HOUSING FINANCE IN AFRICA

A review of some of Africa’s housing finance markets

September 2016

Published by the Centre for Affordable Housing Finance in Africa
The Centre for Affordable Housing Finance in Africa (CAHF) is a not-for-profit company with a vision for an enabled affordable housing finance system in countries throughout Africa, where governments, business, and advocates work together to provide a wide range of housing options accessible to all. CAHF’s mission is to make Africa’s housing finance markets work, with special attention on access to housing finance for the poor. We pursue this mission through the dissemination of research and market intelligence, supporting 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.

Our work covers four main areas: (1) understanding the housing asset, (2) monitoring housing sector performance, (3) exploring innovation in housing finance, and (4) supporting housing finance market development.

Since its formation, CAHF has come to be known as the most comprehensive and up to date source of information on housing finance in Africa. Its research and other material is regularly used by investors, lenders, pension funds, and other financiers; legal practitioners, researchers and academics; developers; policy makers and other housing finance practitioners to scope and pursue the opportunities for extending access to housing finance across Africa. As a thought leader in the sector, CAHF is a respected advocate for financial inclusion in housing finance in Africa.

CAHF’s core funders are FSD Africa, and Agence Française de Développement (AFD). Of course, the opinions expressed in this yearbook are those of the authors and do not necessarily reflect the official position of CAHF’s funders.

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Sireena Ramparsad edited this report and managed the project output. It represents the combined effort of people from all over the African continent, either as authors or reviewers. Sincere gratitude is due to everyone involved for their contributions and insights.

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To this growing team of housing finance experts, we are grateful for your insights and enthusiasm for this project, and very happy to have you all as part of our team. The Yearbook would not have been possible without your input. The report has also drawn extensively on CAHF’s ongoing research, often undertaken by CAHF consultants, as well as on local reporting in the press. Of course, any errors of omission or interpretation remain with the Centre for Affordable Housing Finance in Africa. We welcome your comments.

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Across Africa, the residential investment opportunity is increasingly driving conversations about economic growth. While the definition of who is middle class and how many such households there are continue, the fact of Africa’s rising population and rapid urbanisation is palpable in its cities where the inadequate housing conditions of the majority are obvious. For every problem, there is an opportunity for a solution, and in increasingly creative ways, this is what Africa’s housing investors are finding.

Most investment funds currently active were initiated when the African growth trajectory was on an upward curve. The past year has been challenging, however. Still among the fastest growing continents, Africa has seen its growth and development prospects seriously challenged by global economic pressures, the commodities downturn and the slowing Chinese economy. Where the prospects of oil and gas discoveries dominated the news five years ago, in 2016 it is their loss in value that is making governments reconsider their economic development strategies. The key challenge in this environment, is economic diversification. Can housing contribute towards that opportunity?

Governments can contribute significantly to a developer’s ability to deliver affordable housing at scale, by paying attention to the rough spots along the housing value chain: the availability of land, its servicing (especially water and electricity), and its registration; the availability of domestic building materials and a functioning construction sector; the time it takes to get administrative approvals for the building process, and the cost of such approvals; the taxation, finance and macro-economic framework; and the functioning of the labour market, among so many other factors.

The rationale for stimulating local housing markets is clear: for every house built in emerging markets, five jobs are created. The production and consumption of housing stimulates economic growth and growing property markets support enhanced financial intermediation contributing to the efficient development of national economies. And housing assets, whether geared with finance or not, can act as a financial springboard to micro and medium enterprise and human capital development.

Investors are clearly interested in real estate in Africa. Governments have an excellent opportunity to gear this interest in support of their growth targets, while also meeting the housing needs of their growing urban populations. In the context of the economic downturn on the African continent, housing creates an important and strategic opportunity to change the narrative and drive growth from within. The opportunity is clear.
The seventh edition of the Housing Finance in Africa Yearbook covers 51 African countries and five regions – an addition of three country profiles this year. We have again sought out new data and refined our approach to the affordability graphs. We have been monitoring the news so that the 2016 Yearbook reflects the current situation of housing finance markets on the African continent.

The Yearbook is intended to provide housing finance practitioners, investors, developers, researchers and government officials with a current update of practice and developments in housing finance in Africa, reflecting the dynamic change and growth evident in the market, over the past year. As much as possible, the Yearbook highlights the opportunities available for new initiatives and developments on existing initiatives. It helps practitioners find one another as they strive to participate in and grow the sector.

While the general aim of the Yearbook is to offer a broad overview of housing finance and housing development in Africa, special emphasis is placed on the key challenge of housing affordability, and the critical need for housing products and finance that are explicitly targeted at the income profiles of the majority. It also creates awareness of nascent and unrealized markets which are often deemed too risky to enter. The 2016 Yearbook explicitly illustrates the investment potential and wealth of information available. A continent wide survey illustrates the cost of housing by country and the market for rental.

More often than not, the lack of information drives investment away – this is what we are trying to address. The goal of all CAHF’s work is to see an increase in investment in affordable housing and housing finance throughout Africa: more players and better products, with a specific focus on the poor. While the Yearbook is largely a desktop study, the approach uses in-country expertise and a survey approach. Using CAHF’s research as baseline material, further information on more recent developments was accessed from media reports, journal articles and practitioner websites. In some cases, material was shared with in-country practitioners and interviews undertaken by in-country researchers. Of course, the Yearbook is not comprehensive; however, it is intended as an introduction, with the hope that the detail provided will spur interest for more in depth investigation into housing and housing finance markets in African countries.

At the same time, not all information collected can be included in the actual document. The data is released electronically – through our newsletters and interactive dashboards on our website. An example of an interactive dashboard can be seen through our Mortgage Affordability Calculator which calculates mortgage and housing affordability in Africa using data obtained from the Yearbook process.

CAHF understands that in our attempt to segment the market – data is still relative. CAHF invites readers to provide comment and share their experiences on what they are doing in housing finance in Africa.

Sireena Ramparsad
Yearbook Editor

Kecia Rust
Centre for Affordable Housing Finance in Africa
September 2016
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**GDP & GDP PER CAPITA (US$) 2015**

African economies are among the fastest growing in the world, notwithstanding current economic pressures.

Watch Ethiopia (9.61% GDP growth rate in 2015), Cote d’Ivoire (8.44%), Tanzania (6.37%), DR Congo (6.24%), Senegal (6.48%), Mozambique (6.27%), Cameroon (6.24%), Rwanda (5.76%), Nigeria (4.39%), Egypt (4.2%), and Kenya (4.28%).

GDP per capita in many of these suggests very real opportunities for lower-middle income housing—a reality that investors are beginning to appreciate and target.

Source: 2015 WDI
Some funds are beginning to explore housing as one of many sectors in which they invest. Vital Capital Fund, for example, is a private equity impact investor; with a US$350 million fund. Vital has invested US$92 million in Kora Housing, a developer in Angola that is delivering 40,000 affordable housing on various sites in cooperation with the Angolan government. Vital also has a 500-unit greenfields project in Ghana. Sofala Capital focuses on niche credit businesses that are scalable across multiple countries, and again, housing is only one of their focus areas. Their investment in Zambian Home Loans is interesting in its engagement with the owner-builder housing process that is so common across the continent. Sitting somewhere between housing microfinance approaches and mortgage finance, ZHL’s experience will offer Sofala a track record to then explore in other countries.

Another impact investor, Goodwill Investments, is based in the Netherlands and has identified the lack of access to housing finance among low to middle income earners as a critical development issue facing most countries in Africa. Their Goodwill III fund (with target capital of EUR 20 million, of which EUR 10 million will be invested in financial inclusion) makes investments, providing risk capital and technical support, to commercially-viable solutions that enable financial inclusion. The technical support component, offered by Goodwill Advisory Services, is an important offering, as few projects and initiatives are investor-ready. Goodwill seeks to support what look like promising projects get to the stage where they might be able to receive investments.

A key challenge with foreign-denominated investments is currency risk. The African Local Currency Bond Fund (ALCB) was set up in 2012 by KfW on behalf of the German Federal Ministry for Economic Cooperation and Development, with a mission to promote the development of African capital markets. Managed by Lions Head Global Partners, the fund promotes the participation of local capital markets in developmental sectors, through anchor investments and technical assistance for bond programmes. It has a strong focus on housing. In this past year, ALCB has acted as anchor investor for various micro lenders offering housing microfinance in Botswana, Kenya, Zambia and Ghana. In 2016 – 17, further deals are likely to include a bond issuance from a mortgage provider in Ghana; a commercial paper programme from a mortgage warehousing vehicle in Nigeria; bond deals for a micro-lender offering incremental housing finance in Malawi, Lesotho, and Swaziland; a mortgage covered bond for a building society in Zimbabwe; and a parastatal housing developer in Kenya. In its focus on local capital markets, the ALCB is strengthening the connection between domestic economic growth and housing, and contributing to stronger financial markets in Africa that include housing as a key asset class.

And then there are the various residential REITs that are beginning to emerge across Africa. Recently, we’ve been looking at residential REITs in South Africa, Nigeria, Tanzania, Kenya, Rwanda, Morocco, and Ghana. With the exception of Ghana, whose legislation began to create the opportunity in the mid-1990s and early 2000s, the remaining countries only developed their REIT-supportive legislative frameworks in the past few years. Still, with their internationally recognised structures and tax benefits, they have caught some investors’ attention, and notably that of local pension funds. In very many countries, pension fund legislation requires the fund to invest a certain proportion of its capital in domestic targets. Historically, housing has not been considered a viable investment target for the more conservative pension funds; this notwithstanding their favourable term requirements which align with the longer term nature of housing investments. REITs may well be one way to enable this opportunity for local capital markets to support housing investment.

Given the newness of the residential real estate market, most investors focus on the delivery of middle class, developer-built housing financed by traditional mortgages, where they can achieve a margin to support the perceived risk. However, the bulk of the demand and the opportunity is in the non-mortgage, incremental housing space.

Triple Jump manages the MicroBuild Fund, set up by Habitat for Humanity International in 2012. The fund specialises in debt capital specifically for housing microfinance that is targeted at low-income borrowers. To complement the investment capital, HfH offers technical assistance to lenders to address housing quality issues for the loans that are being funded. In addition to HfH, Omidiyar Network and OPIC are investors in the fund. Only seven percent of the funding has been invested in Africa, however, in part because the projects simply don’t exist.

