528487721845-dfe86c5f-9ebf
Making Finance Work for Africa https://www.mfwwa.org/country/sudan
Ministry of Finance and Economic Planning www.mof.gov.sd
Ministry of Environment, Natural Resources and Urban Planning www.mepd.gov.sd
Numbeo https://www.numbeo.com
Sudan Microfinance Development Facility http://www.mmf.gov.sd
Trading Economics https://tradingeconomics.com
World Bank https://www.worldbank.org/
World Bank Data https://data.worldbank.org/country/sudan
Tanzania

Victor Mose

Overview

Tanzania is an East African country that borders on the Indian Ocean. The population was estimated at 58 million in 2019, having grown by three percent.1 Approximately 34.5 percent of the population live in urban areas and 65.5 percent live in rural areas. Over 60 percent of the population in urban areas live in informal settlements, which are often associated with poor basic amenities. In 2019, the unemployment level was reported at 2.2 percent of the labour force.2 The economy of Tanzania was TSh145.34 trillion (US$63.1 billion) in 2019 having grown by 5.8 percent, and this translated into gross domestic product (GDP) per capita of approximately TSh2.58 million (US$63.1 billion) in 2019 having grown by 5.8 percent, and this translated into gross domestic product (GDP) per capita of approximately TSh2.58 million (US$63.1 billion).3 The country ranks 159 in the world in the United Nations Development Programme’s Human Development Index,4 with a score of approximately 0.53. Income levels are moderately distributed among the population, given a Gini coefficient of 40.5 in 2017.5 The country ranked 141 in terms of ease of doing business in 2020, with a score of 54.3.6

Tanzania reported its first case of COVID-19 on 16 March 2020, and by May had reported 509 cases with 183 recoveries and 21 deaths.7 Tanzania’s response to COVID-19 included closing education institutions, sporting events and public meetings. However, Tanzania did not order a lockdown; establishments continued doing business, with containment measures in place that included observing basic preventive measures such as social distancing, wearing a mask, handwashing and sanitising. Some sectors, such as tourism and hospitality, air transport and international trade were affected. The economy grew by 5.7 percent in the first quarter of 2020, mainly attributed to growth in the construction sector together with agriculture, mining and quarrying, and transport activities.8

Access to finance

The banking sector is regulated by the central bank, the Bank of Tanzania (BOT). The banking system comprises 37 commercial banks, two development finance institutions, three financial leasing companies, two regional town municipal banks outside regional capitals, three microfinance banks, one mortgage refinancing company, one non-bank institution, one housing finance company and one regional town council.9 COVID-19 slowed down bank activities as banks remained uncertain about lending to retail and small and medium-size enterprises. Banks reported a reduction in profits as interest and non-interest incomes declined.10

Housing finance in the country ranges from mortgages to personal loans, which are not described by borrowers. The mortgage market in 2019 saw some improvements in the number of mortgage banks, outstanding mortgages and the value of mortgage loans, when compared to 2018. Between 2018 and 2019 the number of banks offering mortgages increased from 34 to 32, and the number of outstanding mortgages grew to 5.460 from 4.996. The monetary value of the outstanding mortgages amounted to TSh438 billion (US$189 million) in 2019 from TSh421 billion (US$182 million) in 2018, and these were offered on an interest rate range of 15 percent to 19 percent. The yield on 10-year government bonds was estimated at 3.46 percent.

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<thead>
<tr>
<th>KEY FIGURES</th>
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<tbody>
<tr>
<td>Main urban centres</td>
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<tr>
<td>Exchange rate (1 July 2020); 1 USD = [a]</td>
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<td>1 PPP=$ = [b]</td>
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<tr>
<td>Total population [b]</td>
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<td>Urban population [b]</td>
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<td>GDP per capita (Current US$) [b]</td>
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<td>Percentage of population below national poverty line (2020) [b]</td>
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<td>Unemployment rate (% of total labour force, national estimate) [b]</td>
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<td>Proportion of adult population that borrowed formally (2017) [b]</td>
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<td>Gini coefficient (2017) [b]</td>
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<td>HDI country ranking (2018) [c]</td>
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<td>GDP growth rate [b]</td>
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<td>Inflation rate [b]</td>
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<td>Yield on 10-year government bonds</td>
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<td>Lending interest rate (2019) [b]</td>
</tr>
<tr>
<td>Number of mortgages outstanding [d]</td>
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<tr>
<td>Value of residential mortgages (Current US$) (2019) [d]</td>
</tr>
<tr>
<td>Typical mortgage rate</td>
</tr>
<tr>
<td>Ratio of mortgages to GDP</td>
</tr>
<tr>
<td>Number of mortgage providers [d]</td>
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<tr>
<td>Number of microfinance loans outstanding (2019) [g]</td>
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<td>Value of microfinance loans in local currency units [d]</td>
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<td>Number of microfinance providers [d]</td>
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<td>Total number of formal residential dwellings in the country (2017) [m]</td>
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<td>Total number of residential properties with a title deed (2017) [m]</td>
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<td>Number of formal housing units built in this year (2019) [f]</td>
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<td>Price of the cheapest, newly built house by a formal developer or contractor in an urban area (2019) [g]</td>
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<td>Size of cheapest, newly built house by a formal developer or contractor in an urban area (2019) [g]</td>
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<td>Typical monthly rental for the cheapest, newly built house (2019) [h]</td>
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<td>World Bank Ease of Doing Business index rank [f]</td>
</tr>
<tr>
<td>Number of procedures to register property [f]</td>
</tr>
<tr>
<td>Time to register property</td>
</tr>
<tr>
<td>Cost to register property as share of property price [f]</td>
</tr>
<tr>
<td>Percentage of women who own a house alone: Total</td>
</tr>
<tr>
<td>Percentage of households with basic sanitation services: Total</td>
</tr>
<tr>
<td>Percentage of households with no electricity: Total</td>
</tr>
<tr>
<td>Percentage of households with 3+ persons per sleeping room: Total</td>
</tr>
<tr>
<td>Percentage of urban population living in slums (2018) [l]</td>
</tr>
</tbody>
</table>

NB: Figures are for 2020 unless stated otherwise.

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

- Tanzania Mortgage Refinance Company Ltd
- National Housing Corporation
- Tanzania Urban Infrastructure Development Fund
- Ministry of Housing and Urban Development
- Ministry of Finance and Planning

Africa Housing Finance Yearbook 2020
to TSh80 million (US$34,000), which is attributable to the rise in the number of mortgages.\textsuperscript{11} Housing financing by non-banking institutions is associated with four active registered housing cooperatives in 2018, whose members’ shares amounted to TSh900 million (US$384,000).\textsuperscript{12}

Overall bank lending to the private sector increased by 11.1 percent in 2019 compared to 4.9 percent in 2018, and this was attributed to increased demand in trade, building and construction, real estate, agriculture and personal activities.\textsuperscript{13} The cumulative share of the building, construction and real estate sectors in the loans advanced increased from 8.1 percent to 10.9 percent over the same period.\textsuperscript{14} Non-performing loans in the banking sector declined from 10.5 percent to 9.6 percent due to a decrease in doubtful and loss loans, with both remaining below four percent. The share of the real estate sector in access to credit decreased from four percent to three percent. Similarly, the real estate sector’s share in non-performing loans decreased from approximately 17 percent to eight percent between 2018 and 2019.\textsuperscript{15}

In response to COVID-19, the government of Tanzania, through the BOT, authorised commercial banks to renegotiate loans with customers. This could include increasing repayment periods and reducing instalment amounts. The BOT also reduced the minimum reserve requirement ratio from eight percent to six percent and the discount rate from seven percent to five percent, and opened the mobile money wallet to allow for transacting in larger amounts. The daily mobile wallet transaction limit to customers was expanded from TSh3 million (US$1.294) to TSh5 million (US$2.156) and the daily balance from TSh5 million (US$2.156) to TSh10 million (US$4.313). The financial risks that the banking market was exposed to due to the pandemic included loan rescheduling, increases in bad debts and reduced demand for loans.

Use of banking services by the population is low, with only 12.3 percent of households having at least one member with a bank account. Only 6.1 percent of rural households had at least one member who had a bank account compared to urban households which had 23.8 percent, according to a National Bureau of Statistics survey conducted in 2017/18. Gender demographics show that males had greater access to banking services than females, with at least 13.5 percent of households headed by males with a bank account compared to only 9.4 percent among female-headed households.

The main funding for mortgages are customer deposits and concession loans from the Tanzania Mortgage Refinancing Company.\textsuperscript{17} Borrowers of mortgages are required to pay a down payment, which is typically 10 percent of the value of the house to be constructed or bought.\textsuperscript{18} The typical mortgage term is 20 years with some banks offering shorter or longer payment periods, between 10 years and 25 years.\textsuperscript{20} The lending rate was 16 percent on average, with some banks requiring 15 percent to 19 percent.\textsuperscript{20} There were 460 microfinance loans in 2019, from two out of the five registered microfinance institutions,\textsuperscript{20} EFC Tanzania Microfinance Bank and Yetu Microfinance Bank. However, EFC, Hatika Microfinance Bank and Mwanga Community Bank have since merged.\textsuperscript{20} WAT-Human Settlement Trust (WAT-HST) provides housing microfinance services, community mobilisation, housing support services, and works on a variety of land and construction projects.\textsuperscript{20}

**Affordability**

The price of the cheapest newly built house with a size of 288m$^2$ is TSh1.8 million (US$780,000) and would be a one-bedroom house.\textsuperscript{28} This translates to the average price per square metre of a residential dwelling in the main urban centre being approximately TSh700 000 (US$300). The typical monthly rental in an urban area for the cheapest newly built house is approximately TSh300 000 (US$130), while the typical annual rent per square metre for residential dwellings in the main urban centre is approximately TSh12 860 (US$5.55). The minimum size of a residential plot in urban areas is 505m$^2$ (an eighth of an acre). The cost of a standard 50kg bag of cement is approximately TSh14 000 (US$6), however, these vary across and within the urban areas. The average cost of labour is approximately TSh20 000 (US$9) a day, but this varies across levels of skill and type of profession.

**COVID-19 response**

- The country did not impose a lockdown but it shut down learning institutions, banned public gatherings, imposed mandatory self-quarantine for travellers from risk areas, banned travel by government officials, and limited travel by citizens to other countries.
- The BOT reduced the discount interest rate by two percentage points as well as the cash reserve ratio for banks by the same margin. The government of Tanzania, through the BOT, authorised commercial banks to renegotiate loans with customers. This could include increasing repayment periods and reducing instalment amounts. The daily mobile wallet transaction limit to customers was expanded from TSh3 million (US$1.294) to TSh5 million (US$2.156) and the daily balance from TSh5 million (US$2.156) to TSh10 million (US$4.313).
- A moratorium on evictions was put in place.
- The government responded to the impact COVID-19 had on informal settlement through public awareness campaigns.

The inflation rate improved in 2019 to approximately 3.46 percent compared to 3.49 percent in 2018. This increased purchasing power by making commodities relatively affordable.\textsuperscript{26}

The National Housing Corporation (NHC), which is a government entity established to undertake various businesses in real estate, is lobbying for value-added tax (VAT) exemptions and a subsidy on construction materials and plots, which will enhance the affordability of properties.