This has been the challenge – across the continent, investors have struggled to find investment-ready projects. And yet the need for housing is a consequence of under-investment.

REAL (Real Equity for All) has been addressing this challenge head on, focusing on building development enterprises out of social movements that have prioritised housing but have lacked the capacity to deliver at scale. REAL grew out of the UK organisation, Homeless International, which in the early 2000s supported the Community Led Infrastructure Funding Facility (CLIFF), providing capital into informal settlement upgrading initiatives around the world. REAL’s approach is that local social movements can be supported to grow into investment-worthy development enterprises. The central premise is that massive demand for affordable housing creates an investment opportunity for investors, if they structure their investments in ways that can engage with local level, small scale and community owned initiatives. REAL seeks to bridge this gap. In the five years to 2015, REAL has provided technical and financial support leading to the upgrading and delivery of housing for 170,000 people, the securing of land tenure for 1.9 million people, and improving the water and sanitation conditions for many more.

REAL has disbursed GBP34 million (US$45.2 million) as capital loans for housing, water and sanitation projects targeted at very low-income earners across Africa and Asia. A further GBP4.1 million (US$5.45 million) has been granted to development enterprises as capacity building support, with a view towards making them investor-ready, and therefore scalable, over the long term.

Over the course of the past year, CAHF reviewed the press and pulled out stories of housing developments underway across the continent. The list is not comprehensive. We found about 120 separate developments reported; it is what we could find as we trawled news sites for stories about housing in Africa. Adding all these stories together, we found promises for just over 10 million houses over the next five years. On its own, this is a significant number and promises massive investment opportunities. Just using IFC’s math, which estimates that US$300 million can turn into 30,000 houses, 10 million houses then suggests an investment commitment of over US$1 billion. The problem is, of course, that this is not near enough – assuming that it actually all gets delivered. In its forthcoming book, the African Development Bank estimates that the backlog across just nine African countries is over 26 million units and growing by at least 1.5 million units per annum. In Nigeria alone, the backlog is estimated to be 17 million units. In very many cities, the majority of housing that does exist is of poor quality (in Zambia, 60 percent of urban stock is substandard). We need much more quality housing delivery if we are to even begin to meet the challenge and seize the opportunity.

Most of these investment funds were initiated when the African growth trajectory was on an upward curve. The narrative underpinning Africa’s growth story has had to change in the past year; however. Still among the fastest growing continents, Africa has seen its growth and development prospects seriously challenged by global economic pressures, the commodities downturn and the slowing Chinese economy. Where the prospects of oil and gas discoveries dominated the news five years ago, in 2016 it is their loss in value that is making governments reconsider their economic development strategies. The key challenge in this environment, is economic diversification. Can housing contribute towards that opportunity?
The role of housing in economic growth is something that CAHF has been exploring for some time. A key economic indicator in the developed world, the housing economy is not well-tracked in African countries. Property and construction data, captured as part of the national GDP statistics, conflates activity in the commercial, retail and industrial sectors with residential data; lenders do not differentiate in their monitoring and reporting between loan products; and indeed, in many contexts land rights are not captured on an electronic registry. When data is collected, it is for the high-end market – a very small minority of the overall potential for growth, and of the activity that actually comprises local housing markets. And then, of course, the majority of housing across the continent is owner-built, incrementally, without formal finance. This makes it very difficult to quantify the impact that housing has on the economy, and to then motivate for increased policy attention to address market constraints.

A central component of CAHF’s mission is to improve the data available to investors and policy makers so that they can better engage in the development of Africa’s affordable housing market. There is one central indicator to test if we are on the right track: housing affordability. This is a factor of three things: house price, finance availability and terms, and household income.

**House price**

Annually, CAHF asks the experts contributing to this yearbook to define, from their perspective, the cost of the cheapest newly built house, built in this past year, by a private developer; and we ask for the size of that house. The data does not indicate the cheapest house that can be built, but rather the cheapest house that is being built. The distinction is important: developers choose their markets based on a variety of factors including their sense of local affordability, access to materials and finance, and their sense of local expectations. They may choose to build a more expensive house because they feel it will sell more easily, given mortgage finance that is available, for example. The data we received varies considerably, from a US$200 000 house in Angola, through to a US$8 536 house in Côte d’Ivoire.

### Price of the Cheapest, Newly Built House by a Formal Developer: 2016 and 2015

Source: CAHF Research, September 2016

In some countries, the housing available this year is more expensive than last year: Djibouti, Namibia, Lesotho, Egypt, Mali, Togo. In other countries, significantly cheaper houses have been built: Botswana, Algeria, Cameroon, South Sudan, Nigeria. What the data doesn’t tell us is the scale of the delivery – is this just one housing project we are seeing or is it representative of the delivery focus in the country? And can we compare costs when the houses themselves are different?

To try and understand some of these questions, CAHF has commissioned a cross-country study into the relative cost of a ‘typical’ entry-level house (46m² unit constructed with cement block and plastered walls, galvanised iron sheeting, concrete slab, with a 9m² verandah, on a 120m² plot of land), in sixteen countries. The specification was shared with quantity surveyors in each country, and costings of this house, using the same building materials and specifications, were sought. The results are still being finalised at the time of writing, but initial indications show fairly dramatic differences, with the same house costing about US$67 000 in Kampala, Uganda (the most expensive of the cities studied) and about US$30 000 in Pretoria, South Africa. Key variations were in construction costs – specifically the price of steel and labour (double the cost in Accra and Abuja than in other cities) – and land costs, where a plot in Kampala, Nairobi and Dakar was more than three times the cost of a plot in the other cities studied. Where compliance costs are minor, they also vary dramatically – compliance in Nairobi is four times as expensive as in Pretoria.
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This data supplements the question we’ve been asking now for seven years: what is the cost of a 50kg bag of cement? It is coming down, significantly in most countries – see the orange bar in the graph below. However, in some countries, the 2016 price is above the 2013 price – South Sudan, Burundi, Zimbabwe, Libya. High prices persist in South Sudan, Burundi, Central African Republic, Zimbabwe, Libya, Rwanda, Sudan, Burkina Faso, Niger, Côte d’Ivoire, suggesting inefficient markets that are encumbered by any number of factors – transport routes, political violence, currency fluctuation, and so on.

### PRICE OF A 50KG BAG OF CEMENT (US$)

This data supplements the question we’ve been asking now for seven years: what is the cost of a 50kg bag of cement? It is coming down, significantly in most countries – see the orange bar in the graph below. However, in some countries, the 2016 price is above the 2013 price – South Sudan, Burundi, Zimbabwe, Libya. High prices persist in South Sudan, Burundi, Central African Republic, Zimbabwe, Libya, Rwanda, Sudan, Burkina Faso, Niger, Côte d’Ivoire, suggesting inefficient markets that are encumbered by any number of factors – transport routes, political violence, currency fluctuation, and so on.

**All prices based on the same specification for a standard, ‘generic’ house:**
- Land = 120m² in capital city
- House = 46m² constructed with cement block and plastered walls, galvanized iron sheeting, concrete slab
- Veranda = 9m²

### Comparing the Cost to Produce a ‘Generic’ 55m² House in Eleven Cities across Africa (CAHF Research)

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</tr>
</tbody>
</table>

A. LAND COSTS
B. INFRASTRUCTURE COSTS
C. COMPLIANCE COSTS
D. CONSTRUCTION COSTS
E. OTHER DEVELOPMENT COSTS
Governments can contribute significantly to a developer’s ability to deliver affordable housing at scale, by paying attention to the rough spots along the housing value chain: the availability of land, its servicing (especially water and electricity), and its registration; the availability of domestic building materials and a functioning construction sector; the time it takes to get administrative approvals for the building process, and the cost of such approvals; the taxation, finance and macro-economic framework; and the functioning of the labour market, among so many other factors.

It is interesting to look at the World Bank Group’s Doing Business Indicators (DBI) in this regard. Measuring the number of days it takes, and how much it costs, to register a warehouse (this, as a proxy for residential property, which is not currently studied), the DBI between 2012 and 2016 show remarkable progress in Burundi, Morocco, Lesotho, Guinea-Bissau, Sierra Leone and Senegal in terms of time; and in the Comoros, Cote d’Ivoire, Rwanda, Guinea-Bissau, Nigeria and Senegal in terms of the cost (percent of property value). In Zambia, Namibia, and Gabon, the registration of a commercial property has become more expensive, and in Namibia and Gabon, also much slower.

**NUMBER OF DAYS, AND COST, TO REGISTER A COMMERCIAL PROPERTY: 2016 VS 2012**

Source: Doing Business Indicators

Finance availability and terms

Of course, a key indicator of the relative health of the environment for housing delivery and investment is what mechanism of finance is available to support it. The ability of a country’s finance sector to provide affordable mortgage finance substantially impacts on both housing delivery and access by low income earners. Mortgage products are available in 46 of the 51 countries surveyed in this yearbook – but their rates and terms vary widely and their practical availability is hard to tell. With a mortgage interest rate of 34 percent, mortgages might as well be non-existent in Malawi. Indeed, one bank in that country recently confessed its mortgage book to comprise 17 mortgages in total. Only 18 countries have mortgage interest rates of less than 10 percent and 25 countries have mortgages with terms of 20 years or longer.

**PREVAILING MORTGAGE INTEREST RATES AND TERM: 2016**

Source: CAHF Research, September 2016
The consequence of this is evident in the ratio of mortgages to GDP – tiny in all countries with the exception of a few.

On the flipside, this offers substantial opportunity for growth. Kenya’s mortgage market currently comprises 24,458 mortgages, with all 34 banks offering mortgage loans. With the capacity to extend mortgage finance already extant in the country’s financial sector, the scale of mortgage delivery could conceivably change, if other factors were addressed – the World Bank estimates by as much as 50 percent. Mortgage markets in Tanzania, Nigeria and the WAEMU region also stand to increase rapidly, given the support of liquidity facilities set up in those regions.

And then there is non-mortgage finance – unsecured housing micro loans and savings, instalment sale agreements, even pension-backed loans – that can support lower income households improve their housing circumstances incrementally. This past year we’ve looked at some examples in Ghana, the Gambia, and in South Africa, and found that while the potential for non-mortgage lending is all the more significant, it receives much less policy and investment attention. We can offer a handful of case studies on housing microfinance and what makes business models sustainable, but no data on the scope and impact of the entire ‘sector’. This is a gap we need to address in the next year.

Household income

Having considered the price of housing and the terms of finance, the remaining variable in housing affordability is household income. How much can households afford to spend on their housing given their incomes and the range of other things that occupy their finances? This is a perpetually elusive figure – not only does it vary from one country to the next, and indeed within countries, it also varies from household to household. We use proxies: a rough estimate of household income, segmented into bands that then offer the potential for different sorts of housing products, delivered all at once or incrementally, financed with a mortgage, other forms of secured finance, unsecured housing finance, or savings.

Our affordability graphs use C-GIDD (Canback Global Income Distribution Database) 2015 data (in constant 2005 US$) and apply various assumptions relating to house price and mortgage affordability. Plotting the number of households by annual household income, in rural and urban areas, the graphs offer an indication of housing affordability and suggest where investors and developers might target which efforts.

African composite income distribution graph

<table>
<thead>
<tr>
<th>Annual household income US$</th>
<th>No. of households (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; $40,001</td>
<td>15.7%</td>
</tr>
<tr>
<td>$30,001 – $40,000</td>
<td>13.7%</td>
</tr>
<tr>
<td>$20,001 – $30,000</td>
<td>6.9%</td>
</tr>
<tr>
<td>$10,001 – $20,000</td>
<td>5.9%</td>
</tr>
<tr>
<td>&lt; $10,000</td>
<td>5.8%</td>
</tr>
</tbody>
</table>
The bulk of the African population falls in the bands of an annual household income of US$800 – US$23,000, in 2005 constant US$. Assuming the availability of a 20-year mortgage at 15 percent interest, 25 percent installment-to-income and no down payment, this could create purchasing power for housing in the range of US$5,595 – US$63,279 and above.

### Understanding the affordability graphs

CAHF uses C-GIDD 2015 data, reflected in 2005 constant US$. The income brackets are constant – the same for each graph, and are broken down into custom ranges of annual household income, from less than US$800 per annum (less than about US$2/day, household income), to more than US$40,000 per annum (more than about US$109/day). Of course, this is a very general indication of affordability: household sizes vary, they can contain more than one income earner, and expenditure patterns will be very different from one household to the next, not to mention a household’s debt burden. Still, the indication is helpful in showing where the bulk of the population will lie, and what sorts of housing options might be relevant given other factors such as mortgage access and terms, the state of the construction sector, and so on.

Think about these graphs in terms of the relative population of each country, and the urbanization rates that they are experiencing, which impacts directly on demand for housing. The cost of the unit is what is true, according to our country experts, this year. There may be cheaper houses available or possible, but this is what is being built by a private developer this year. We also don’t have a sense of scale – how many of these houses are being built? So when a graph suggests that only 2.7 percent of Rwandan households can afford the cheapest newly built house (delivered this year at US$38,000), we don’t know if there are enough houses being built to serve even this population. In very many countries, the opportunity lies in finding something that will serve just below this affordability threshold. Can a house be delivered for less than US$38,000 in Rwanda? And can more houses be built at the threshold?

The question of affordability is complex, however. These are generalized, annual household income figures, averaged for a nation, and hiding what goes on in individual households. This is critical information that developers and investors, financiers and policy makers will need to explore further if they are to truly understand the opportunities available. In a country like South Africa, for example, credit indebtedness is a critical factor: only 47.6 percent of credit active consumers were current on their accounts at the end of the second quarter of 2016. This has a severe impact on affordability for housing. In the graphs that follow, the “% of urban households that can afford this house” is a rough figure – indicative of the region in which investors, developers and policy makers can explore opportunities. Much more detailed, local work is necessary to understand these opportunities better.
### Average annual urban household income, 2015 (in constant 2005 US$)

<table>
<thead>
<tr>
<th>Country</th>
<th>Average Annual Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>BENIN</td>
<td>$7,385</td>
</tr>
<tr>
<td></td>
<td>$3,842</td>
</tr>
<tr>
<td>BOTSWANA</td>
<td>$14,856</td>
</tr>
<tr>
<td></td>
<td>$8,166</td>
</tr>
<tr>
<td>BURKINO FASO</td>
<td>$2,818</td>
</tr>
<tr>
<td></td>
<td>$2,865</td>
</tr>
<tr>
<td>BURUNDI</td>
<td>$14,772</td>
</tr>
<tr>
<td></td>
<td>$2,353</td>
</tr>
</tbody>
</table>

### Average income needed for the cheapest newly built house by a formal developer, 2016

<table>
<thead>
<tr>
<th>Income Range</th>
<th>No. of Households (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; $40,001</td>
<td>800</td>
</tr>
<tr>
<td>$23,001 - $40,000</td>
<td>700</td>
</tr>
<tr>
<td>$12,001 - $23,000</td>
<td>600</td>
</tr>
<tr>
<td>$8,001 - $12,000</td>
<td>500</td>
</tr>
<tr>
<td>$5,001 - $8,000</td>
<td>400</td>
</tr>
<tr>
<td>$3,601 - $5,000</td>
<td>300</td>
</tr>
<tr>
<td>$2,401 - $3,600</td>
<td>200</td>
</tr>
<tr>
<td>$1,601 - $2,400</td>
<td>100</td>
</tr>
<tr>
<td>$801 - $1,600</td>
<td>50</td>
</tr>
<tr>
<td>&lt; $800</td>
<td>20</td>
</tr>
</tbody>
</table>

### Population, Urbanisation Rate, Cost of Unit (US$), and % of urban households that can afford the house

<table>
<thead>
<tr>
<th>Country</th>
<th>Population</th>
<th>Urbanisation Rate</th>
<th>Cost of Unit (US$)</th>
<th>% of urban households that can afford the house</th>
</tr>
</thead>
<tbody>
<tr>
<td>BENIN</td>
<td>10,880,000</td>
<td>3.62</td>
<td>$14,941</td>
<td>19.6%</td>
</tr>
<tr>
<td>BOTSWANA</td>
<td>2,262,000</td>
<td>2.35</td>
<td>$36,000</td>
<td>39.8%</td>
</tr>
<tr>
<td>BURKINO FASO</td>
<td>18,106,000</td>
<td>5.73</td>
<td>$33,000</td>
<td>39.6%</td>
</tr>
<tr>
<td>BURUNDI</td>
<td>11,179,000</td>
<td>5.78</td>
<td>$33,000</td>
<td>0.7%</td>
</tr>
</tbody>
</table>
Average annual urban household income, 2015 (in constant 2005 US$)

**COMOROS**
- Population: 788 000
- Urbanisation rate: 2.74
- Cost of Unit (US$): 131 000
- % of urban households that can afford this house: 2.0%

**CÔTE D’IVOIRE**
- Population: 22 702 000
- Urbanisation rate: 3.79
- Cost of Unit (US$): 5 363
- % of urban households that can afford this house: 96.0%

**DJIBOUTI**
- Population: 888 000
- Urbanisation rate: 1.43
- Cost of Unit (US$): 140 552
- % of urban households that can afford this house: 5.2%

**DRC**
- Population: 77 267 000
- Urbanisation rate: 4.37
- Cost of Unit (US$): 40 000
- % of urban households that can afford this house: 2.6%
EGYPT

Average household income US$

- $7,689
- $4,613
- $3,601
- $2,401
- $1,601
- $801
- <$800

Average income needed for the cheapest newly built house by a formal developer, 2016

Average annual urban household income, 2015 (in constant 2005 US$)

Population: 91,508,000
Urbanisation rate: 2.28
Cost of Unit (US$): 22,727
% of urban households that can afford this house: 83.9%

EQUATORIAL GUINEA

Average household income US$

- $7,139
- $1,556

Average income needed for the cheapest newly built house by a formal developer, 2016

Average annual urban household income, 2015 (in constant 2005 US$)

Population: 845,000
Urbanisation rate: 3.32
Cost of Unit (US$): 90,901
% of urban households that can afford this house: 0.8%

ERITREA

Average household income US$

- $10,386
- $1,506

Average income needed for the cheapest newly built house by a formal developer, 2016

Average annual urban household income, 2015 (in constant 2005 US$)

Population: 5,228,000
Urbanisation rate: 3.95 (2011)
Cost of Unit (US$): 90,901
% of urban households that can afford this house: 0.8%

ETHIOPIA

Average household income US$

- $1,658
- $917

Average income needed for the cheapest newly built house by a formal developer, 2016

Average annual urban household income, 2015 (in constant 2005 US$)

Population: 99,391,000
Urbanisation rate: 4.78
Cost of Unit (US$): 7,397
% of urban households that can afford this house: 35.9%
**GABON**

Annual household income US$

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>$&gt;40,001</td>
<td></td>
<td></td>
</tr>
<tr>
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<td></td>
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<tr>
<td>$&lt;800</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Average household income distribution:
- **Rural**: 20, 0, 20, 40, 60, 80, 100
- **Urban**: 20, 40, 60, 80, 100

**Average annual urban household income, 2015 (in constant 2005 US$)**

- GABON: $19,241

**Urbanisation rate**: 2.50

**Cost of Unit (US$)**: 45,000

**% of urban households that can afford this house**: 46.2%

**No. of households (thousands)**

- Rural: 0, 20, 40, 60, 80, 100
- Urban: 20, 40, 60, 80, 100

**Population**: 1,725,000

**Urbanisation rate**: 2.50

**Cost of Unit (US$)**: 45,000

**% of urban households that can afford this house**: 46.2%

---

**GAMBIA**

Annual household income US$

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Rural</th>
<th>Urban</th>
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<tbody>
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<td></td>
</tr>
<tr>
<td>$&lt;800</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Average household income distribution:
- **Rural**: 40, 50, 60, 70, 80, 90, 100
- **Urban**: 20, 40, 60, 80, 100