**Housing supply**

The average household size in Tanzania is 4.6 persons, but male-headed households are bigger in size (4.9) compared to female-headed households (3.9). Rural households have a larger average household size (4.9) than urban households (4.2).\textsuperscript{27} The use of modern materials for construction increased over the 1991-2018 period. Households with modern walling increased from 16 percent to 79 percent, households with modern flooring from 21 percent to 51 percent, and households with modern roofing from 35 percent to 64 percent. Dwellings in urban areas are in better condition than rural areas, as 94 percent of households in urban areas had better walls compared to 70 percent in rural areas, while only 77 percent of households in rural areas had better roofs compared to 98 percent in the urban areas. Only 32 percent of rural households had better floors compared to 85 percent in urban areas.\textsuperscript{28} For access to basic amenities, approximately 63.2 percent of households in urban areas are connected to electricity compared to 10.4 percent in rural areas. Access to improved water was 87.6 percent in urban areas compared to 65 percent in rural areas, while for sanitation services, 41 percent of households had improved toilet systems in urban areas, compared to 16 percent in rural areas.\textsuperscript{29}

According to a 2019 report by the National Bureau of Statistics, approximately 64 percent of the population believe that their properties are tenure secure; however, security levels on ownership and use of property remain low among renters, at 37 percent.\textsuperscript{30}

The role of the state in housing delivery can be seen as two-fold, creating an enabling environment\textsuperscript{31} and active investment in developing properties.\textsuperscript{32} Through the NHC, the government develops houses for purchase or rental, with houses for purchase on a tenant purchase system, mortgage, or cash payment.\textsuperscript{33} The Ministry of Lands, Housing and Human Settlements is seeking to digitise the land registry by establishing an integrated land management information system, enhancing urban planning and establishing district councils for dispute and conflict resolution, as planned in the national five-year plan of the country,\textsuperscript{34} and in line with its core functions.\textsuperscript{35}
Urbanisation rate: 5.07%

Cost of cheapest newly built house: PPP$232,336

House price PPP$: PPP$232,336

Urban households that could afford this house with finance: 2.67%

Source: https://www.cgidd.com/ (2020)

### Some of the ongoing projects undertaken by the NHC include Morocco Square, Kave, SafariCity, Golden Anniversary, Iyumbu Satellite Centre and My-Home My Life. Some of the upcoming projects include Iyumbu Phase II, Salama Creek, Usa River and Uptown Kave. Completed NHC projects include Victoria Race, EcoResidence, Mwongozo, Kigamboni, Mchikichi, 274 Chato, Medeli, Levolosi, Shangani, Rahaleo, Meru Residential and Rahaleo Complex.

Data on the total number of formal dwellings in the country is not readily available, but annual registration, which is reported, can help if all years are compiled. The cumulative number of properties developed by property developers is also not readily available. The total number of residential properties whose title deeds were processed in 2019 was 92,514. The number of houses completed by the NHC in 2019 was approximately 1,459.

### Property markets

The real estate sector grew by 4.5 percent in 2019 compared to 4.4 percent in 2018. The sector faces various key housing issues including containing the pressure of rapid urbanisation, which increased the demand for housing and led to a housing deficit due to an inelastic housing supply. This has been exacerbated by outdated master plans, unplanned settlements, land conflicts, poor infrastructure limiting mobility, and poor supply of housing amenities such as water, sanitation, and energy services. Some of the key industry bodies for developers are the Association of Citizen Contractors Tanzania and the Association of Real Estate Professionals Tanzania, which was the Tanzania Institution of Valuers and Estate Agents until 2019.

Property markets in urban areas are dominated by the private sector, which has market share of over 75 percent. The government participates in property development mainly through the NHC or Tanzania Building Agency (TBA), especially in providing social housing which may be considered risky by the private sector.

All land in Tanzania is public land whether granted, customary or unoccupied. Tanzania has a central land title deeds registry, but the level of automation is low. The country is in the process of implementing an integrated land management information system to support digitised land tenure and title system. The country registered and issued titles to 47,948 parcels of land in 2019 compared to 31,254 in 2015, 33,257 in 2016, 21,743 in 2017 and 41,522 in 2018. It takes approximately 67 days to register property in the country and the registry exists in paper form. However, there are plans to transition the paper-based registry into an automated system.

### Policy and legislation

There are distinct but mutual legal, policy and regulatory frameworks for housing and housing finance in Tanzania. The national land policy regulates land access rights, land tenure and administration, surveying and mapping, and urban and rural land use planning. The national human settlement and development policy seeks to promote the provision of adequate and affordable shelter by making serviced land available for shelter and human settlement development, providing infrastructure and social services, promoting balanced development, and building the technical, managerial and financial capacities of the sector; among other objectives.


Some upcoming policy developments include real estate bills which are at different stages of development and processing. The country is developing a new housing policy which intends to review the real estate regulatory environment, the National Human Settlements Development Policy of 2000 and the Land Use Planning Act No. 6 of 2007. The National Land Policy of 1997 is under review to provide more impetus in addressing land disputes, surveying and mapping, titling of land, security of land tenure, payment of compensation for land acquired by the state, promoting investment, and ensuring equitable access to land. Further government initiatives are in the medium-term plan 2017-2021, which includes plans to establish and capacitate housing cooperatives, prepare housing standards and guidelines, establish a housing information centre, create public awareness about the construction of decent and affordable houses, promote appropriate technology for affordable housing, regularise 1.2 million houses in unplanned settlements, and prepare 20 Master Plans.

### Opportunities

According to the Tanzania Investment Centre, there is an acute shortage of accommodation in urban and cosmopolitan areas, mainly due to the rapid growth of economic projects and the population, which has increased demand for residential and commercial properties. The NHC, the TBA and other private firms require synergies that can support property development. Opportunities available include the development and management of housing estates, residential apartments, office buildings, conference and banquet facilities, shopping malls, hotels, and the provision of home financing.

Areas that need strengthening include housing finance and technological progress. In addition, there is potential for collaborating with the government to deliver social housing in informal settlements through slum upgrading programmes such as the Community Infrastructure Upgrading Programme.
Websites
Tanzania Mortgage Refinance Company https://www.tmrc.co.tz/
NMB Plc Tanzania https://www.nmbbank.co.tz/
Association of Real Estate Professional of Tanzania https://www.arezta.org/
Association of Citizen Contractors Tanzania https://acct.co.tz/
B.R Real Estate Developers Ltd https://brealedgestate.co.tz/
Bank of Tanzania https://www.bot.go.tz/
Comfort Zone Real Estate https://comfortzonealestate.co.tz/
JR Real Estate Dealers Tanzania http://www.jreatrealestate.dealers.co.tz/
Kithnapa Frank Tanzania https://www.knfr.com/
Kupata.com https://www.kupata.com/
Ministry of Finance and Planning https://www.mof.go.tz/
Ministry of Lands, Housing and Human Settlements Development https://www.lands.go.tz/
Mwanga Hakika Microfinance Bank Limited https://mhmb.co.tz/
My Dalali Real Estate http://www.mydalali.co.tz/
National Construction Council https://www.ncc.go.tz/
National Housing Corporation https://www.nhc.co.tz/
Remax Tanzania http://www.remax.co.tz/
Seven Estate Agent https://www.sevenestate.co.tz/
Tanganyika Estate Agents https://tzagents.com/
Tanzania Bankers Association https://tanzaniabankers.org/
Tanzania Mortgage Refinance Company https://www.tmrc.co.tz/

Availability of data on housing finance
Data is collected by various government and non-government actors.

The National Bureau of Statistics and the BOT are the main sources of quality data on housing and housing finance. The data is published through printed media and not readily available for download online. The data includes household data, financial sector and mortgage market data, real estate development data, labour market data and macroeconomic data, among others.

The Tanzania Building Agency, the National Construction Commission, the National Housing Corporation, the Tanzania Investment Centre, the Ministry of Lands, the Tanzania Bankers Association and the Tanzania Mortgage Refinancing Company play key roles in data collection and management. They have different types of data and information that is important for housing and housing finance sector players.

There is, however, a need to enhance the range of data, especially the indicators that serve different sector players in the entire value chain as well as from the demand and supply sides, such as availability of data on costs, market demand and financing deficits.
Overview

Togo is a West African country with an estimated population of about 8,082,366 in 2019 and an annual growth rate of 2.42 percent. Its neighbouring countries are Ghana, Benin and Burkina Faso. The country is among the smallest African countries, and stretches inland from the coast as a long, thin strip of land covering 56,785 km². Togo is part of the Economic Community of West African States (ECOWAS), and the West African Economic and Monetary Union (WAEMU).

The social housing sector has a large deficit, caused by the lack of public housing policies over a number of years. The need for housing is constantly increasing in direct correlation with population growth, estimated at 3.72 percent in urban areas with an urban population around 3,414,638 in 2019.¹

According to official forecasts, 50 percent of Togolese population will live in urban areas by 2028.²

Togo’s economy is dominated by agriculture, which involves most of its population. Inflation in 2019 was 1.7 percent, up from 0.9 percent in 2018. According to official sources, the economic growth in 2019 was five percent after 4.9 percent in 2018.³ According to the Togolese government, the gross domestic product (GDP) growth rate in 2020 could contract to 1.5 percent against the initial forecast of 5.5 percent, based on the impacts of the COVID-19 pandemic.⁴

Since the outbreak of the COVID-19 pandemic in Africa, the Central Bank of African States (BCEAO) has published some measures to mitigate the impact of the pandemic on the banking system and the financing of economic activity in the Union. As a first step, BCEAO increased the amount granted each week to banks by CFA340 billion (US$581,892,863) (which now amounts to CFA4,750 billion or US$74,385,589) to help relieve the economy. In a second phase, CFA25 billion (US$42,786,239) will be allocated to the West African Development Bank (BOAD) bonus fund. The BOAD will in turn be able to grant more concessional loans at better rates to Member States. These funds will be used to finance urgent investment and capital expenditures in the fight against the pandemic.⁵ In Togo, the central bank cut its key interest rate by 50 basis points.⁶

For the most up-to-date social indicators, please see the latest edition of the World Bank’s World Development Indicators database.²

KEY FIGURES

<table>
<thead>
<tr>
<th>Main urban centres</th>
<th>Lomé, Kpalimé, Attakparaney, Sokodé, Kara, Daoua, Taïévè, Aneho</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange rate (1 July 2020): 1 USD = a</td>
<td>584.30 CFA Franc XOF</td>
</tr>
<tr>
<td>1 PPPS = b</td>
<td>240.24 CFA Franc XOF</td>
</tr>
<tr>
<td>Total population (b)</td>
<td>Urban population (b)</td>
</tr>
<tr>
<td>Population growth rate (b)</td>
<td>Urbanisation rate (b)</td>
</tr>
<tr>
<td>GDP per capita (Current US$) (b)</td>
<td>US$786</td>
</tr>
<tr>
<td>Percentage of population below national poverty line (2017) (b)</td>
<td>28.2%</td>
</tr>
<tr>
<td>Unemployment rate (% of total labour force, national estimate) (2017) (b)</td>
<td>1.8%</td>
</tr>
<tr>
<td>Proportion of adult population that borrowed formally (2017) (b)</td>
<td>7.5%</td>
</tr>
<tr>
<td>Gini coefficient (2017) (b)</td>
<td>43.10</td>
</tr>
<tr>
<td>HDI country ranking (2018) (c)</td>
<td>167 / 0.51</td>
</tr>
<tr>
<td>GDP (Current US$) (b)</td>
<td>US$36.460 million</td>
</tr>
<tr>
<td>GDP growth rate (b)</td>
<td>5.31%</td>
</tr>
<tr>
<td>Inflation rate (b)</td>
<td>0.67%</td>
</tr>
<tr>
<td>Yield on 10-year government bonds</td>
<td>n/a</td>
</tr>
<tr>
<td>Lending interest rate (2017) (b)</td>
<td>5.10%</td>
</tr>
<tr>
<td>Number of mortgages outstanding</td>
<td>n/a</td>
</tr>
<tr>
<td>Value of residential mortgages (Current US$)</td>
<td>n/a</td>
</tr>
<tr>
<td>Typical mortgage rate in Togo (2019) (d)</td>
<td>7%</td>
</tr>
<tr>
<td>Ratio of mortgages to GDP</td>
<td>n/a</td>
</tr>
<tr>
<td>Number of mortgage providers (e)</td>
<td>6</td>
</tr>
<tr>
<td>Number of microfinance loans outstanding</td>
<td>n/a</td>
</tr>
<tr>
<td>Value of microfinance loans in local currency units (f)</td>
<td>177,218,000,000 XOF</td>
</tr>
<tr>
<td>Number of microfinance providers (2019) (f)</td>
<td>76</td>
</tr>
<tr>
<td>Total number of formal residential dwellings in the country</td>
<td>n/a</td>
</tr>
<tr>
<td>Total number of properties with a title deed (2019) (g)</td>
<td>47,326</td>
</tr>
<tr>
<td>Price of the cheapest, newly built house by a formal developer or contractor in an urban area (g)</td>
<td>US$900 XOF</td>
</tr>
<tr>
<td>Size of cheapest, newly built house by a formal developer or contractor in an urban area (e)</td>
<td>150 m²</td>
</tr>
<tr>
<td>Typical monthly rental for the cheapest, newly built house (e)</td>
<td>50,000 XOF</td>
</tr>
<tr>
<td>Cost of standard 50kg bag of cement in local currency units (f)</td>
<td>3,900 XOF (US$6.67)</td>
</tr>
<tr>
<td>Type of deeds registry: digital, scanned or paper (j)</td>
<td>Computer - Scanner</td>
</tr>
<tr>
<td>World Bank Ease of Doing Business index rank (j)</td>
<td>97</td>
</tr>
<tr>
<td>Time to register property (j)</td>
<td>3 days</td>
</tr>
<tr>
<td>Cost to register property as share of property price (j)</td>
<td>1.6%</td>
</tr>
<tr>
<td>World Bank DBI Quality of Land Administration index score (0-30) (j)</td>
<td>13.6</td>
</tr>
<tr>
<td>Percentage of women who own a house alone: Total</td>
<td>n/a</td>
</tr>
<tr>
<td>Percentage of households with basic sanitation services: Total</td>
<td>15.5%</td>
</tr>
<tr>
<td>Percentage of households with no electricity: Total</td>
<td>48.4%</td>
</tr>
<tr>
<td>Percentage of households with 3+ persons per sleeping room: Total</td>
<td>35.4%</td>
</tr>
<tr>
<td>Percentage of urban population living in slums (2018) (l)</td>
<td>54.3%</td>
</tr>
</tbody>
</table>