**Average annual urban household income, 2015 (in constant 2005 US$)**

- GAMBIA: $33,276

**Urbanisation rate**: 4.24

**Cost of Unit (US$)**: 50,000

**% of urban households that can afford this house**: 1.0%

**No. of households (thousands)**

- Rural: 60, 50, 40, 30, 20, 10, 0
- Urban: 10, 20, 30, 40, 50, 60, 70

**Population**: 1,991,000

**Urbanisation rate**: 4.24

**Cost of Unit (US$)**: 50,000

**% of urban households that can afford this house**: 1.0%

---

**GHANA**

Annual household income US$

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
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<td>$801 – $1,600</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$&lt;800</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Average household income distribution:
- **Rural**: 1000, 800, 600, 400, 200, 100, 0
- **Urban**: 200, 400, 600, 800, 1000

**Average annual urban household income, 2015 (in constant 2005 US$)**

- GHANA: $18,160

**Urbanisation rate**: 3.51

**Cost of Unit (US$)**: 20,223

**% of urban households that can afford this house**: 4.3%

**No. of households (thousands)**

- Rural: 0, 10, 20, 30, 40, 50, 60
- Urban: 0, 10, 20, 30, 40, 50, 60

**Population**: 27,410,000

**Urbanisation rate**: 3.51

**Cost of Unit (US$)**: 20,223

**% of urban households that can afford this house**: 4.3%

---

**GUINEA BISSAU**

Annual household income US$

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>$&gt;40,001</td>
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<td></td>
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<td>$801 – $1,600</td>
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<td></td>
</tr>
<tr>
<td>$&lt;800</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Average household income distribution:
- **Rural**: 60, 50, 40, 30, 20, 10, 0
- **Urban**: 0, 10, 20, 30, 40

**Average annual urban household income, 2015 (in constant 2005 US$)**

- GUINEA BISSAU: $12,960

**Urbanisation rate**: 4.00

**Cost of Unit (US$)**: 30,500

**% of urban households that can afford this house**: 1.6%

**No. of households (thousands)**

- Rural: 10, 20, 30, 40, 50, 60, 70
- Urban: 10, 20, 30, 40, 50, 60, 70

**Population**: 1,844,000

**Urbanisation rate**: 4.00

**Cost of Unit (US$)**: 30,500

**% of urban households that can afford this house**: 1.6%
Average income needed for the cheapest newly built house by a formal developer, 2016

Average annual urban household income, 2015 (in constant 2005 US$)

### Mauritius
- **Population:** 1,265,000
- **Urbanisation rate:** -0.23
- **Cost of Unit (US$):** 32,000
- **% of urban households that can afford this house:** 98.1%

### Morocco
- **Population:** 3,437,800
- **Urbanisation rate:** 2.16
- **Cost of Unit (US$):** 14,170
- **% of urban households that can afford this house:** 90.8%

### Mozambique
- **Population:** 2,797,800
- **Urbanisation rate:** 3.63
- **Cost of Unit (US$):** 63,000
- **% of urban households that can afford this house:** 0.2%

### Namibia
- **Population:** 2,459,000
- **Urbanisation rate:** 4.43
- **Cost of Unit (US$):** 40,788
- **% of urban households that can afford this house:** 44.5%
### Average Annual Urban Household Income, 2015 (in constant 2005 US$)

#### NIGERIA
- **Annual household income US$**
  - $4 564
  - $7 490
- **Population:** 182 202 000
- **Urbanisation rate:** 4.39
- **Cost of Unit (US$):** 12 804
- **% of urban households that can afford this house:** 8.4%

#### NIGER
- **Annual household income US$**
  - $4 564
  - $1 962
- **Population:** 19 899 000
- **Urbanisation rate:** 5.44
- **Cost of Unit (US$):** 12 804
- **% of urban households that can afford this house:** 8.4%

#### RWANDA
- **Annual household income US$**
  - $15 085
  - $2 519
- **Population:** 11 610 000
- **Urbanisation rate:** 5.76
- **Cost of Unit (US$):** 38 000
- **% of urban households that can afford this house:** 2.7%

#### SENEGAL
- **Annual household income US$**
  - $7 620
  - $7 080
- **Population:** 15 129 000
- **Urbanisation rate:** 3.82
- **Cost of Unit (US$):** 22 194
- **% of urban households that can afford this house:** 55.6%
SEYCHELLES

Annual household income US$

Rural
Urban

No. of households (thousands)

Average annual urban household income, 2015 (in constant 2005 US$)

Population: 92 000
Urbanisation rate: 2.24
Cost of Unit (US$): 164 000
% of urban households that can afford this house: 9.1%

SIERRA LEONE

Annual household income US$

Rural
Urban

No. of households (thousands)

Average annual urban household income, 2015 (in constant 2005 US$)

Population: 6 453 000
Urbanisation rate: 3.07
Cost of Unit (US$): 55 000
% of urban households that can afford this house: 0.9%

SOMALIA

Annual household income US$

Rural
Urban

No. of households (thousands)

Average annual urban household income, 2015 (in constant 2005 US$)

Population: 10 787 000
Urbanisation rate: 3.73
Cost of Unit (US$): 100 000
% of urban households that can afford this house: 0.0%

SOUTH AFRICA

Annual household income US$

Rural
Urban

No. of households (thousands)

Average annual urban household income, 2015 (in constant 2005 US$)

Population: 54 001 953
Urbanisation rate: 2.43
Cost of Unit (US$): 23 962
% of urban households that can afford this house: 35.8%
**SOUTH SUDAN**

**Average annual urban household income, 2015 (in constant 2005 US$)**

- $48,057

**Average income needed for the cheapest newly built house by a formal developer, 2016**

- $6,018

**Average annual urban household income, 2015 (in constant 2005 US$)**

- $6,819

**Average income needed for the cheapest newly built house by a formal developer, 2016**

- $2,360

**Average annual urban household income, 2015 (in constant 2005 US$)**

- $17,391

**Average income needed for the cheapest newly built house by a formal developer, 2016**

- $9,797

**Average annual urban household income, 2015 (in constant 2005 US$)**

- $9,801

**Average income needed for the cheapest newly built house by a formal developer, 2016**

- $8,001

** Population: 12,340,000**

**Urbanisation rate:** 12.77

**Cost of Unit (US$):** 15,000

**% of urban households that can afford this house:** 0.1%

---

**SUDAN**

**Average annual urban household income, 2015 (in constant 2005 US$)**

- $6,189

**Average income needed for the cheapest newly built house by a formal developer, 2016**

- $2,760

**Average annual urban household income, 2015 (in constant 2005 US$)**

- $14,166

**Average income needed for the cheapest newly built house by a formal developer, 2016**

- $5,001

**Average annual urban household income, 2015 (in constant 2005 US$)**

- $16,000

**Average income needed for the cheapest newly built house by a formal developer, 2016**

- $2,100

**Average annual urban household income, 2015 (in constant 2005 US$)**

- $16,000

**Average income needed for the cheapest newly built house by a formal developer, 2016**

- $8,001

**Average annual urban household income, 2015 (in constant 2005 US$)**

- $8,001

**Average income needed for the cheapest newly built house by a formal developer, 2016**

- $8,001

**Average annual urban household income, 2015 (in constant 2005 US$)**

- $8,001

**Population: 40,235,000**

**Urbanisation rate:** 2.77

**Cost of Unit (US$):** 16,000

**% of urban households that can afford this house:** 51.4%

---

**SWAZILAND**

**Average annual urban household income, 2015 (in constant 2005 US$)**

- $17,391

**Average income needed for the cheapest newly built house by a formal developer, 2016**

- $14,166

**Average annual urban household income, 2015 (in constant 2005 US$)**

- $5,001

**Average income needed for the cheapest newly built house by a formal developer, 2016**

- $2,401

**Average annual urban household income, 2015 (in constant 2005 US$)**

- $3,601

**Average income needed for the cheapest newly built house by a formal developer, 2016**

- $1,601

**Average annual urban household income, 2015 (in constant 2005 US$)**

- $801

**Average income needed for the cheapest newly built house by a formal developer, 2016**

- $801

**Average annual urban household income, 2015 (in constant 2005 US$)**

- $801

**Population: 1,287,000**

**Urbanisation rate:** 1.36

**Cost of Unit (US$):** 50,000

**% of urban households that can afford this house:** 49.1%

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**TANZANIA**

**Average annual urban household income, 2015 (in constant 2005 US$)**

- $9,797

**Average income needed for the cheapest newly built house by a formal developer, 2016**

- $9,801

**Average annual urban household income, 2015 (in constant 2005 US$)**

- $8,001

**Average income needed for the cheapest newly built house by a formal developer, 2016**

- $6,025

**Average annual urban household income, 2015 (in constant 2005 US$)**

- $8,001

**Average income needed for the cheapest newly built house by a formal developer, 2016**

- $8,001

**Average annual urban household income, 2015 (in constant 2005 US$)**

- $8,001

**Population: 53,470,000**

**Urbanisation rate:** 5.39

**Cost of Unit (US$):** 19,801

**% of urban households that can afford this house:** 3.2%
Average annual urban household income, 2015 (in constant 2005 US$)

**Togo**

- **Population:** 7,305,000
- **Urbanisation rate:** 3.87
- **Cost of Unit (US$):** 11,751
- **% of urban households that can afford this house:** 8.3%

**Tunisia**

- **Population:** 11,117,000
- **Urbanisation rate:** 1.30
- **Cost of Unit (US$):** 25,500
- **% of urban households that can afford this house:** 86.5%

**Uganda**

- **Population:** 39,032,000
- **Urbanisation rate:** 5.36
- **Cost of Unit (US$):** 30,000
- **% of urban households that can afford this house:** 3.5%

**Zambia**

- **Population:** 16,212,000
- **Urbanisation rate:** 4.18
- **Cost of Unit (US$):** 65,000
- **% of urban households that can afford this house:** 3.8%
This year, 2016, marks the third United Nations Habitat Conference on Housing and Sustainable Urban Development since UN Habitat was established at the first conference in Vancouver, Canada in 1976. Meeting in Quito, Ecuador in October 2016, governments from around the world will deliberate on the New Urban Agenda (NUA), building on the Habitat Agenda agreed in Istanbul in 1996. A key challenge in the finalisation of the NUA is how governments will engage with the private sector, and specifically embrace the opportunity for private sector led housing finance.

According to UN Habitat, the New Urban Agenda is “an action-oriented document which will set global standards of achievement in sustainable urban development, rethinking the way we build, manage, and live in cities through drawing together cooperation with committed partners, relevant stakeholders, and urban actors at all levels of government as well as the private sector.” It will guide governments in their policy making and focus their attention on the key issues common to them all.

Paragraphs 44 and 136 of the NUA (Draft 28 July 2016) explicitly address the issue of housing finance:

44. We commit to promote the role of affordable and sustainable housing and housing finance, including social habitat production, in economic development, and the contribution of the sector in stimulating productivity in other economic sectors, recognising that housing enhances capital formation, income, employment generation and savings, and can contribute to driving sustainable and inclusive economic transformation at the national, sub-national, and local levels.

136. We will support the development of appropriate and affordable housing finance products; and encourage the participation of a diverse range of multilateral financial institutions, regional development banks and development finance institutions; cooperation agencies; private sector lenders and investors, cooperative, money lenders and microfinance banks to invest in affordable and incremental housing in all its forms.

The challenge facing African governments, is how to live up to these commitments in the face of all of their other pressures. Across the continent, with the exception of the SADC Region, less than half the countries have formal, signed housing policies and even fewer have property related policies. This undermines private sector participation and limits the potential for scale.

The rationale for stimulating local housing markets is clear: IFC estimates that for every house built in emerging markets, five jobs are created. The production and consumption of housing stimulates economic growth and growing property markets support enhanced financial intermediation contributing to the efficient development of national economies. And housing assets, whether geared with finance or not, can act as a financial springboard to micro and medium enterprise and human capital development.

Investors are clearly interested in real estate in Africa. FDI Magazine reports that since 2011, Africa has witnessed a 187.5 percent increase in real estate FDI, citing Casablanca, Kampala and Accra as top investment destinations. The residential real estate sector however, only held 10.34 percent share of the real estate market between 2011 and 2015. It is here that efforts to stimulate the affordable housing sector should focus. Governments have an excellent opportunity to gear this interest in support of their growth targets, while also meeting the housing needs of their growing urban populations. In the context of the economic downturn on the African continent, housing creates an important and strategic opportunity to change the narrative and drive growth from within. The opportunity is clear.

Sources
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www.phatisa.com/funds/pahf/
www.ihsinvestments.co.za
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chartwellgroup.co.za/index.php/about-us/
www.thimpactprogramme.org.uk/dfid-impact-fund/
www.sofalacapital.com
www.real.net
www.kora.co.za/home/
www.shelterafrique.org
www.vital-capital.com
www.habitat3.org
www.fdiintelligence.com
Explaining the indicators

Each of the country profiles includes a set of indicators, drawn from various sources, including the African Economic Outlook database, the World Bank’s various databases, and UNDP’s International Human Development Indicators. In addition, we present CAHF’s own data, collected by our country specialists on the prices of cement, and various other key delivery and affordability indicators.

- **Main Urban Centres:** These include the capital city of the country and any other large city. The United Nations World Urbanisation Prospects estimates that Africa’s urban population will increase from 455 million in 2014 to about 1.33 billion in 2050, about three times the current population. This means that we can expect about 20 million new urban households by 2050, all of whom will require housing.

- **Exchange Rate:** The rate for all currencies to the US dollar was provided by CAHF’s country profile authors, or obtained through the forex website www.coinmill.com. For each country, the exchange rate used varies according to the period when the profile was written - generally between the months of July and September 2016. Note, however, that exchange rates can fluctuate widely.

- **Inflation Rate:** 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. The Laspeyres formula is generally used. Data is drawn from Africa Economic Outlook.

- **Population:** Population counts 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 midyear estimates, drawn from the World Bank’s World Development Indicators.

- **Population growth rate:** This is the rate of growth of population, measured in the middle of the year, from one year to another. The data is drawn from the World Bank’s World Development Indicators.

- **Urban population:** Refers to people living in urban areas as defined by national statistical offices. It is calculated using World Bank population estimates and urban-ratio from the United Nations’ World Urbanisation Prospects.

- **Urbanisation rate:** Refers to the rate of increase in the country’s urban population as defined by national statistical offices, expressed as a percentage. Uganda and Burkina Faso have the highest urbanisation rates in Africa, at just under six percent. Data is drawn from the World Bank’s World Development Indicators.

- **GDP per capita:** This is the gross domestic product (GDP) divided by the midyear population. It provides a rough indication of the residents’ standard of living, but misses the important factor of inequality. It must therefore be read together with the Gini Coefficient and the percent of the population living below the poverty line. This data is drawn from the World Bank’s World Development Indicators.

- **GDP growth rate:** Is the annual percentage growth in GDP at market prices based on constant local currency. Aggregates are based on constant 2005 U.S. dollars. The GDP growth rate measures the growth in the economy. This data is also drawn from the World Bank’s World Development Indicators.

- **GDP:** Is the sum of all value added, or simply the gross value of output, by all resident producers in the economy without making deductions for depreciation of assets or for depletion and degradation of natural resources, plus any product taxes and minus any subsidies not included in the value of the products. Data is expressed in current U.S. dollars, and drawn from the World Bank, Organisation for Economic Co-operation and Development, and United Nations.

- **GNI Per Capita, Atlas method:** GNI per capita is the gross national income, converted to U.S. dollars using the World Bank Atlas method, divided by the midyear population. GNI includes the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad. To smooth fluctuations in prices and exchange rates, a special Atlas method of conversion is used by the World Bank. This applies a conversion factor that averages the exchange rate for a given year and the two preceding years, adjusted for differences in rates of inflation between the employees, and from 2001, countries in the Euro area, Japan, the United Kingdom, and the United States. Some argue that it is a better measure of the standard of living than GDP per capita. The data is drawn from the World Bank’s World Development Indicators.

- **Population below national poverty line:** Nation-specific estimates 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. This data is drawn from African Economic Outlook and is a rough measure of living standards.

- **Unemployment rate:** The share of the labour force that is without work but available for and seeking employment. The number typically does not include discouraged job seekers. This data was drawn from African Economic Outlook.

- **Gini Coefficient:** This measures 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, and is drawn from the World Bank’s World Development Indicators.

- **Human Development Index (Global Ranking and score):** The Human Development Index is a composite statistic. It is 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. The index score is drawn from the UN Development Programme. The global ranking is out of 187 countries.

- **Lending Interest Rate:** This is the 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. The data is drawn from the World Bank’s World Development Indicators or CAHF country profile authors.

- **Unsecured Lending Interest Rate:** is the interest rate in the country, charged on unsecured credit. This data was collected by the country-profile authors for CAHF.

- **Mortgage Interest Rate:** The rate of interest charged on a mortgage loan to purchase a property. Coupled with mortgage term and the loan to value ratio, this determines loan affordability and the percentage of the population that can afford to participate in the housing market unassisted. The mortgage interest rate is usually linked to prime, and is influenced by the central bank rate in the country. It also incorporates the cost of capital to a particular lender, and so varies from one lender to the next. This data was collected by the country-profile authors for CAHF.

- **Mortgage Term:** Given the size of the loan, mortgage terms are generally long, and can be anywhere up to 30 years. However, a lender’s capacity to offer a long term loan is determined by their source of capital. If they rely on deposits, their ability to offer a long term loan is constrained. This is the classic challenge in most African countries overcoming the capital mismatch where lenders use short term savings to fund long term loans. The liquidity facilities introduced in Egypt, Tanzania, Nigeria and the WAEMU region address this particular challenge. Generally, mortgage terms across the continent vary from five to 20 years.

- **Down payment:** Is the initial payment the borrower makes to secure their rights to purchase a property. It is often required by a lender to demonstrate the borrower’s own financial commitment, and is represented as a percentage of the purchase price of the property. This data was collected by the country-profile authors for CAHF.
Credit % of GDP: This indicator is written in full as domestic credit to the private sector as a percentage of GDP. It measures the financial resources provided to the private sector—such as through loans, purchases of non-equity securities, and trade credits and other accounts receivable—that establish a claim for repayment. It offers an indication of the extent or sophistication of the country’s credit market. For some countries these claims include credit to public enterprises. It has been expressed as a percentage of GDP. This data is drawn from the World Bank’s World Development Indicators.

Average Mortgages % of GDP: This indicator measures the value of mortgages outstanding in a country as a percentage of GDP. It’s often regarded as a rough measure of the size of the mortgage market in a country relative to the size of the economy. This data is not yet collected on a consistent basis across Africa—this is something that CAHF wishes to address. Current data provided in this report is calculated from various sources—Central Banks, World Bank research, and the Housing Finance Information Network (Hofinet).

Estimated Number of Mortgages: is the number of mortgages issued by financial institutions in the respective country. This data was collected by the country-profile authors for CAHF.

Average Loan Size (Mortgage): Expressed in US$, this variable provides the average size of a mortgage loan taken in the respective country. This data was collected by the country-profile authors for CAHF.

Average Loan Size (Non-Mortgage): Expressed in US$, this variable provides the average size of a micro loan taken in the respective country. This data was collected by the country-profile authors for CAHF.

Deeds registry: Is a government office that maintains the public record of land rights in a country. Its existence enables property transactions, and is a precondition of a functioning mortgage market. A key challenge in many countries is the formal registration of land to enable mortgage lending, and the creation of an electronic deeds registry. This indicator confirms whether such a registry exists.

No. of residential title deeds in registry: indicates the number of residential properties and therefore the relative size of the property market.

Price To Rent Ratio: This ratio provides a comparison between owning and renting properties in certain cities. It is calculated by dividing the average house price by the average yearly rent price. In some cities, the ratio could vary drastically depending on location. Of course, this data is skewed towards the high income, formal market, but is nonetheless indicative of what is formally available. The data is drawn from Numbeo.

Gross Rental Yield: This is the amount of annual rent collected, expressed as a percentage of the total cost of the rental property. It is used to compare properties in different locations against each other. Rental yields also signify the rate of return from investing in the rental property. The yield may differ significantly between properties within city centre and away from the city centre. Again, the data is skewed towards the high income, formal market. The data is drawn from Numbeo.