NB: Figures are for 2020 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUFHIF):
- Caisse Régionale de Réfinancement Hypothécaire de l’UEMOA (CRPH-UEMOA)
- The Central Bank of West African States (BCEAO)
- Ministry of Urban Planning and Housing
- Ministry of Urban Planning and Housing
- Ministry of Urban Planning and Housing
- United Nations Human Settlements Programme

With the objective of supporting its population, the Novissi social assistance project was launched in April 2020 to assist the most disadvantaged against the measures enacted and the health state of emergency decreed by the Head of State on 1 April 2020. This programme provides a direct cash transfer to households that have lost some or all their income due to the impact of COVID-19. Those eligible for this programme began to receive a monthly allowance of CFA12,250 for women and CFA10,500 for men.⁷

Africa Housing Finance Yearbook 2020

235
Access to finance

According to the results of FinScope 2016, Togo has moderately low financial inclusion compared to other countries in Sub-Saharan Africa. It ranks 14th in access to financial services among the 21 African countries in which FinScope surveys have been conducted. Between 2014 and 2019, the percentage of Togolese over the age of 15 with a bank account, microfinance or postal services, increased by 24 percentage points, from 50 percent to 74 percent.

The financial services delivery landscape in Togo is dominated by banks and microfinance institutions, also called decentralised financial system (DFS). The DFSs are extremely important service providers in Togo and partly cover the gap caused by the concentration of banks on higher income urban customers. The largest DFS network remains the Togo Cooperative Savings and Credit Units (FUCEC) which in 2018 alone held more than 63 percent of the assets in the DFS sector nationally, representing a balance sheet of CFA125 billion (US$213 931 199).8 The DFSs contribute to the improvement of financial inclusion in Togo, particularly in accessing financing systems for rural and peripheral populations. They do not offer formal loans to finance housing, however; it seems clear that some of the funds provided are invested by beneficiaries in real estate projects.

Togo has 14 conventional banks, 11 of which are subsidiaries of WAEMU’s largest banking groups. There are three branches and three banking financial institutions. The number of banks is expected to increase with the upcoming opening of the Development Bank of Mali, a subsidiary of the Moroccan Bank of Africa BMCE Group. Mortgages are difficult to obtain although some banks offer them to their customers under strict terms, such as reporting regular income or land securities. Generally, mortgage terms vary between 10 and 15 years and interest rates are between seven percent and 10 percent. However, these rates are negotiable by the customers.

Microfinance institutions do not currently offer loans for housing construction or mortgages. However, during a seminar organised by the Regional Fund for Mortgage Refinancing (CRRH-UEMOA) in September-October 2019, several themes were developed including guidelines for refinancing housing loans. The evaluation of the financial guarantee solutions for housing loans made by DFSs was also discussed.9 The CRRH-UEMOA is a regional initiative for a better access to housing finance in WAEMU countries. Nearly 55 commercial banks within the union constitute its shareholding. It provides WAEMU’s credit institutions with access to resources for the refinancing of housing loans. Its role is expected to strengthen to boost the housing market in the sub-region and thus also in Togo.

To meet this objective, the institution increased its share capital by CFA 144 billion (US$215 657 534 246) to CFA9 589 billion (US$16 419 529 547) at its general meeting in 2019. This capital increase is meant to facilitate access to home loans. As of 31 December 2019, the CRRH-UEMOA had mobilised in eight years of activities a total of CFA 203.3 billion (US$342 465 753) in resources for the refinancing of housing loans made by 35 shareholder banks covering the eight countries of UEMOA.10

Affordability

Housing is a concern in the main urban areas of Lomé with its unplanned urbanisation. The city is developing in the outlying areas without essential services such as schools, health centres, water or electricity.

The minimum area of land for the construction of a house is 150m² and the cost of building a single ground floor house is between CFA7 million and CFA8 million (US$13 691).11

In recent years, the cost of cement, an essential material in the construction of a house, has decreased, thanks to the competition between players in the sector. The price of cement per ton (20 bags of 50kg per bag) is between CFA78 000 and CFA80 000 (US$133 49 and US$136 91) despite the official price set by the state of CFA81 000 (US$138 62). The price of cement is expected to fall further in 2021 with the arrival on the market of a new player, the West African Coast Cement Plant. This trend is expected to reduce the cost of building construction. The Nigerian Dangote Group also announced the construction of a factory in the country. All these investments show the confidence of economic operators in the construction sector.

In general, building your own home is imperative for every citizen in Togo and is a sign of self-fulfilment and accomplishment. This obsession with real estate partly explains land speculation, the number of unfinished houses, and the anachronistic creation of neighbourhoods in flood-covered areas as seen in some parts of the capital. The guaranteed interprofessional minimum wage in Togo is CFA35 000 (US$59.90), which does not allow the average citizen to buy land, build their own housing, or even afford decent rental housing.

Most banks offer mortgages, but the majority of the population does not have access to this type of housing financing because of the rigidity of the conditions of these loans, provision of a land title and building permits. At the level of the Togolese Bank Union, for example, guarantees include death insurance, a medical report if the amount is greater than or equal to CFA5 000 000 (US$8 561) and fire and water damage insurance. The repayment period is 10 years. Documents to be supplied are the quotation, the land title, the construction plan, the architect’s report or the building permit.12

The issue of housing during the pandemic period has been difficult, especially for the homeless in the capital. The government’s accompanying measures did not directly impact the housing sector. Some marginal initiatives of non-governmental organisations (NGOs) have relieved a tiny fraction of these people. Kpòdomeviw-Togo, an NGO working to protect street children, has sheltered some people in rented accommodation.13

Housing supply

In Togo, in the capital Lomé and most other cities, the majority of houses are informal. The number of rural and urban houses is not quantifiable. The average size of a household in rural areas is about eight people compared to four in the urban areas. The country has two housing delivery systems, including properties and rentals.

For formal housing, the government has started a programme to build 1 000 social housing units mainly for state officials.14 This is the Mokpokpo city located in the southwestern suburb of Lomé. The project consists of 540 houses on an area of 236
Urban 240.24 CFA franc

TOGO

Policy and legislation

Property markets

In Togo, 75 percent of urban households live in collective housing. Access to the property remains reserved for a limited section of the population. The cities in Togo have 52 percent of residents living in rental accommodation.

Through a ministerial decree, the Ministry of Economy and Finance reduced the cost of property transfer operations to CFA35 000 (US$59.93). Prior to this measure, the costs were 9.3 percent of the value of the land in 2017, and 6.3 percent in 2018. There are very few studies on the Togolese real estate sector and price fluctuations in the market.

According to a market study by the National Association of Realtors of Togo, prices in 2018 ranged from CFA1 000 m2 (US$1.72 m2) to CFA6 000 m2 (US$10.34 m2) for an apartment in Lomé. For a parcel with a land title, prices range from CFA36 000 m2 (US$62.05 m2) to CFA48 000 m2 (US$82.73 m2). Without land title, prices range from CFA30 000 m2 (US$51.71 m2) to CFA40 000 m2 (US$68.94 m2). These prices have had to increase due to the high demand and development of road infrastructure that made some urban areas more accessible.

Policy and legislation

After the promulgation of Law No. 2018-005 on the Land and Domaniaal Code by parliament in June 2018, some measures have been taken to implement this law. Some initiatives are underway at the Togolese Revenue Office level. One example is the launch of the e-foncier platform10 in January 2020. The objective of the platform is to enable surveyors and notaries to safely conduct land formalities regardless of their geographical location and to accelerate the process of collecting information and taxes. This tax is applied on both build and unbuilt properties. Around 50 percent of the income from this property tax goes to local authorities to meet their needs. Local governance has been undergoing a revival in the country since 2019 with local elections, and this tax could increase the funds available to improve living conditions in large urban centres.

In the first quarter of 2020, reforms were also implemented for building permits. A one-stop shop has been set up. To accelerate the land registration process and reduce the cost of issuing land title, this one-stop shop brings together all the services involved. The deadline to obtain a building permit has been reduced from 90 days to 10 days in one year. The cost of water connecting is now free with a reduction of delays by up to five days through the national company La Togolaise des Eaux. There have been no financial reforms specific to the housing sector. In addition, the role of the state is limited at present in providing housing. The only project currently involving the state is that of the city Mokopoka.

Opportunities

The urban growth offers certain opportunities for real estate developers in Togo. However, they must present offers that address several variables including land security, limited household incomes, the cost and quality of materials, the geographical location of the housing, and access to water and electricity.

At present, the offers on the market do not correspond to the financial possibilities of households. It seems essential that the state becomes increasingly involved in social housing projects for the benefit of people with limited incomes. Land security must also be strengthened with the effective application of the new texts. Local banks are called on to provide more flexible conditions for accessing housing finance to provide the necessary funds for large-scale projects to accelerate housing construction.

Availability of data on housing finance

Access to data remains a challenge in Togo for housing finance or mortgage statistics. At the national level, recent data from official sources are often not available. There is no database for formal real estate agents. However, a procedure of identification is underway through the Togolese Federation of Real Estate.

Regular updates on the Togolese banking sector are available on the BCEAO website. DFS information is not accessible and up to date.

Information on land titles and mortgages, laws and tax information is available through the Togolese Revenue Office website. Data on COVID-19 was available on the dedicated official website, on time.
Overview

With a population of \(11\,708\,370\) inhabitants in January 2020,\(^1\) Tunisia is located in North Africa, between Algeria and Libya. Its currency is the Tunisian dinar and the official language is Arabic. In the first quarter of 2020, 15.1 percent of the population was unemployed.\(^2\) This unemployment rate hinders access to housing. Indeed, given certain conditions of access to housing, such as the justification of regular sources of income or the impossibility of providing solid guarantees, acquiring real estate seems impossible. In addition, the lack of housing for low income populations (mainly in urban areas), the proliferation of informal housing, and the accentuation of socio-spatial segregation are some of the difficulties Tunisian authorities face, mainly due to inadequate regulations.

In 2019, the economic growth rate was only one percent,\(^3\) with an inflation rate of 6.1 percent.\(^4\) Tunisia is rank 78th in the category of countries where it is easy to do business.\(^5\) The low economic growth rate compared with the 2018 rate (2.5 percent) is due to a combination of many factors, both internal and external. Internally unfavourable weather conditions impacted on the olive oil harvest and political tensions caused uncertainty. Externally, Brexit with all the uncertainties that this entails, coupled with the appearance of the coronavirus, have been factors that have had a negative impact on the Tunisian economy (especially on tourism which is the main source of income). In addition, at the end of 2019, the rate of the Tunisian dinar appreciated by 9.1 percent against the euro and by seven percent against the US dollar compared with the end of 2018. However, on an annual average, the dinar depreciated by 4.8 percent against the euro and 9.8 percent against the US dollar.\(^6\)

COVID-19 has shaken the country’s economy badly and it has gone into recession. The government has therefore put several exceptional measures in place to deal with the pandemic. The Central Bank of Tunisia (Banque Centrale de Tunisie) reduced its key rate to 6.75 percent,\(^7\) despite the decision to raise it to 7.75 percent in February 2019.\(^8\) The government has also decided to no longer count the legal periods of stay in Tunisia for foreigners and to suspend visa expiry periods.\(^9\) For housing, no concrete measures (except through banks) have been put in place despite the call by several personalities and associations to the government to protect the right to housing during the pandemic.\(^10\) The private sector, through the Tunisian Union of Industry, Commerce and Handicrafts has decided to continue to pay its employees normally despite the difficulties.\(^11\) This crisis has damaged all sectors of the Tunisian economy, strongly impacting access to housing finance despite the reduced interest rate.

Access to finance

Housing finance in Tunisia is mainly channelled through the banking system. This is composed of 42 banks and approved financial institutions supervised by the central bank, all of which have the task of granting mortgage loans. Of all these establishments, there are 23 resident banks and seven non-resident banks.\(^12\)
Housing credit increased from TD11 071 000 (US$3 887 514) in 2018 to TD11 279 000 (US$3 960 552), a variation of 1.9 percent from 2018. Of the total credits granted, the total outstanding amount was TD487 000 (US$171 007) in 2019 compared to TD458 000 (US$160 824) in 2018. This represents a variation of 6.3 percent (from 2018 to 2019) compared to seven percent (from 2017 to 2018).

The Housing Bank (Banque de l'Habitat) is the main state bank for housing finance. It grants loans with preferential rates from 5.75 percent to a maximum of 13.82 percent. These loans are granted through various offers such as the Masken Awal loan, the El Jedid loan and the Credit Direct loan.

Tunisian microfinance is mainly channelled through the Tunisian Solidarity Bank, which aims to be an inclusive and local bank. Its objective is to create sources of income or to strengthen the role of associations in developing. But it does not aim to finance housing loans.

The fierce competition in the banking sector has led to a certain homogenisation of the housing offer. In the conditions of access to credit, only the rates vary. These rates are established on the basis of the central bank's Key Interest Rate. This rate was 6.75 percent in 2019.

Access to housing is based on the applicant's income. Applicants must be salaried, have a regular income and provide solid guarantees but also some savings. For example, the Housing Bank's Credit Direct offers credit terms of up to 25 years for a minimum savings of TD3 888 (US$1 365). Attijarwafa Bank's Melki credit offers finance of up to 80 percent of the overall acquisition cost of the desired property, with the rate varying according to the repayment period.

The number of households in Tunisia is estimated at 3,289,900 in 2020. This translates into a variation of 8.9 percent between 2018 and 2019 and 7.6 percent over the period 2017 to 2018.

Overall household consumption, which was 3,289,900 (US$3,265) in 2018, is estimated at 3,960,552 (US$4,371) in 2019, a variation of 22 percent.

Affordability

The number of households in Tunisia is estimated at 3,289,900 (US$3,265) in 2018 compared to 3,299,000 (US$3,494 671) in 2019. It is estimated at 3,215,879 000 (US$40,690 207) in 2020. This translates into a variation of 8.9 percent between 2018 and 2019 and 8.6 percent between the 2019 and the 2020 forecast.

Annual gross national disposable income per capita increased from TD9 298 (US$3 265) in 2018 to TD9 478 in 2019. Despite this increase, part of the population, especially new households, cannot cope with the housing challenges because housing costs are increasingly high.

The government has been trying to remedy this price increase for several years by implementing a policy geared towards the acquisition of affordable housing, especially for young households and people who do not own their own home.

Housing supply

COVID-19 response

During the pandemic, a containment period was imposed from March to May 2020.

The central bank reduced its key interest rate by 100 basis points to 6.75 percent. In addition, it issued a circular (circular no. 2020-06 of 25 March 2020 supplemented by the circular of 1 April 2020) to the banks with the aim of preserving the purchasing power of households.

This circular included the following points:

- Deferral by the banks of the fallout from the credits (in principal and interest) due during the period from 1 March 2020 to the end of September 2020, and the consequent extension of the repayment period of the credits.
- Granting banks the possibility of extending the deferral measures to clients whose net monthly income is less than TD1 000 (US$351) and who are classified 2 and 3 at the end of December 2019, on a case-by-case basis and depending on the assessment of the client's situation.

For loans in particular, the benchmark remains the average money market rate, which was 6.82 percent in July 2020. This rate has remained relatively stable for the past two years.

No moratorium has been put in place for evictions. For informal settlements, no specific approaches were taken.

There are three variants of this programme:

- FOPROLOS 1: gross monthly income of between one and 2.5 times the guaranteed minimum interprofessional wage with bonuses for a property of up to 80m². The loan does not exceed 90 percent of the sale price of the property, a three-year grace period and a repayment period of 25 years.
- FOPROLOS 2: gross monthly income of between 2.5 and 3.5 times the guaranteed minimum interprofessional wage with bonuses for a property of up to 120m². The loan does not exceed 90 percent of the sale price of the property, a grace period of three years and a repayment period of 25 years, and an interest rate of three percent.
- FOPROLOS 3: gross monthly income of between 3.5 and 4.5 times the guaranteed minimum interprofessional wage with bonuses for a property of up to 120m². The loan does not exceed 90 percent of the sale price of the property, a grace period of one year and a repayment period of 25 years, and an interest rate of five percent.

Despite all the efforts made by the government, FOPROLOS houses are becoming increasingly expensive in relation to the minimum wage, which is only TD123 439 (US$413 574) for a 40-hour work week and TD378 560 (US$122 929) for a 48-hour work week.

Housing supply

It is estimated that there are approximately 700 real estate developers active in the market and only about 40 can be designated as permanent developers.

The supply of housing is inadequate in relation to the demand, with most developers operating in large cities and concentrating on high-quality housing (around 63 percent) to the detriment of social housing (33 percent).

The demand for housing is about 77,000 properties. In 2019, less than 8,000 dwellings were built by property developers. As a result, it becomes impossible for households with modest incomes to access home ownership. These households therefore opt for renting rather than buying. Depending on income, rental is generally for properties with two bedrooms, a dining room, bathroom and a small additional space (balcony).
The scarcity of building land, high construction costs, higher credit costs, increased tax pressure or the inflationary context can be cited as factors contributing to the low supply of low-cost housing.

In the face of all these difficulties, self-build is becoming the preferred solution. Generally, this consists of a new household constructing their house on top of their parents’ home. This option has the advantage of not having to buy a plot of land as the property is already owned by the parents and that the land is already serviced. It also allows the construction to happen at the household’s own pace and financial means. This means that the urban areas are becoming more densified.

COVID-19, which appeared in Tunisia in December 2019, has generally accentuated the housing problems in the country. The main measure taken by the government in conjunction with the central bank has been to defer payments on existing loans. It has also requested banks to defer the repayment of loans to employees for a period of three or six months, depending on the level of their net income.

Property markets
Property is acquired in Tunisia in five different stages, and a period of approximately 35 days is necessary to proceed with the registration of the property. All these steps together represent a cost of about 6.1 percent of the price of the property.22

In this market, about 72.2 percent of households own their homes.23 These dwellings are divided between self-built and private or public real estate developments.

According to the National Institute of Statistics, land prices increased by 7.3 percent. According to the National Institute of Statistics, land prices increased by 7.3 percent.24 Some areas, such as La Soukra, show a price per square metre of between TD2 200 and TD2 500 (US$773 to US$878). For other areas, such as Gammarth, prices per square metre are TD 4 000 (US$1 405).25 The average price for the Ariana area is TD1 041 (US$366) for a house and TD1 381 (US$485) for a flat.26

These exorbitant prices force the rest of the population to opt for renting. Monthly rents vary according to the housing zone (rural or urban area), the type of property (house or flat) and the standard of the property (new or old). However, in recent years there has been an upward trend in rental prices. This trend is due to foreigners with a purchasing power far above that of the local population who are increasingly settling in the country.

Against all predictions because of the pandemic, property prices have risen. In the second quarter of 2020, the property price index rose by 1.8 percent compared to the same period of the previous year.27

Policy and legislation
The constitution provides as a fundamental right for every citizen to have access to decent housing in a healthy environment. The creation of the Société Nationale Immobilière (National Real Estate Company of Tunisia) in the 1960s was set up to achieve this objective. Until the 1970s, this entity was the only player in the real estate development sector. Over the years, this sector saw the birth of the Agence Foncière d’Habitation and the Caisse Nationale d’Épargne Logement, which became the Banque de l’Habitat.

From the 1990s onwards, the role of the state became less and less important in the real estate development sector to conform to the liberal turn taken by the country following the structural adjustment programme.

The budget of the Ministry of Equipment, Housing and Infrastructure was TD1 200 000 000 (US$561 830 287) in 2018. This budget was reduced by 25.6 percent. However, through legislation, the state is trying to create a legal framework which is favourable to the various stakeholders in the private sector. This translates into benefits and incentives such as value-added tax exemptions or registration fees of five percent of the purchase price of a property. In addition, there are other aids via low interest rates and tax exemption for home savings accounts.

The state has also put in place a policy to reform the institutional system for financing social housing. This policy resulted in the establishment of the Fonds De Promotion Des Logements Pour Les Salaries in 1977. This fund is financed by an employer’s contribution of one percent of the wage bill of public and private enterprises. The Urban Rehabilitation and Renewal Agency is responsible for identifying national needs for rehabilitation, classifying these and proposing methods of financing.28

Opportunities
The decline in the inflation rate from 7.7 percent in June 2018 to 6.1 percent in December 2019 is an important marker for the creation of an environment that creates opportunities.41

The state has opened up land ownership to foreigners by facilitating the acquisition of real estate. The banks have also been encouraged to produce products which correspond to the reality of households with advantageous interest rates and longer-term mortgages.

Tunisia also attaches great importance to energy saving in the building sector, particularly through the promotion of low energy consumption and positive energy construction, with the active promotion of this type of construction. The Ministry of Public Works has set up an eco-construction project with foreign partners to anticipate urban development.
This project aims to strengthen building laws and rules in favour of sustainable development:

- To develop and promote eco-construction throughout the territory, for all types of buildings; and
- To strengthen the expertise and know-how of public contracting.

| Websites |
|-------------------|-----------------|-------------------|-------------------|
| Ministry of Equipment | www.equipement.tn | |

Availability of data on housing finance

Several entities provide access to data concerning housing finance in Tunisia, namely:

- The Central Bank of Tunisia provides data on financing in general;
- The National Statistics Institute provides figures on the evolution of the population and the economy;
- The banks produce information concerning specific credit offers; and
- The Ministry of Equipment, Housing and Land Management provides data on housing in Tunisia.

The data provided by the central bank is updated annually, while this is not the case for most of the other entities. Obtaining recent data is therefore a considerable obstacle. In addition, administrative procedures are often tedious with unsatisfactory results.

However, an effort is being made to place the information online. All stakeholders have a website for research purposes.
Overview

Uganda is the third largest country in East Africa, situated in the heart of the Great Lakes Region. Uganda’s capital, Kampala, is the central node within a sprawling urbanised belt encompassing many smaller towns. This makes up the Greater Metropolitan Kampala Area (GKMA). The GKMA has a population of approximately four million, which is more than 50 percent of the country’s total urban population.

Although the country has progressed towards addressing poverty over the past three decades, housing provision remains one of the most pervasive challenges faced by over two-thirds of Uganda’s population. The country is largely informed by private-sector led housing development, which is unable to meet the growing demand for affordable housing. Thus there is a widening challenge faced by over two-thirds of Uganda’s population. The country is largely informed by private-sector led housing development, which is unable to meet the growing demand for affordable housing. Thus there is a widening gap in the quality and quantity of housing, estimated at 2.4 million units, growing by 200,000 units a year.

Some of the issues that the sector has to deal with are supply-side bottlenecks, unaffordable credit, insecure land tenure, burgeoning informal settlements, as well as insufficient political will. Though it is estimated to contribute 7.5 percent of Uganda’s overall GDP, budget allocation for this sector stands at less than 0.3 percent, a reduction from USh1.613 billion ($432,653) in the fiscal year (FY) 2017/18 to USh1.405 billion ($376,861) for FY 2020/21.

According to the World Bank, Uganda’s economy is the third largest in the East African region, but has been severely affected by the COVID-19 global pandemic, locust invasions and rainfall-induced flooding in 2020. The country’s projected gross domestic product (GDP) for 2020 is significantly lower than the projected 2.4 million units, growing by 200,000 units a year. Some of the issues that the sector has to deal with are supply-side bottlenecks, unaffordable credit, insecure land tenure, burgeoning informal settlements, as well as insufficient political will. Though it is estimated to contribute 7.5 percent of Uganda’s overall GDP, budget allocation for this sector stands at less than 0.3 percent, a reduction from USh1.613 billion ($432,653) in the fiscal year (FY) 2017/18 to USh1.405 billion ($376,861) for FY 2020/21.