Outstanding home loan (% age 15+): The Global Findex database is the world’s most comprehensive database on financial inclusion. The data is collected in partnership with the Gallup World Poll, and is based on interviews with about 150,000 adults in over 140 countries. Among the questions, respondents were asked if they had an outstanding loan from a bank or another type of financial institution to purchase a home, an apartment, or land. This figure would include both mortgage and non-mortgage loans for housing, and represents the situation in 2014.

Cost of standard 50kg bag of cement: This is a rough indicator of the relative cost of construction across countries. CAHF collects this data annually, from building material supplier websites, or from its in-country researchers.

Price of the cheapest, newly built house by a formal developer: This is the minimum price of the cheapest, newly built housing unit, by a formal developer. The indicator does not tell us how many of these houses are built annually, and only provides an indication of the cheapest house under construction in that particular year. It is indicative of the target of the construction industry. This data was collected by the country-profile authors for CAHF.

Size of this house (m²): This indicator contextualises the indicator on price, and can also be a proxy for the typical, minimum size of a housing unit that formal developers are prepared to build. This data was collected by the country-profile authors for CAHF.

Average rental price for a formal unit: This is another indicator of housing affordability. This data was collected by the country-profile authors for CAHF.

Minimum stand or plot size for residential property (m²): This is the minimum size of a residential plot. This data was collected by the country-profile authors for CAHF.

Ease of Doing Business: Ease of Doing Business ranks economies from 1 to 189, 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’s 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.

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.

Time (days) to Register Property: Part of the Doing Business survey, this represents the number of calendar days needed for businesses to secure rights to a commercial property.

Cost (% of property value) to Register Property: 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.

Regional data

Cost to purchase a low, middle and high income house: This relates to the average purchase price of housing targeted at low, middle and higher income earners in the respective country. This information is subjective as it relates to specific locations per country and is a general average. It may vary from location to location in the respective country. It is expressed in US$. This data was collected by the country-profile authors for CAHF.

Cost to rent a low, middle and higher income house: This relates to the average rental price of housing targeted at low, middle and higher income in the respective country. This information is subjective as it relates to specific locations per country and is a general average. It may vary from location to location in the respective country. It is expressed in US$. This data was collected by the country-profile authors for CAHF.

Finance Instruments: This relates to the main sources of finance to fund housing investment, as is available in the low, middle and higher income markets in the respective countries. This data was collected by the country-profile authors for CAHF.

Delivery Systems: This indicates the predominant methods of delivering low, middle and higher income housing in the respective country/region. This data was collected by the country-profile authors for CAHF.

Financial Service Providers (FSPs): Is the number of banks and micro finance institutions in the respective country as collected through the CAHF survey, 2016. This excludes other FSPs and is purely indicative.

Number of households that can afford a US$10 000 house: Using in-country lending terms (mortgage interest rate, down payment and mortgage term), the affordability for a US$10 000 house is calculated and expressed as a percentage of household population.

Percentage of countries in the region with policies: This refers to the number of countries per region which have had policies/laws/strategies relating to housing, property and land cited in the in-country research undertaken through the country profiles.
Data sources

<table>
<thead>
<tr>
<th>Indicator’s Name</th>
<th>Main Source</th>
<th>Short Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main Urban Centres</td>
<td>Collected by CAHF</td>
<td></td>
</tr>
<tr>
<td>- Exchange Rate (US$)</td>
<td>African Economic Outlook</td>
<td>Highly reliable data, periodically updated and sourced from primary sources, national statistical offices, World Bank and other reliable sources</td>
</tr>
<tr>
<td>- Inflation</td>
<td></td>
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<tr>
<td>- Population below national poverty line</td>
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<tr>
<td>- Unemployment rate (%)</td>
<td></td>
<td></td>
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<tr>
<td>- Population</td>
<td>World Bank’s World Development Indicators</td>
<td>World Development Indicators is a highly recommended economic data source. Data in this databank is sourced of national statistical offices and World Bank’s own surveys. Highly reliable and periodically updated.</td>
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<tr>
<td>- Population growth rate</td>
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<tr>
<td>- Urban population (% of total)</td>
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<tr>
<td>- Urbanisation rate</td>
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<tr>
<td>- GDP and GDP per capita (current US$)</td>
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</tr>
<tr>
<td>- GDP growth rate</td>
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<td></td>
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<tr>
<td>- GNI per capita, Atlas method (current US$)</td>
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<tr>
<td>- Lending Interest Rate</td>
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<tr>
<td>- Credit % of GDP</td>
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<tr>
<td>- Gini co-efficient</td>
<td>World Bank’s Povcal tool</td>
<td>PovcalNet is an interactive computational tool that allows you to replicate the calculations made by the World Bank’s researchers in estimating the extent of absolute poverty in the world. PovcalNet also allows you to calculate the poverty measures under different assumptions. Data is collected by World Bank at different years for each country.</td>
</tr>
<tr>
<td>- HDI (Global Ranking and Index)</td>
<td>UN Development Programme</td>
<td>The HDI was created to emphasise that people and their capabilities should be the ultimate criteria for assessing the development of a country, not economic growth alone. Annual surveys and report are published by the UNDP’s Human Development Report Office (HDSO).</td>
</tr>
<tr>
<td>- Average Mortgages % of GDP°</td>
<td>The Housing Finance Information Network (HOFINET)</td>
<td>HOFINET is a quality-assured web portal that consolidates international housing finance knowledge. Data is sourced from Central Banks of the countries reported.</td>
</tr>
<tr>
<td>- Price To Rent Ratio City Centre**</td>
<td>Numbeo online property database</td>
<td>Numbeo is the world’s largest database of user contributed data about cities and countries worldwide. This data fills in very important data gaps in property market. However, sources should be used carefully and in limited circumstances, unless substantiated by other sources.</td>
</tr>
<tr>
<td>- Gross Rental Yield City Centre**</td>
<td></td>
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<tr>
<td>- Cost of a standard 50kg bag of cement</td>
<td>Collected annually by CAHF’s country profile authors.</td>
<td>CAHF collects these datasets annually by email questionnaires, through consultants working on profiles and sometimes from online sources. Although very important, the samples used are usually very small and their interpretation subjective; and therefore, this data should be used only as indicative values.</td>
</tr>
<tr>
<td>- Price of the cheapest, newly built house by a formal developer or contractor</td>
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<tr>
<td>- Size of this house</td>
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<td></td>
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<tr>
<td>- Average rental price</td>
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<tr>
<td>- Minimum stand or plot size for residential property</td>
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<td>- Deeds registry data</td>
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<tr>
<td>- Unsecured Lending Interest Rate</td>
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<tr>
<td>- Mortgage Interest Rate/Term/Down payment</td>
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<tr>
<td>- Number of Mortgages</td>
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<tr>
<td>- Average Loan Size (Mortgages)/(Non-mortgage or micro lending)</td>
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<tr>
<td>Indicator's Name</td>
<td>Main Source</td>
<td>Short Comment</td>
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<td>-------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Ease of Doing Business Rank</td>
<td>World Bank’s Doing Business Survey</td>
<td>Quantitative data is gathered and analysed in order to compare business</td>
</tr>
<tr>
<td>Number of Procedures to Register Property</td>
<td></td>
<td>environments across economies and over time. Survey is done annually</td>
</tr>
<tr>
<td>Time (days) to Register Property</td>
<td></td>
<td>using adequate sample sizes in each country. Highly reliable.</td>
</tr>
<tr>
<td>Cost (% of property value) to Register Property</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of households per income bracket – data used to inform the affordability graphs</td>
<td>C-GIDD, 2015 <a href="http://www.cgidd.com">www.cgidd.com</a></td>
<td>C-GIDD is a comprehensive database for GDP and income distribution data from 2000 – 2025. Data collected from the C-GIDD database was used per country to show an indicative split of rural and urban households per income category. The income categories used were customised by CAHF. The data downloaded is expressed in constant 2005 prices as the base year.</td>
</tr>
</tbody>
</table>

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

CAHF is also working hard 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 continue to visit our website for details on our progress, or contact us directly.

As this has been a desktop study, the reporting is limited by the data and sources available. 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 cases, where the current status is not conclusive, both perspectives have been offered. In other cases, data tables necessarily have a blank spot where the data is not available. Future editions of this yearbook will strive to overcome these data and information shortcomings. As always, comments are welcome.

**Websites**

data.worldbank.org
www.doingbusiness.org
www.africaneconomicoutlook.org
hdr.undp.org/en/statistics
www.numbeo.com/property-investment/
datatopics.worldbank.org/financialinclusion/
www.hofinet.org
www.cgidd.com
42.9% of countries in Central Africa have Housing policies and 57.1% have Property policies.

**Course details**
The city council of Douala has a project to deliver 2,500 social and affordable houses in Bonamatoumbe. Planning for Phase I is complete and construction has already started.

**Bangui**
The Ministry of Housing received funding from Celtel – Africa, a housing finance structure based in Nairobi, Kenya, to build 300 houses on two sites; one in the neighbourhood Boy-Rabe (Bangui) and the other in the village on the road to Bilo. Project halted due to political crisis.

**Libreville**
The Angondje Development District project in west Libreville aims to allocate 5,000 registered plots annually with title deeds to identified private developers in the housing sector.

**N’Djamena**
14,000 social housing units are planned to be constructed by Morocco.

**Yaounde**
Options for Homes is completing Phase 3 of its development aimed at high-income earners. Phase 1 and 2 are complete with the 102 units sold out. Phase 3 is 236 units.