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Inflation was 4.7 percent at the end of July 2020, up from 4.1 percent for June 2020, representing a three-and-a-half year high since 2017. To ensure stability, maintain confidence and support sectors such as real estate and housing, the central bank cut lending rates to an unprecedented low of seven percent, though on average interest rates on mortgage loans by major financial institutions remain above 15 percent, on par with pre COVID-19 rates.

In this year’s budget, the government has targeted improving access to investment finance for Savings and Credit Cooperative Societies (SACCOs) and microfinance institutions to US$94 billion ($25,213,501). It has also capitalised the Uganda Development Bank with US$1.045 billion ($376,861) to offer cheaper financing for the housing sector. These interventions present significant opportunities for the housing sector to access affordable financing in order to narrow the housing deficit. The government has also employed a mixture of fiscal and monetary measures during 2020 to increase expenditure on health infrastructure, reducing the central bank rate and...
Residents in informal settlements are especially vulnerable to the COVID-19 pandemic, given high density and limited social infrastructure.11 Subsequently, municipal governments in major towns including Jinja, Wakiso, Mbarara, Kira and Kampala have partnered with civil society organisations, such as the Slum Dwellers International (SDI)-affiliated Uganda Alliance and Cities Alliance, to address inequities in informal settlements.12

Access to finance

The COVID-19 pandemic has created unprecedented uncertainty across the globe. In Uganda, the pandemic has threatened the country’s financial stability. At the start of the lockdown in March 2020, financial institutions were ordered to limit their operational hours, while some closed completely.13 Banks and most businesses have only recently resumed full operation, but where the spread of COVID-19 is now accelerating it is unlikely that they will return to full capacity soon. In emerging markets like Uganda these restrictions will significantly affect the country’s previously stable financial system.

Among the challenges identified by Uganda’s central bank, the Bank of Uganda, is the impact of the lockdown on borrower finances due to loss of income. Moreover, rising liquidity pressures are anticipated for those institutions dependent on foreign capital investors, some of which have chosen to retreat to safer off-shore investment havens.

Prior to 2020, the banking sector witnessed tremendous growth.14 Currently, Uganda has a total value of USh1.6 billion (US$429 166) in residential mortgage loans collectively held by formal banking and non-banking financial institutions. Commercial banks and other non-banking financial institutions account for more than 50 percent of this total.15 Although the Bank of Uganda has reduced the interest rate, interest on mortgage loans remains relatively high at approximately 17 percent among those commercial banks offering mortgage loans.

It is likely that, with prevailing conditions, the terms of current mortgage loans will need to be restructured. For future clients, dwindling incomes will certainly discourage housing finance at current interest rates. On average, mortgage terms are structured for payment over 10-20 years depending on a client’s credit risk profile (i.e. income stability and age), the mortgage instalment representing no more than 50 percent of a client’s monthly income. With effect from 1 June 2020, the central bank capped the loan-to-value ratio at 85 percent for mortgage loans and land purchases as a “risk mitigation measure.”16

In Uganda there has been an upsurge in smaller, non-banking organisations in the past decade. In 2019, the Uganda Microfinance Regulatory Authority issued more than 500 licences to different microfinance institutions offering finance for housing. Non-banking organisations that offer housing finance have a variety of packages, ranging from home-improvement loans to actual mortgages. These housing finance products are accessible to low-income households, which may not have bankable collateral to access formal housing finance from commercial banks. Non-banking organisations have more flexible conditions, including acceptance of social collateral, negotiable repayment terms and lower loan amounts.

For all mortgage holders it is anticipated that demand for credit relaxation measures will increase after September 2020. Banks are still expected to tighten conditions for credit, however, to minimise risk, and more than 80 percent of banking institutions anticipate an increase in loan default rates.17 These limitations will certainly have an adverse impact on the availability of finance for the building, mortgage, construction and real estate sectors in the short term.

Affordability

Housing availability and affordability is more pronounced in Uganda’s urban areas, which have expanded rapidly to accommodate migration from rural areas. Most households in rural areas have access to secure tenure through customary systems and low-cost building techniques. In urban areas, however, the growth of informal settlements shows the scale and magnitude of the housing challenge for both owners and tenants. The country produces an estimated 60 000 housing units against a demand of 200 000 housing units a year. Of this, 31 percent are categorised as temporary, 52 percent as semi-permanent and 16 percent as permanent in the rural areas. The greater proportion of this is self-provided housing. In the urban areas, 6.9 percent are temporary, 27 percent are semi-permanent and more than 66 percent permanent.18 In the GOMA, housing is generally self-provided by households and individual entrepreneurs.

For low income households, which account for more than 60 percent of urban households in Uganda, the formal housing economy is too expensive as they have limited means to access decent housing. For these households, frugality and survival dictate their occupation of low-quality units such as tenements (single-room dwellings) of less than 10m2; at average monthly rents of USh150 000 (US$40) and below. These households have a combined average of less than USh500 000 (US$14) in gross monthly income, of which 30 percent is taken up by rent alone.

A small proportion of households in the GOMA with formal incomes above USh5 million (US$1.34) can access housing finance from more than 10 commercial banks. Housing Finance Bank, the market leader, offers up to 100 percent financing at a 17.3 percent interest rate. Others such as Centenary and Stanbic Bank offer rates of approximately 19 percent and 16 percent respectively with mortgage funding capped at 80 percent. These relatively high interest rates, as well as a need for bankable collateral pose serious hurdles for low income households to access formal mortgage loans. This underscores the urgency for widening and deepening the range of housing finance products in Uganda. In this respect, microfinance institutions have filled this gap by providing more flexible and customised home improvement loans for as low as USh500 000 (US$134), which are obtained by leveraging small business assets and social collateral and used for incremental housing construction. Some commercial banks have responded by introducing home-improvement loans in line with market realities.

The provision of affordable housing in Uganda has been significantly affected by land governance challenges which have complicated land acquisition. This is exacerbated by an unregulated urban land market driven by speculation, resulting in inflated land prices. In addition, the high costs of turnkey and rental housing as well as mortgage finance have affected access to affordable housing for those who may afford it. This is exacerbated by high inflation levels which have resulted in rising residential property prices.19

Government assistance for addressing housing affordability has focused on developing crucial housing-related infrastructure. This includes power supply, piped water supply, sanitation and solid waste management. In the rural areas, power has been extended to households through a subsidised last-mile connection programme by the Rural Electrification Agency. During the COVID-19 lockdown enforced by government at the end of March 2020, the programme was temporarily suspended due to financial constraints.20 By the end of 2019, the state-owned National Water and Sewerage Corporation had increased piped water supply coverage, reaching approximately eight million people in 280 urban areas, close to 100 percent coverage of the country’s urban population.

Housing supply

For the financial year 2014/15, Uganda’s total housing stock – comprised of both public and privately supplied new and turnkey stand-alone units, high rise apartments, old and informal housing – stood at 6.8 million units. With less than a four percent annual increase in the country’s total housing stock since then, Uganda’s current housing stock is estimated at 8.5 million units. Along with a growing yearly deficit of approximately 200 000 units and backlog of more than a million units, the country continues to fall behind on meeting its housing needs.

COVID-19 response

The government imposed a 12-week lockdown from the end of March 2020 as part of its strategy to minimise the incidence of COVID-19. During the same period, the central bank reduced the interest rate to seven percent from 8 percent, the lowest in the last 30 years. A ban was placed on the eviction of rent defaulters and the collection of water bills in informal settlements to ease the impact of the pandemic on poorer households.

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Housing developers in Uganda are typically made up of a combination of informal and formal role players: individual entrepreneurs, local micro, small-scale and medium enterprises as well as large firms, including the National Housing and Construction Corporation (NHCCC) and National Social Security Fund (NSSF). There is also growing competition from foreign-owned real estate developers.

Several factors have been key in facilitating the improvement of private sector housing provision in Uganda. These include enhanced urban infrastructure, increased options for financing, improvements in banking with low inflation rates (less than six percent per annum), stable governance, oil and gas development, and an increased flow of remittances from Ugandans working abroad.

At the same time, housing supply has been undermined by growing competition within the sector for high-end housing. This is approaching saturation point with low occupancy rates, thus affecting return on investments. The cost of formal financing remains high, reflected by an average interest rate during June 2020 of 19.3 percent. Urban land parcels and building materials are expensive, which makes new residential housing units costly. In spite of these high prices, modular building technologies are not popular in Uganda due to consumer preferences for mainstream concrete, brick and mortar structures.

In Uganda, self-built housing, often constructed incrementally, dominates the building market. Two-bedroom and three-bedroom units are the most popular in urban areas such as the GKMA, with the average floor space 90m² and 110m². Single bedroom/studio apartments averaging 50m² are also becoming popular. Aside from plans by the NHCCC, NSSF and other established private real estate developers to increase the housing supply capacity, Buganda Kingdom (a cultural institution in Central Uganda) has collaborated with foreign investors to implement a low-cost 400 housing unit project with units priced at USh52 million (US$13 948).

The project will be built on the periphery of the GKMA. Apart from these formal housing plans, the central government is also providing emergency housing for vulnerable communities, particularly those displaced by natural disasters and unplanned development.

### Property markets

Uganda has a vibrant unregulated land market, particularly in the GKMA and other urban areas. Within this hybridised formal-informal market, more than 80 percent of transactions bypass the centralised registry, given that more than 73 percent of the land in the country is under customary tenure.

Residential property prices within the GKMA have been rising since 2016. However, there was a marked decline of 2.9 percent in the Residential Property Price Index for the fourth quarter of the FY 2019/20 contrasting with the 5.8 increase recorded in the third quarter of the same financial year. This can be attributed to the negative effects of the COVID-19 pandemic on the residential property market.

<table>
<thead>
<tr>
<th>Urbanisation rate:</th>
<th>5.99%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of cheapest newly built house:</td>
<td>USh98,816</td>
</tr>
<tr>
<td>House price PPP$:</td>
<td>PPP$148,064</td>
</tr>
<tr>
<td>Urban households that could afford this house with finance:</td>
<td>4.39%</td>
</tr>
<tr>
<td>1 PPP$:</td>
<td>USh117.27</td>
</tr>
</tbody>
</table>

More than 70 percent of the country’s population lives in owner-occupier housing. In the GKMA, over 50 percent of households live in rented housing, of which 22 percent live in rented apartments. Until recently, rental values were steadily rising but, according to Knight Frank, the multi-scalar disruptions triggered by the pandemic have forced landlords to lower rentals to remain competitive.

The GKMA has more than 30 formal real estate firms competing in the urban residential and commercial real estate property business with an even larger number of informal small businesses and individuals. The larger formal firms dominate the market for commercial and high-end residential properties with the smaller firms and informal players concentrating on residential properties in the middle and lower end of the market.

### Policy and legislation

The Ugandan government has generally created an enabling environment by developing and implementing policy and institutional frameworks for housing provision and regulation. This is evident through various housing-related programmes it has undertaken, particularly those directed towards low-cost housing. Key policy developments that will impact the housing sector in 2020 include the enactment of the Building Control Regulations 2020 and the Income Tax (Rental Rates) Regulations 2020. The former was passed to enforce the Building Control Act No. 10 of 2013 to promote secure and safe building structures in accordance with acceptable standards. The latter facilitates the collection of public revenue from previously overlooked sectors such as rental estates. Under this law, rental tax values for those earning rental income increases from 20 percent to 30 percent while allowable expenses for rental income for individuals has risen to 50 percent of gross rent. In addition, property owners will be required to separately account for rental tax of their different properties.

### Opportunities

Uganda’s affordable housing market segment holds substantial potential for investment, particularly as the country has a relatively stable economy. The housing backlog presents many possibilities for investing in rental and built-for-sale housing. Growing competition among material suppliers, along with an emphasis on value-addition on local materials, will certainly benefit the many private and informal actors which provide housing by lowering costs.

Moreover, the entry of large formal firms into the sector has opened opportunities for policymakers to expand state support; for example in areas such as critical infrastructure (such as water supply, electricity, sewerage and waste management), towards reaching the ultimate goal of affordable housing delivery. Incremental building of housing by private players also offers possibilities as the growth of home-improvement loans and associated products shows. Non-traditional microfinance offers competitive products for households to meet their needs incrementally.
The realisation of plans by the government to recapitalise the Housing Finance Bank with USh30 billion (US$8 046 862) along with funds provided by Uganda Development Bank of USh103 billion (US$27 627 560), reinforce the two crucial outcomes of motivating households to apply for housing finance while also incentivising private firms to invest in the housing sector.

Financially, although the Bank of Uganda has lowered the interest rate significantly, lending rates by financial institutions remain high, given risks for loan recovery. With upcoming general elections set for February 2021, maintenance of political stability is a serious challenge. Lending and borrowing can slow down significantly during this season. A common feature of Ugandan elections is mass voter bribery due to poor regulation and enforcement of campaign financing laws. This also presents significant challenges in relation to inflation and it could affect investment decisions in the housing sector.

Websites

Bank of Uganda https://www.bou.or.ug/
Uganda Bureau of Statistics https://www.ubos.org/
Uganda Bankers Association https://ugandabankers.org/
Rural Electrification Agency https://www.rea.or.ug/
National Water and Sewerage Corporation https://www.nwsc.co.ug/
National Housing and Construction Corporation https://www.nhcc.co.ug/
National Social Security Fund https://www.nssfug.org/

Availability of data on housing finance

For prospective investors, key public institutions including the Bank of Uganda and Uganda Bureau of Statistics usually disseminate data on the housing finance sector; and these are the most reliable sources of information. Bank of Uganda provides economic data and reports on the performance of financial and non-financial institutions and private sector credit. These can be sourced from its website at www.bou.or.ug. Uganda Bureau of Statistics publishes quarterly and annual reports with data and information on household incomes, poverty rates, housing conditions and residential prices, which are accessible on its website at www.ubos.org. Information about mortgage lending and related market and population dynamics are published on a quarterly and yearly basis by these institutions, augmented by other government ministries, departments and agencies and non-state special-interest organisations.

Accessing hard data on mortgage rates, numbers, housing stock, costs of construction and housing prices for research purposes from financial institutions and other actors such as the NHCC, NSSF, real estate developers and civil society organisations is by way of formal requests through bureaucratic systems.
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. 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 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.

Western Sahara has a small market-based economy whose main industries are fishing, phosphate mining, tourism, and pastoral nomadism. The territory’s and 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.

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.

According to the official 2004 census, the population of Laayoune Province was 210,023 in 2004, an annual increase of 3.2 percent from 2003. This population is centred predominantly in the urban areas, which accommodate 164,807 people (93.81 percent of the population of the whole region). Only 10,862 people reside in the rural areas. This number exceeds by far the Western Sahara average which reached 51.4 percent in 1994.

An emergency programme lead by Morocco has been 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

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KEY FIGURES

<table>
<thead>
<tr>
<th>Main urban centres</th>
<th>Laayoune</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange rate: 1 USD = [a] 1 July 2019</td>
<td>9.71 Moroccan Dirham (MAD)</td>
</tr>
<tr>
<td>1 PPP$ = [b]</td>
<td>4.20 Moroccan Dirham (MAD)</td>
</tr>
<tr>
<td>Total population [c]</td>
<td>652,271</td>
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<tr>
<td>Urban population [c]</td>
<td>n/a</td>
</tr>
<tr>
<td>Population growth rate [c]</td>
<td>2.54%</td>
</tr>
<tr>
<td>Urbanisation rate</td>
<td>2.61%</td>
</tr>
<tr>
<td>GDP per capita (PPP$) (2007) [c]</td>
<td>PPP$2,500</td>
</tr>
<tr>
<td>Percentage of population below national poverty line</td>
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</tr>
<tr>
<td>Unemployment rate (% of total labour force, national estimate)</td>
<td>n/a</td>
</tr>
<tr>
<td>Proportion of adult population that borrowed formally</td>
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</tr>
<tr>
<td>Gini coefficient</td>
<td>n/a</td>
</tr>
<tr>
<td>HDI country ranking</td>
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<tr>
<td>HDI country score</td>
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<tr>
<td>GDP (PPP$) (2007) [c]</td>
<td>PPP$9,065.5 million</td>
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<tr>
<td>GDP growth rate</td>
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<tr>
<td>Inflation rate</td>
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<tr>
<td>Yield on 10-year government bonds</td>
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<tr>
<td>Lending interest rate</td>
<td>n/a</td>
</tr>
<tr>
<td>Number of mortgages outstanding</td>
<td>n/a</td>
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<tr>
<td>Value of residential mortgages (Current US$)</td>
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</tr>
<tr>
<td>Typical mortgage rate</td>
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</tr>
<tr>
<td>Rate of mortgages to GDP</td>
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<tr>
<td>Number of mortgage providers</td>
<td>n/a</td>
</tr>
<tr>
<td>Number of microfinance loans outstanding</td>
<td>n/a</td>
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<tr>
<td>Value of microfinance loans in local currency units</td>
<td>n/a</td>
</tr>
<tr>
<td>Number of microfinance providers</td>
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</tr>
<tr>
<td>Total number of formal residential dwellings in the country</td>
<td>n/a</td>
</tr>
<tr>
<td>Total number of residential properties with a title deed</td>
<td>n/a</td>
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<tr>
<td>Number of formal housing units built this year</td>
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</tr>
<tr>
<td>Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units</td>
<td>n/a</td>
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<tr>
<td>Size of cheapest, newly built house by a formal developer or contractor in an urban area</td>
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</tr>
<tr>
<td>Typical monthly rental for the cheapest, newly built house</td>
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<td>Cost of standard 50kg bag of cement in local currency units</td>
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<tr>
<td>Type of deeds registry: digital, scanned or paper</td>
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</tr>
<tr>
<td>World Bank Ease of Doing Business index rank</td>
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<tr>
<td>Number of procedures to register property</td>
<td>n/a</td>
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<tr>
<td>Time to register property</td>
<td>n/a</td>
</tr>
<tr>
<td>Cost to register property as share of property price</td>
<td>n/a</td>
</tr>
<tr>
<td>World Bank Doing Business Quality of Land Administration index score (0-30)</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Percentage of women who own a house alone | n/a |

Percentage of households with basic sanitation services:

<table>
<thead>
<tr>
<th>Total</th>
<th>Urban [d]</th>
</tr>
</thead>
<tbody>
<tr>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Percentage of households with no electricity:

<table>
<thead>
<tr>
<th>Total</th>
<th>Urban [d]</th>
</tr>
</thead>
<tbody>
<tr>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Percentage of households with 3+ persons per sleeping room:

<table>
<thead>
<tr>
<th>Total</th>
<th>Urban [d]</th>
</tr>
</thead>
<tbody>
<tr>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Percentage of urban population living in slums [e] | n/a |

NB: Figures are for 2019 unless stated otherwise.

[a] Xe.com

[b] World Bank World Development Indicators
[c] Central Intelligence Agency (CIA) World Factbook
[d] Demographic and Health Surveys, USAID
[e] United Nations Human Settlements Programme (UN-HABITAT)
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.

Whereas the population of Oued Eddahab-Lagouira Region reached 36,751 people in 1994, with the urban areas accounting for 85 percent, the Demographic Research and Studies Centre indicates that the population of the region was around 54,000 in 2003.

COVID-19 response
On April 4, 2020 the first four cases were confirmed in Boujdour by the United Nations Mission for the Referendum in Western Sahara (MINURSO).

On April 9, 2020 MINURSO reported that two new cases were confirmed in Dakhla, bringing the number of confirmed cases to six.

By June 19, 2020 there had been 26 confirmed cases, the latest of which in Laayoune. One patient had died, 23 had recovered and 2 were still active cases.

Overall, according to the UN Secretary General 2020 special report on Western Sahara, the impact of the COVID-19 pandemic in Western Sahara has been limited. As Morocco quickly took preventive and containment measures, only a handful of cases were recorded in the territory until May 30, when a major outbreak was detected in the Laayoune region, there were 41 patients on August 31, 2020.

Availability of data on housing finance
It is almost impossible to access data on the housing finance sector in this region. 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.

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Overview
Zambia is a landlocked country located in Southern Africa bordering Zimbabwe, Angola, Botswana, the Democratic Republic of the Congo, Malawi, Mozambique, Namibia, and Tanzania. Zambia is historically known as one of the world’s largest copper producers, however the country’s global share of production has vastly reduced over recent decades. The country has one of the highest urbanisation rates in Africa with 43 percent of households living in urban areas as of 2015 of which 54 percent live in slums. Economic activity is concentrated in the Lusaka and Copperbelt provinces.

In 2019, Zambia’s copper sector, which dominates the country’s export economy, saw production drop due to new mining taxes. The 2018–2019 rainfall season was one of the poorest in the southern half of Zambia since 1981 and has negatively impacted agricultural production and hydro-electric power generation. The electricity shortages have massively contributed to the challenges facing the country’s economy.

Before the pandemic, Zambia had been facing several macroeconomic challenges. Economic growth declined from four percent in 2018, to an estimated two percent in 2019. High fiscal deficits have increased general government debt to 88 percent of GDP in 2019, from 32 percent in 2014. Tightening liquidity conditions and high Government domestic financing needs have kept interest rates close to 30 percent. The depreciation of the Zambian Kwacha against the US Dollar among other factors has largely contributed to inflationary pressures with inflation running above the Bank of Zambia’s (BOZ) six percent to eight percent target. Zambia has also had multiple credit downgrades by rating agencies over the last year.

COVID-19 has exacerbated the challenges facing Zambia’s economy, financial sector, and livelihoods. The BOZ forecasts the Zambian economy to contract for the first time in more than 20 years by 4.2 percent in 2020 to 2019’s growth of 1.9 percent. Lower copper export earnings due to global demand falling and the supply chain breakdown is expected to reduce the revenue available to Government and lead to the sharp depreciation of the Kwacha. In the baseline scenario, the African Development Bank expects the fiscal deficit to widen to 8.9 percent in 2020 and 8.6 percent of GDP in 2021 from 2019’s 7.7 percent. Lockdown measures at the onset of the pandemic have negatively affected the livelihoods of an estimated 90 percent of the workforce that earns their income on a daily basis in the informal sector.

The Government through the Ministry of Finance and the Bank of Zambia has proposed several measures to mitigate the pandemic’s impact on the economy. On the fiscal side, a ZMW 8 billion (US$41 671 464) COVID-19 bond has been issued to stimulate economic activity and support livelihoods, through the reopening of 5-7, 10 and 15 year bonds. On the monetary side, the BOZ initiated a set of interventions to protect Zambia’s financial system stability, promote the wider adoption of digital financial services and mitigate the impact on the economy. This includes the establishment of a ZMW 10 billion (US$552 089 330.26) targeted medium term refinance facility. In addition, the BOZ revised the governance rules of the interbank
The Ministry of Finance and BOZ virtually met with the International Monetary
Fund (IMF) in June and July 2020 to discuss Zambia’s application for a COVID-19
related rapid credit facility.\textsuperscript{15} Zambia’s success in securing the IMF’s financial
assistance is currently dependent upon the country improving its classification of
debt distress.\textsuperscript{14} In the current economic environment, there is likely to be reduced
investor confidence in the affordable housing segment until the onset of economic
recovery.

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.\textsuperscript{16}
There are 18 banks in Zambia of which ten offer mortgages.\textsuperscript{16} Foreign banks control
about 70 percent of the market.\textsuperscript{17}

The assets of the 18 banks in Zambia are generally low risk and remain relatively
unchanged from 2018. 35 percent are loans, 22.7 percent are investments in
government securities and 19.8 percent are loans to financial institutions abroad.
Banks grew by 13.4 percent to ZMW 93 124.3 million (US$5 141 293 241.2)
at end-December 2019. Seventy-four percent of the funding for the banks comes
from customer deposits and 11.4 percent from equity. The number of licensed
institutions in the non-banking financial sector reduced to 119 in 2019 from 129
in 2018; of these, one is a building society, and 33 are microfinance institutions as
of the end of 2019.

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 11.3 percent in the first
quarter of 2020. As at the end of 2019 there were an estimated 10 436
mortgages outstanding in Zambia, covering both commercial and home loans.\textsuperscript{18}
With the high interest rates and only about 200 000 land titles\textsuperscript{18} 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.

Mortgage interest rates in June 2020 ranged from 15.25 percent to 30.75 percent
with an average of 24.5 percent.\textsuperscript{20} 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.