**Finance instruments and delivery systems**
(Source: CAHF Annual Survey, 2016)

### How much does it cost to buy a house in this region?
(Source: CAHF Annual Survey, 2016)

<table>
<thead>
<tr>
<th>Country</th>
<th>Low income</th>
<th>Middle income</th>
<th>High income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cameroon</td>
<td>$9K</td>
<td>$12K</td>
<td>$21K</td>
</tr>
<tr>
<td>Central African Republic</td>
<td>$24K</td>
<td>$33K</td>
<td>$120K</td>
</tr>
<tr>
<td>Chad</td>
<td>$3K</td>
<td>$34K</td>
<td>$69K</td>
</tr>
</tbody>
</table>

### How much does it cost to rent a house in this region?
(Source: CAHF Annual Survey, 2016)

<table>
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<tr>
<th>Country</th>
<th>Low income</th>
<th>Middle income</th>
<th>High income</th>
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<tbody>
<tr>
<td>Cameroon</td>
<td>$50</td>
<td>$85</td>
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<tr>
<td>Central African Republic</td>
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<td>$120</td>
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<td>Chad</td>
<td>$619</td>
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<td>Gabon</td>
<td>$69</td>
<td>$344</td>
<td>$601</td>
</tr>
</tbody>
</table>

### Target price affordability
(Source: CAHF & C-GIDD, 2015)

#### Cameroon
- Low income: $12,000
- Middle income: $24,000
- High income: $21,000

#### Central African Republic
- Low income: $8,000
- Middle income: $24,000
- High income: $69,000

#### Chad
- Low income: $2,400
- Middle income: $1,600
- High income: $52,000

#### Gabon
- Low income: $1,600
- Middle income: $34,000
- High income: $120,000
Overview

The Economic and Monetary Community of Central Africa (Communauté Économique et Monétaire de l’Afrique Centrale, CEMAC) is made up of six former French and Spanish colonies in Central Africa – Cameroon, Central African Republic, Chad, Congo Republic, Gabon, and Equatorial Guinea, a former Spanish colony. It was created in 1994 and became operational after the treaty’s ratification in 1999 in N’Djamena, Chad. The main objective of the treaty was to converge and monitor national economic policies, to coordinate sectoral policies and to progressively create a single market. If created, the single market will help promote the entire process of sub-regional integration through the formation of a monetary union, with the Central African CFA franc as a common currency. Discussions regarding forming a monetary union and a single market are still ongoing. It is still unclear if and when the monetary union and the single market will be formed. Despite the potential benefits that the free movement of goods and people across borders will bring to economic growth and social cohesion in the sub-region, the leaders of the countries in the region are not making enough progress towards the creation of a one market and free movement of people. Greater integration and stronger regional institutions are necessary to improve the competitiveness of the region and support growth, according to a recent IMF report on the region. CEMAC has its headquarters in Bangui, the capital of the Central African Republic. There are ongoing plans since 2011 to unify the Douala and Libreville stock exchanges into a unified CEMAC Securities and Stock Exchange. This is proving difficult as although the CEMAC heads of states opted for a regional stock exchange in Libreville in Gabon, the realities of the market are more favourable to the stock exchange of Douala, which was created by the Cameroon government. According to experts, the narrowness of the market does not allow for the existence of two stock exchanges in the region. A recent World Bank study has recommended the merger of the two stock exchanges with headquarters in Douala, Cameroon where there is greater economic activity. This is because in the opinion of financial experts who follow the evolution of the financial market in Central Africa, the existence of the two stock exchanges in the CEMAC region does not allow the construction of a liquid and efficient market for securities in the sub-region. The competition between the two stock exchanges is also not good for the sub-region.

The treaty that specified the legal and institutional arrangements of CEMAC created the following four specialised institutions, each of which is regulated by a separate legal convention than the treaty:

- Central African Economic Union (Union Economique de l’Afrique Centrale – UEAC) with an Executive Secretariat based in Bangui, Central African Republic. The Customs Union is one of the central pillars of CEMAC. It has established a regime for trade between the countries and with other countries. Trade inside the community has been duty free since 1998.
- Central African Monetary Union (Union Monétaire de l’Afrique Centrale), specifies the responsibilities of the central bank, Banque des Etats d’Afrique Centrale (BEAC) and the Central African Banking Commission (COBAC). COBAC started functioning in 1993 with headquarters in Libreville, Gabon. It sets regulations and carries out on and off-site supervision of the region’s banks and finance houses. BEAC is a single central bank for the region and there is a single currency (CFA franc) and defined criteria for macroeconomic convergence. It was established in 1972, with headquarters in Yaounde, Cameroon. BEAC regulates the sector through its regional banking commission, COBAC, which shares responsibility with the national Ministries of Finance for licensing new banks and regulating microfinance institutions. There is also a budgetary agreement between the French Treasury (Ministry of Finance) and BEAC with fixed convertibility of the CFA franc and a droit de regard (oversight with veto powers) by the French Treasury.
- The other two institutions are the CEMAC parliament and the court of Justice. The court of Justice, which is in place since 2000, is located in N’Djamena. It assumes a judicial and audit function.

The region has a population of just over 48 million (as of end of 2015) spread over more than 3 million km². Half of the population live in Cameroon and 65% are below 25 years of age. The average population growth rate is 2.2%. It had a combined 2015 GDP of US$195 billion. The real GDP growth rate of 1% in 2015 was mainly driven by negative growth in Equatorial Guinea due to cheaper oil prices and low oil and gas production. The other countries grew their GDP thanks to, timber, agriculture exports and construction and services. CEMAC’s per capita average income is higher than the average of Sub-Saharan African countries mainly because of abundant oil resources. Cameroon is the largest economy in the region, with half of the region’s total financial assets and contributes up to 37% of the region’s GDP. The mineral wealth includes deposits of gold, diamond, natural gas, oil, bauxite, aluminium, manganese and uranium. Other export products include natural rubber, tobacco, cocoa, coffee, sugar, tobacco and banana. Due to inadequate private investments, there has been little exploitation of petroleum and other mineral resources, with the exception of oil and timber. Crude petroleum is an important resource for these countries, apart from the Central African Republic. It accounts for 87% of the community’s exports; Equatorial Guinea depends on it for 70% of its GDP. Congo, 65%; Gabon, 20%; Chad, 40%; and Cameroon, less than 10% in 2015. Timber is the community’s second largest export product. There are ongoing efforts in all six countries to diversify their economies into tourism, agro production, financial services, mining and petro chemicals in order to reduce the dependency on oil revenues. The countries in the region are about 52% urbanised. Gabon has the highest level of urbanisation at 87.2%, with 59% of the population living in Libreville and Port Gentil, the political and economic capitals. The rate of urbanisation in the region is 3.1%.

Some parts of the region have been beset with violence, insecurity and political instability in the last two years. Central African Republic, Chad and Northern Cameroon have been the most affected. CAR is on the road to political and social stability while Chad and Cameroon are handling the insurgescies caused by Boko Haram. The recent efforts at peace and security will ensure sustained growth and investments in the region, hence minimal impact on GDP.

Access to finance

The formal financial system across CEMAC countries is not well developed. Most of the large banks are foreign-owned and are subsidiaries of foreign banks. Some of the foreign-owned banks are from other African countries such as Nigeria, Togo and South Africa. Recently, banks from Cameroon have also moved into other countries in the region, including Gabon, Congo, Chad and Equatorial Guinea. The CEMAC banking system currently comprises of 47 active commercial banks with Cameroon having the most banks in the region (14), followed by Gabon (9) and Chad (9). Congo has six banks, Equatorial Guinea has five banks, and Central African Republic has four. The number of savings banks in the region remains low. On average, in the six countries, there are three bank branches per 100,000 adults. Bank branches and ATM’s are mostly concentrated in the main urban and semiurban areas. Most of the semi-urban and rural areas are served by Micro Finance Institutions. For example, in the Central African Republic that has the smallest
financial sector in the region, bank branches and ATMs are mostly concentrated in only three towns with 71% of total branches located in the capital Bangui. In Chad, access to banking services is practically non-existent outside of urban areas. Very few banks in the CEMAC region provide medium-term and long-term credit. Some of the banks that grant this type of credit are the Gabonese Development Bank, the National Investment Company (in Gabon and Cameroon), Afrilands First Bank (Cameron), and SOCORIN in Congo Republic. The state plays an important role in the financial sector. For example, it controls two of the nine banks in Gabon and has a stake in most of the others.

The mortgage finance market is insignificant and inconsistent in some countries, and still in its infancy in some like Cameroon, Gabon and Congo. Mortgage finance is mostly granted by government agencies, and government-controlled banks. The people who benefit mostly are government employees. Only a very small percentage (5%) of private sector employees have access to mortgage finance from commercial banks. From 2015, this percentage is most likely going to increase due to ongoing efforts by real estate companies in partnership with local commercial banks to extend end-user financing opportunities to the growing middle class. In some countries like Gabon, the government in an effort to increase access to finance, has supported the setting up of a growth and development fund to support small and medium enterprises and promote private investment. In the Central African Republic, government has committed to support financial sector development and improve access to credit by tabling plans to improve the legal and judiciary system to serve commercial matters, increase bank capital and adopt a micro finance sector development strategy. In Equatorial Guinea, plans are underway to develop nation-wide ATM and credit card networks and the creation of a credit fund and a government debt market. Those in the informal sector and a large percentage of the middle class and lower income groups get housing finance (directly and indirectly) from different forms of MFIs.

The microfinance sector is developing in all countries in response to difficulties associated with accessing credit through traditional banking channels. There are now over 800 microfinance institutions in the region, with Cameroon having the most, followed by Chad, Congo, Central African Republic, Gabon and Equatorial Guinea respectively. The micro finance sector is just emerging in Gabon with few regulated and registered Micro Finance Institutions covering only a small segment of the population. However, a substantial number of unregulated and unregistered MFIs are said to be operating in the country. In Chad, the MFI sector still plays a marginal role in the financial system and is virtually unregulated. Government has taken steps to regulate and improve access by putting in place a new micro finance strategy. Links with the traditional, formal banking sector are weak and the consolidation of micro lenders is not sufficient to allow for meaningful regulation and oversight, or the development of strong links with the banking sector. However, BEAC, through COBAC, has developed a strategy for controlling the informal financial sector. COBAC, jointly with the Ministries of Finance of all six countries, now regulates the MFI sector in all six countries. There is an urgent need to develop mortgage finance products that address the needs of the growing middle class and lower income groups who have no access to formal housing finance. There are ongoing efforts by both government and private sector interests to provide and extend access to end-user financing to the rapidly expanding middle class in these countries. Access to credit has also been improved through amendments to the Organisation for the Harmonisation of Business Law in Africa known through its French acronym OHADA Uniform Act on Secured Transactions that broadens the range of assets that can be used as collateral (including future assets), extend the security interest to the proceeds of the original asset, and also to ensure that middle class people and those in the lower income groups get access to affordable housing finance.