The lower income segments are vulnerable to the economic impacts of the
coronavirus pandemic and the resulting economic slowdown. Between 11 June
and 17 June 2020, Financial Sector Deepening Zambia (FSD Zambia) in
collaboration with BFA Global conducted a survey on the financial impact of
COVID-19 on Micro and Small Enterprises (MSEs).\textsuperscript{21} The survey of 170 self-
employed individuals, merchants, and other micro- and small entrepreneurs found
that MSEs face challenges comprising decreases in business revenue generation
and lack of access to working capital and credit.\textsuperscript{22}

Financial service providers will be able to access the targeted medium term refinancing facility at a rate of 12.5 percent.\textsuperscript{23} The BOZ issued a Statutory
Instrument for Classification and Provisioning of Loans Directives to encourage
financial service providers (FSPs) to provide relief to the private sector and facilitate
long term lending to productive sectors of the economy.\textsuperscript{24} To encourage greater
access to finance during the pandemic, the BOZ through various mechanisms such
as the waiving of fees and charges is enabling the use of digital channels and
contactless payment mechanisms.\textsuperscript{25} Tax measures that have been introduced are
primarily targeted at VAT-registered suppliers and exporters who tend to be larger
and more formal firms.

Affordability

Creating affordable homes remains a problem in Zambia, primarily due to the low
average household incomes, which is exacerbated by the high interest rates. In
2019, the average monthly earnings for the formally employed population was
estimated at ZMW 6 025 (US$332,63) while for the informally employed
population, it was estimated to be ZMW 4 686 (US$81). Due to COVID-19,
it is forecasted that the sectoral GDP share declines will translate to significant job
losses in the formal and informal sectors subsequently affecting housing affordability.

The high interest rates diminish housing affordability. In 2019, the cheapest newly
built house by a professional developer costs ZMW 950 000 (US$52 448).
Assuming a 20-year mortgage with an interest rate of 24 percent and a 20 percent
down payment, a house would cost ZMW 15 332 (US$846.5) a month in
mortgage payments. If one third of household income is spent on mortgage
payments, a monthly income of ZMW 45 000 (US$2 484.4) is required, which is
well out of the affordability range of most Zambian households. On the
other hand, rent for a ZMW 950 000 home in 2019 would be ZMW 7 500 (US$414)
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.

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.

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.\textsuperscript{27} The poorer
segments of the population are not targetable by professional developers or
mortgage providers.
COVID-19 is bringing unique challenges such as the loss of income to workers. Information on COVID-19 responses by market players in Zambia’s housing sector is scarce. However, the National Pension Scheme Authority (NAPSA) has granted relief on rentals to all tenants in its commercial and residential properties across the country. A paper undertaken to assess the potential socio-economic impacts of COVID-19 in Zambia found that “the number of people that may fall into poverty ranges from 290,000 in the case of low restriction levels to over 1.2 million for the strictest lockdown scenario.” COVID-19 is therefore expected to worsen Zambia’s pre-existing socio-economic challenges.

**Housing supply**

In 2019, there was an estimated 3,614,037 Zambian households, up from 3,015 million in 2015. In Lusaka and the Copperbelt provinces, 87 percent and 83 percent of households, respectively, were in urban areas; the average across Zambia was 45.1 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.

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. In August 2019, President Edgar Lungu launched the “Buy a Brick” campaign in Chibombo by People’s Process on Housing and Poverty in Zambia (PPhPZ), which is aimed at building 1,000 housing units for the vulnerable across the country. The initiative will build houses for the low income population under the PPhPZ through group saving schemes with support from Stanbic Bank Zambia which has partnered with the government. Habitat for Humanity Zambia served a total of 9410 individuals in 2019 consisting of 315 individuals through new construction and 9095 through incremental building.

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 111,959 members out of a total population of 18.23 million. Over a five year period (2015-2019), the pension industry net assets have increased from ZMW 5,664,55 million (US$1,733,731.6) to ZMW 7,962 million (US$2,393,573.92). 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. In 2020, a Chinese firm, AVIC International completed the construction of 2,350 units for civil servants in six provinces in Zambia.

Due to the pandemic, it is expected that the reduced rates of private home construction due to contractions in disposable incomes will result in construction declining by at least five percent. In Eastern Zambia, heavy rains have destroyed about 160 houses and it is forecasted that several parts of the country will be at a greater risk of flash floods.

**Property markets**

Zambia is rated as the fifth most transparent property market in Africa. Zambia has attracted more than Z$8 billion (US$1.4 billion) in property investment and development since 2014, about half of which has been from international investors. 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. 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. 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. 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 161 registered estate agents in Zambia. 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.

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 registry. The cost of transferring a property, including property transfer tax, averages 9.7 percent and takes 45 days in a best-case scenario.

**Policy and legislation**

The government has 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. 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.
Opportunities

Three major opportunities are open in the wider housing development and housing finance space. For local institutional investors, multi-family rental housing (e.g., 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. 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 the substantial fiscal drag on overall liquidity challenges remains critical for overall macroeconomic stability and economic growth.”46 However, in the medium and long term, Zambia’s strength in its institutional frameworks and relative ease of doing business will create significant opportunities.

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 2020 Credit Market Monitoring Report provided data on lending by type, the health of the financial institutions and NPLs, among others. The 2015 Living Conditions and 2019 Labour Force surveys also provide much relevant data. The next Living Conditions Survey will be undertaken in 2020. Zambia plans to conduct the 2020 census using the electronic data collection methodology for the very first time.

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 NAPSA 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.

Websites:

Land-links http://www.land-links.org/country-profile/zambia/
Bank of Zambia www.boz.zm
Zambia Ministry of Finance https://www.mof.gov.zm/
Zambia Central Statistical Office https://www.zamstats.gov.zm

3 Ibid. Pg 1.
Overview

The population of Zimbabwe was estimated at 14.6 million in 2019. Industrial capacity utilisation declined from 48.2 percent in 2018 down to 36.4 percent in 2019. This can be attributed to successive droughts that reduced electricity generation, with negative spillover effects in other sectors of the economy. Imports, as opposed to export manufacturing, have dominated the Zimbabwean economy, particularly because businesses source raw materials and equipment in foreign currency. The pressure on a limited pool of currency generated by mining, tobacco and tourism has resulted in a weak local currency exchange rate. Economic performance was further negatively affected by Cyclone Idai, a deadly hurricane that ravaged the eastern parts of the country during March 2019. The cyclone caused enormous destruction to houses, infrastructure and livestock, killed an estimated 344 people and left more than 270 000 people homeless. After this disaster the economy contracted by -6.5 percent, but was poised to achieve a three percent GDP growth in 2020.

Announced in November 2019, Zimbabwe’s 2020 National Budget highlighted the construction industry as a key contributor to gross domestic product (GDP) growth and employment creation. A broad range of remedial activities in housing and related infrastructure were planned for 2020 and an amount of Z$2.68 billion (US$42.05 million) allocated. However, the unforeseen effect of COVID-19, accompanied by a severe drought, resulted in a harsh economic downturn. After six months of a disrupted economic environment, GDP growth for 2020 was revised to reflect a -4.5 percent contraction in July 2020, in order to discourage speculative borrowing; stabilise the newly introduced foreign exchange auction system; and curb inflation.

In a further effort to bring transparency and wider participation in the trading of foreign currency, the Reserve Bank of Zimbabwe introduced a weekly Foreign Exchange Auction Trading System in June 2020 aimed at narrowing the gap between the official and unofficial market exchange rates, and also at stabilising commodity prices.

On the interest rate front, as the pulse of business weakened due to the COVID-19 lockdown, the Reserve Bank’s overnight accommodation (repo) rate was reduced to stimulate business activity. Originally at a rate of 25 percent, in March 2020, it was reduced to 14 percent in March 2020, further reduced to 12.25 percent in July 2020, and then reduced again to 10.75 percent in November 2020.

0.70 percent in September 2019, the rate was cut in March 2020 to 0.25 percent, down from 3 percent in November 2019, and reduced even further to 15 percent in April 2020. However, the overnight accommodation rate was increased again to 35 percent in July 2020, in order to discourage speculative borrowing; stabilise the newly introduced foreign exchange auction system; and curb inflation.

Mortgage interest rates have mainly fluctuated between the 25 percent to 36 percent level from 2019 into 2020 during the lockdown period, despite rapid changes in the economy.
overnight accommodation rate. From a housing perspective, the property market during 2020 remains disrupted by widespread uncertainty over the value of the local currency, which has influenced potential sellers to hold onto their properties. The unaffordability and unavailability of mortgage finance frustrates aspiring home-buyers, and new housing is inhibited by inflationary increases in the cost of building materials. However, the demand for affordable housing continues to increase, spurred by rural-to-urban migration. This has resulted in the mushrooming of illegal settlements on the periphery of major cities and towns. In many cases, rogue land barons have taken advantage of the circumstances and haphazardly demarcated and sold pieces of land, some smaller than the stipulated minimum size of 70 square meters. This has prompted incremental construction of structures close to each other, creating clusters of illegal settlements without running water and proper sanitation. In 2014, 40 such settlements existed in and around the capital, Harare. An estimated one in four urban dwellers live in these slums.

Reacting to the pandemic, in April 2020, the government promulgated deferment of rents and mortgage payments during the lockdown period, which have to be cleared in staggered payments on expiry of the lockdown. Some tenants have taken advantage of these measures but most borrowers continue to service their bonds, and therefore loan-serving trends have not been significantly affected. The government also committed to providing assistance of $200 (US$3.14) to vulnerable families per month for three months from April 2020. In July 2020, the government made $35.5 million (US$57 300) available for the shelter of vulnerable families per month for three months from April 2020. In July 2020, the government made $35.5 million (US$57 300) available for the shelter of homeless people and $250 million (US$784 437) for establishing quarantine centres.

Access to finance

Formally, Zimbabwe has 19 registered financial institutions, made up of 14 commercial banks and five building societies. The building societies have traditionally provided mortgage finance in terms of their licences, while 10 banks have been granted mortgage lending approval by the Reserve Bank. This was achieved due to an amendment of section seven of the Banking Act of 2000 to include consumer and mortgage credit as a banking activity in 2015. Since 2004, the Reserve Bank has also been a player in the mortgage sector through a non-bank subsidiary that it formed to serve the diaspora market.

Potential borrowers cannot always afford to raise deposits of an average 25 percent for housing loans and meet monthly instalments, especially with high interest rates and compressed repayment periods. Zimbabwe therefore had a reduction in the number of mortgage loans during 2020. This declined from 114 483 as at 31 December 2019, to 8 282 as of 30 June 2020. While very few new advances were being made in the low-cost housing sector, large numbers of small loans were being paid off on completion of their terms.

For aspiring urban homeowners in high- and medium-density areas, current options have mostly been limited to the purchase of vacant stands made available by some financial institutions and private developers. Purchase is based on staggered payment terms, and owners are permitted to embark on incremental construction using personal resources or short-term loans from employers or microfinance institutions.

Zimbabwe also has a total of 217 registered microfinance institutions which reflected a consolidated loan book of $2469.20 million (US$7.36 million) as of 31 March 2020. The bulk of these loans provide clients with economic livelihoods and business working capital and are not directed towards housing finance. The need for financial solutions that are suitable for incremental house construction has, over the past five years, influenced the emergence of housing microfinance. The solution is pioneered by organisations such as ShelterSol, which works with some housing cooperatives, but is yet to be fully embraced as an alternative to traditional mortgage finance.

In 2019, Shelter Afrique, a continental housing financial institution based in Kenya, approved $1.27 billion (US$20 million) of its lines of credit to some Zimbabwean banking institutions, the proceeds of which were disbursed in 2020.

COVID-19 response

When Zimbabwe had recorded seven COVID-19 positive cases and one death, the President announced a 21-day national lockdown commencing on 31 March 2020 during which businesses were closed, with the exception of essential services. On expiry of the 21-day period on 19 April 2020, the lockdown period was extended by a further two weeks.

A ban on using currency other than the Zimbabwe dollar, imposed in June 2019, was lifted in March 2020 to make it easier for the public to conduct business during the pandemic.

On 29 April 2020, the Government promulgated deferment of rents and mortgage payments. The arrear rents and instalments, however, have to be cleared in staggered payments on expiry of the lockdown period. Furthermore, on 16 July 2020, the government made $35.5 million (US$57 300) available for all homeless people to be placed in various shelters and $50 million (US$784 437) for establishing quarantine centres.

Affordability

Within the medium-density segment of urban housing, stand size ranges from 301 to 1 000 square meters. This is typical of the housing in the suburb of Musa Park, Harare, featured on an online website on 12 July 2020. Here, house prices range between $331 877 (US$50 000) and $344 143 (US$51 000). Most sellers, however, are still reluctant to accept local currency for houses. With the unavailability of US$ dollar mortgages and the unaffordability of Zimbabwe dollar loans, sellers struggle to find buyers for their properties. Salaries of middle-management workers who normally buy in the medium-density segment have not kept track of rising inflation rates and many cannot afford mortgages. Deposits of 25 percent of the purchase price are almost impossible to achieve as inflation has reduced individual saving reserves. Many homeseekers in this segment therefore resort to the popular route of buying stands and building incrementally.

The high-density segment in Zimbabwe is referred to as the low-cost housing sector. Projects undertaken by developers in recent years have sought to address the housing backlog estimated at 1.3 million units at this level. Six out of seven institutions in the country that are members of the African Union for Housing Finance (AUHF) have been the main sponsors of large-scale, low-cost housing projects in urban centres in recent years and have constructed over 5 000 low-cost units in Harare, Bulawayo and Victoria Falls. On-going and planned projects will create an estimated 23 000 units and serviced stands, the bulk of which will be for the low-cost housing sector within the next five years.

Price-wise, some of the cheapest units are within large-scale development projects. For a 27 square meter house in Budiriro, Harare, for instance, the price was $316 600 (US$23 043) as of July 2020. To purchase this unit, a buyer needs to raise a 10 percent deposit of $31 660 (US$2 606) and apply for a loan of $314 940 (US$23 454). Monthly instalments on this loan are calculated at an interest rate of 25 percent per annum over a 10-year period, and amount to $333 985 (US$53 33). In addition, proof of household income of at least $333 940 (US$2 134) is required, so that instalments essentially represent 25 percent of monthly income. In an environment in which employment is decreasing and inflation is eroding disposable incomes, potential buyers of high-density housing can no longer afford to buy houses. In July 2020, developers of the Budiriro project were still to clear the remaining stock of units completed in 2018.

Due to reduced employment opportunities, the COVID-19 lockdown has not improved housing affordability in Zimbabwe. This is also due to a general loss of employment and income by diasporic Zimbabweans in foreign countries, with lockdown in host countries resulting in a sharp drop in remittances flowing into Zimbabwe. Migrant income peaked at a total of $1921.7 million (US$145 million) in 2019, but is projected to decline by 20 percent in 2020. In addition, COVID-19 has halted the completion of houses under incremental construction as they were incomplete and not ready for occupation; as a result, many families continue to live in uninhabitable conditions without water and sanitation.
Housing supply

Statistics last published by the Zimbabwe National Statistics Agency in 2017 show that the country had 1,119,451 (34.39 percent) urban and 2,136,102 (65.61 percent) rural households. The average household size for urban areas was lower with Harare recording 3.7 persons and rural Matabeleland North recording the highest average of 4.6 persons. The overall national average was 4.2 persons. Of the urban properties, 36.9 percent had either freehold title or municipal leases, while 50.6 percent were tenants and lodgers. A further 12.5 percent lived in accommodation provided by employers. In rural areas, 82.5 percent of households owned their dwellings and another 17.5 percent were in employer-provided accommodation, mainly teachers, the police and other public sector employees who occupied government houses.

The new Zimbabwe National Human Settlements Policy developed during 2019 seeks to broaden the perception of housing beyond towns and cities to include rural villages, farm and mine compounds, business centres, and rural and district service centres. This should enable collection of relevant data in the future.

The housing backlog in urban areas is about 1.3 million, concentrated within the high-density sector. The existing stock of housing in this sector is largely inadequate, as many families share houses with lodgers, resulting in crowded and unhealthy living conditions. Demand for accommodation is amplified by the creation of 16 new universities in urban centres without sufficient on-campus accommodation for students. More than 15,000 students do not stay in campus accommodation and therefore lodge in high-density and informal areas.

In 2020, COVID-19 disruptions have forced many diasporic Zimbabweans (estimated to be over four million), to return home due to widespread loss of income in their host countries. About six thousand people had already returned to Zimbabwe by 22 May 2020 and many more are expected to arrive in the following months. COVID-19 containment measures such as social distancing will therefore be extremely difficult to enforce as living conditions become more crowded, particularly in informal settlements.

The housing backlog in Zimbabwe has also been badly affected by the inflationary cost of building material from 2019 to 2020. This, coupled with high costs of purchase, has threatened the viability of multiple-unit turnkey projects in the low-cost housing sector. In November 2019, one of the largest cement producers in Zimbabwe by 22 May 2020 and many more are expected to arrive in the following months. COVID-19 containment measures such as social distancing will therefore be extremely difficult to enforce as living conditions become more crowded, particularly in informal settlements.

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Property markets

The Deeds Registry of Zimbabwe is responsible for title registrations to immovable property and mortgages thereon. Zimbabwe was ranked 109 out of 190 countries in the World Bank Doing Business 2019 and 2020 reports on the “registering property” topic, based on transfer of commercial property. Although the overall ranking remained unchanged, the score based on steps, time and cost involved in registering property improved from 58.2 percent in 2019 to 59.5 percent in 2020, largely because of three positive policy reforms made for registration of property in line with Doing Business recommendations since 2008. These include a reduction in Capital Gains Tax, the launch of an information website and a reduction in transfer time. Negatively, however, conveyance fees have increased. These are charged according to a tariff set in conjunction with the Law Society of Zimbabwe and are about five percent of the price of the property being registered.

In total, 197 estate agent firms are in operation, which facilitate the negotiation and transfer of properties. Property prices across all segments in the country have been difficult to track because of divergence in market perception of the relative currency values. Sellers generally set prices in US dollars and express them in local currency values, converted at varying market rates. These dual prices are sometimes quoted on property websites. This emphasises that Zimbabwe has a buyers’ market for holders of foreign currency, as sellers are reluctant to accept payment in local currency. This has had the effect of reducing property prices by an average 20 percent year-on-year in real terms.

Policy and legislation

In a move that demonstrated the government’s desire to engage with housing issues, a new Ministry of National Housing and Social Amenities was created in November 2019. Previously, housing fell under the Ministry of Local Government, Public Works and National Housing. The principal statutes that govern housing matters are spread over four Ministries:

- The Regional, Town and Country Planning Act is administered by the Ministry of Local Government and Public Works, for the identification of land for housing.
- The Ministry of Lands, Agriculture and Rural Settlement administers survey functions set out in the Land Survey Act;
- The Ministry of Justice, Legal and Parliamentary Affairs administers title registration and related functions in the Deeds Registry Act; and
- The new Ministry of National Housing and Social Amenities is served with operationalisation of the Zimbabwe National Human Settlements Policy.

The new Human Settlements policy extends the scope of housing beyond urban centres to rural areas and also captures the government’s preference for vertical development of flats as opposed to stand-alone units.

Opportunities

The following opportunities exist in Zimbabwe:

- Rental housing: Given that there are employed people who are not likely to acquire their own homes and are living as tenants or within informal settlements, opportunities exist for the construction of stand-alone or high-rise buildings.
- Student accommodation: There is an acute shortage of affordable student accommodation in urban centres where new universities and colleges have been established.
Housing microfinance: There is a gap for the entry of microfinance lending in the country which has, to up now, been directed towards consumptive and business working capital purposes.

Modular construction methods: There is a fixation with brick and mortar structures in Zimbabwe. Opportunities thus exist to promote modular construction methods that produce durable houses over a faster construction time.

Additional sources


Websites

CABS: https://www.cabs.co.zw

CBZ Bank: https://www.cbz.co.zw

Estate Agents Council: https://eac.zw/register/property

FBC Building Corporation: https://www.fbc.co.zw


Telephonic Interview with Taddy Muchongwe, Central Africa Building Society, 24 July 2020, Harare, Zimbabwe.


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- Entrepreneurship World Cup EWC and the Finnis finals in which Block solutions came in second and was nominated the Favourite finalist of the audience in August 2020

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OVERVIEW
The African Local Currency Bond Fund was founded in December 2012 by KfW, the German development bank, on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ).

The Fund supports the development of African capital markets by promoting primary corporate bond issuances in local currency. This is achieved by making anchor investments in issuances by companies whose ultimate beneficiaries are low-income households and MSMEs; and providing technical assistance to local African issuers, investors, and intermediaries.

MISSION
The Fund’s mission is to mobilise domestic resources into high impact sectors including affordable housing, financial inclusion and green infrastructure. The Fund is increasing private-sector resilience through reduced FX exposure and contributing towards more efficient allocation of domestic savings and greater financial self-reliance in African economies.

OUR FOOTPRINT
Since 2017, the ALCB Fund has invested USD 35.0 million in 10 companies in housing finance and housing development, in 8 countries in West and Southern Africa. These are outlined below:

THE ALCBF & AFFORDABLE HOUSING
The housing sector currently makes up 25% of the Fund’s outstanding portfolio. Some notable investments in the housing sector have included:

- A long-dated issuance by Togo’s La Caisse Régionale de Refinancement Hypothécaire de UEMOA (CRRH), which issued a 12-year note (2017)
- Issuances by mortgage lenders Zambian Home Loans (2017) and Banque de l ’Habitat du Senegal (BHS) - the largest mortgage and property development finance provider in Senegal (2019)
- Issuance by Mixta Africa – a real estate developer in Nigeria (2018) to support its affordable housing portfolio

The ALCB Fund TA Facility (TAF) has supported issuers in the housing sector to mitigate issuance costs, and provided TA funding to support adoption of improved Environmental and Social Management Standards by housing issuers.

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The Banking Association South Africa (BASA) advances the interests of the industry with its regulators, legislators and stakeholders, to make banking sustainable, profitable and better able to contribute to the social and economic development and transformation of the country.

www.banking.org.za
Unlocking Affordable Housing in Africa

Unlocking Affordable Housing in Africa: Developing Mortgage Finance Markets, Building Green, Supporting Gender Balanced Housing, and Strengthening Value Chains.

Rapid urbanization has created booming demand for housing and social infrastructure in Africa, but also a large deficit in the supply of quality, affordable housing. IFC and the World Bank are working together to create viable housing markets across Africa through upstream support to governments and the private sector, including through the development of Mortgage Refinance Companies to mobilize long-term capital, investment and advisory services to deepen the housing sector, strengthening construction value chains, and facilitating green building practices and gender balanced access to decent housing.

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The African Union for Housing Finance (AUHF) was established as a member-based body of housing lenders in 1984. Today, the AUHF comprises of 66 members from 19 countries across the continent. Members include commercial and mortgage banks, building societies, microfinance banks/institutions, housing development corporations, and other institutions involved in the mobilisation 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 as a whole.

**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, and capacity building and training.

In serving its members and realising its goals of effective housing finance markets and delivery of affordable housing in Africa, the AUHF pursues five main activities:

1. **Information Collection & Dissemination**
   - Monthly newsletter – Financing Housing in Africa
   - Website www.auhf.co.za
   - Fact sheets & issue briefs on key issues
   - Participation in IUHF journal

2. **Lobbying and Advocacy**
   - Annual statements on key issues
   - Position papers
   - Engagement with AU-HUD and other Regional bodies
   - Identification of and engagement in key national & regional issues with member support

3. **Capacity Building & Training**
   - Own housing finance courses / Mortgage banking schools / training programmes (revenue opportunity)
   - Roundtable discussion programme
   - Member study tours / site visits
   - Scholarships for members to attend accredited housing finance courses

4. **Networking & Deal Facilitation**
   - Own housing finance courses / Mortgage banking schools / training programmes (revenue opportunity)
   - Roundtable discussion programme
   - Member study tours / site visits
   - Scholarships for members to attend accredited housing finance courses

5. **Showcase membership to the wider public & investment community**
   - Member certificates
   - Case studies & profiles of members
   - Speaking opportunities
   - Data reporting standards for AUHF members – AUHF Member data – dashboard

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**CABS BUDIRIRO TYPE D**
A dwelling house comprising of lounge, 3 bedrooms, kitchen, verandah and ablation facilities. Built-up area has a coverage of 89.63m².

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Affordable Housing is available in hard copy (South Africa only) and in a digital version at www.saffordablehousing.co.za for those who prefer the electronic offering.

Hear what our regular contributors like CAHF, Consulting Engineers of SA, SA Banking Association, and SA Affordable Residential Developers Association have to say plus the legal perspective by STBB.

We would like to hear what is happening on the continent as well. We CAN ALL LEARN FROM EACH OTHER to address the critical need of housing for AFRICA.

Any questions, ideas, thoughts contact, rory@interactmedia.co.za who would love to hear from you.
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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.

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

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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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