Housing supply

The number of new housing units that enter the market annually for rental and purchase for ownership is insufficient to meet the demands of the increasingly urbanised population in all CEMAC countries and the growing middle and upper class population. The growing economy has swollen a middle class that needs to be housed. A third of the Gabonese population lives in the capital Libreville, and a quarter of the Congolese population in the capital Brazzaville, both cities with huge housing backlogs. The demand for housing has increased without a subsequent increase in supply. The discovery of oil in Equatorial Guinea, and new economic sectors that have opened up such as financial services, mining, telecommunications, retail, construction, energy, agro processing has seen the influx of expatriates, migrant workers, and skilled diaspora populations returning to their countries, thus accentuating the demand for housing. This increasing mismatch between demand and supply for housing continues to push up house prices both for ownership and rental in all the countries in the region. Prices in Cameroon are stable.

The current stock of housing units is produced mainly through incremental self-construction, and less so by government agencies, and private developers. This dynamic is changing with an increasing number of new developers entering the market. The poor live in sub-standard accommodation, often on land that is not well-serviced with poor infrastructure like access to regular and clean water, electricity and sewage disposal facilities. With the newly set up cement factories in Cameroon in 2015 that also aim to service these markets, the costs of cement has stayed the same, which may help to increase supply of new affordable housing units. It is hoped that when the second phase of the Dangote cement plant in Douala, Cameroon becomes operational, it will help to bring down the cost of cement. There is an increasing number of local housing companies and developers from the USA, Canada, China and South Africa who are going into these markets using a BOT (Build, Operate and Transfer) model. There are also ongoing efforts by some governments to increase housing supply. For example the government of Cameroon, through partnerships with private developers, set up a project to provide over 100 000 new units over a five year period, half of these units are already in the market.

International oil and construction companies like Total and ExxonMobil are driving the demand for high quality residential units in Malabo and Bata Equatorial Guinea. There has been a great deal of new home building in Malabo II and reserved government residential areas in the east of the city. Many government ministries have been relocated to Malabo II as well as headquarters of public and international organisations. Mainly expatriates live in these new areas as they are expensive and not affordable to the average middle class person. The central
Klamat area in N’Djamena, which is near the presidential palace, is also an important residential district with new developments. Again, it is mostly for the expropriate community and not affordable to middle class people. In Gabon, Congo and Central African Republic, the new housing developments are driven by demand for high quality housing by expropriate communities. The pressure on prices in Gabon is accentuated by competition between individuals and corporate occupiers seeking to use residential properties as offices. There are few large-scale development activities to provide housing for middle-income people in these countries, except for Cameroon and Gabon. There is the construction of a large number of social housing in Gabon with Libreville’s northern suburb of Angondje being designated by government as a key area for social housing developments. This situation has improved with the recent interest and activity of new developers in the region.

Property market and opportunities

Despite the slow growth in 2015, economic reforms, the strong demand for natural resources from emerging economies such as China, India, Brazil, Russia, and developed economies like the USA and the EU, a growing middle class, increasingly urbanised populations, a huge housing backlog, and a large diaspora seeking to invest in real estate, huge opportunities exist for residential high end and middle flow housing in all areas of the value chain – real estate development, construction, finance and real estate management services. There are also huge opportunities for retail, commercial and industrial real estate in the urban and semi-urban areas. The prospects for the property market are very good. To realise this huge potential governments in the various CEMAC countries, private investors and other stakeholders are continuously looking to ways to increase supply and make housing affordable to the middle and lower income groups. This has already been done in Cameroon with existing partnerships between government and the private sector. Some global property development companies are taking advantage of this existing opportunities in the sector in the region. Through local subsidiaries and partnerships, they are building new housing development units for middle to high income end-users. An example is Options for Homes GTA Canada, which through its local subsidiary (Options for Homes Cameroon) is building housing units in Cameroon with the objective of building 10 000 units per over a five year period. Companies like SCIHM2GE have set up in Equatorial Guinea and is involved in real estate property investment, development and management.

Policy and regulation

Governments in the CEMAC countries were slow in putting in place reforms that would address the constraints in this sector. The main constraints are in the areas of land ownership and property registration (getting land title certificates), access to serviced land, construction and development, and the availability of finance and access to credit. According to the World Bank’s 2016 Doing Business Report, when compared to the 2015 report most of the countries in the region have made some progress on ease of doing business, issuing construction permits and access to credit, getting credit and registering property. The Republic of Congo, Gabon and Chad made transferring property less costly by lowering the property transfer tax rate. Gabon made dealing with construction permits more complicated by increasing the time required to obtain a building permit. It also made paying taxes more costly for companies by reducing the depreciation rates for some fixed assets. Cameroon improved its credit information system by passing regulation that provides for the establishment and operation of a credit registry database. Cameroon made dealing with construction permits more complex by introducing inspection and notification requirements. Government also made it easier by decentralising the process of obtaining building permits and by introducing strict time limits for processing the application and issuing the certificate of conformity. This will improve access to credit. Governments should continue to introduce reforms on land administration, construction, property registration and access to housing finance. The government of Cameroon has taken a step to provide sovereign guarantees to private developers. Because of the potential role that MFIs could play, reforms and policies should also focus on tapping into that potential.

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www.mfw-la.org
www.mixmarket.org
www.wto.org
How much does it cost to buy a house in this region?  
(Source: CAHF Annual Survey, 2016)

<table>
<thead>
<tr>
<th>Region</th>
<th>Low income</th>
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<tr>
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(Source: CAHF Annual Survey, 2016)

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Finance instruments and delivery systems  
(Source: CAHF Annual Survey, 2016)
Overview

In the last 16 years, the East African Community (EAC), has made significant progress in deepening and widening regional economic cooperation and facilitating cross-border interaction, among its Partner States and other Regional Economic Communities (RECs). Notable achievements in 2015 alone, include (i) developing Bills for the establishment of the East African Monetary Institute and the East African Statistics Bureau to support the transition to a single currency; (ii) implementation of the roadmap for the development of the EAC trading, payment and settlement systems; (iii) initiating the process for determining an appropriate model for the EAC political federation and (iv) development of cross infrastructure, including establishment of One Stop Border Posts at 11 borders.

The EAC is now ranked as the top performing REC in Africa, with higher than average scores across each dimension of the Regional Integration Index. Developed in 2016, by the African Union, the African Development Bank, and the United Nations Economic Commission for Africa, the Integration Index assesses the following dimensions regional infrastructure, trade integration, productive integration, free movement of people and financial and macro-economic integration.

Today, the EAC boasts of a common market of 154 million people, following the admission of the Republic of South Sudan, in April 2016, and a combined nominal GDP of US$154.5 billion. The EAC is considering further enlargement, to include the Democratic Republic of Congo and Somalia. The goal is to broaden the common market to about 250 people, and also promote investment and competitiveness, across a bigger membership that is politically and economically secure.

Kenya, Tanzania and Uganda are the main contributors to wealth creation in the region with 39 percent, 33 percent and 21 percent of regional GDP. Rwanda, Burundi and South Sudan, the newest entrant account for the balance.

Economic performance in the EAC region, during 2015, remained strong, despite unfavourable global conditions, including the gradual slowdown and rebalancing of economic activity in China, lower prices for energy and other commodities, and the gradual tightening in monetary policy in the United States of America.

Average real GDP growth for the region was estimated at 6.1 percent in 2015, up from 5.9 percent in 2014. Real GDP growth in Tanzania was driven by good performance in communication, construction; financial intermediation and transportation sectors. In Kenya, growth was driven by public infrastructure spending, buoyant credit growth and stronger consumer demand. In Uganda, real GDP growth was largely supported by public investments and high output growth in the services sector. Rwanda’s performance was owed to strong construction and services activity, with modest performance in agriculture and manufacturing sectors. In Burundi, growth was subdued, due to recent political tensions. Average inflation in the region eased to 5.2 percent in 2015, mainly due to a decline in global commodity prices, especially oil prices.

In the medium term, however, more efforts (public and private investment) are needed to scale up the region’s average GDP growth rate to double-digits, for economic growth to meaningfully contribute to a significant reduction in poverty. Partner States are implementing comprehensive and inclusive national social economic development plans that will help transform their economies to middle income status, in the next five to 20 years, in line with EAC’s Vision 2050. EAC’s Vision 2050 espouses for an upper middle income region in the next 35 years, within a secure and politically united East Africa, based on the principles of inclusiveness and accountability.

Average GDP per capita has increased from US$249.8 billion in 2002, to US$1,014.1 billion in 2015. However, the distribution of the wealth has not been equitable. In that period, the number of east Africans living below the poverty line increased from 44 million to 53 million, even though all partner states, with the exception of Burundi and Kenya, reduced the share of their population who lived below the respective national poverty line.

The Region’s sound economic growth and the improving business environment have been instrumental in the growth of Foreign Direct Investment (FDI). Overall FDI inflows into the region grew from US$2.57 billion in 2011 to US$3.85 billion in 2012, US$6.2 billion in 2013 and US$7.09 billion in 2014. Following the progressive implementation of programs and projects, towards the attainment of a single customs territory and removal of non-tariff barriers, trade and economic prosperity have evidently increased. Intra-EAC trade is valued at US$5.6 billion, compared to US$3 billion in 2009.

Tanzania is the most urbanised country in the EAC. The latest available statistics show that 31 percent of Tanzanians live in urban areas in 2014, compared to 19 percent in 1990. Rwanda urbanised the fastest, between 1990 and 2014, when the share of its population living in urban areas increased from five percent to 28 percent. Kenya’s urbanisation rate increased from 18 percent to 25 percent and Uganda’s from 11 percent to 16 percent during the same period. Burundi has the region’s second lowest rate of urbanisation, at six percent in 1990 and 12 percent in 2014. South Sudan, the latest entrant into the EAC, has urbanised at an annual rate of 4.23 percent, for the last six years (2010 – 2016).

Access to finance

In all the six partner states, the levels of financial inclusion are improving however, the financial markets still lack depth and breadth. Latest statistics (2015) on financial inclusion show that in all Partner States, with the exception of Tanzania and South Sudan, the population served by the formal financial system is above Africa’s average of 24 percent. In Uganda and Rwanda, 33 and 47 percent of the population have access to the formal financial system. In 2010, less than a third of the population in the above two partner states had access to the formal financial system, while almost 65 percent of the population had no access to financial services at all. In Burundi, the level of financial inclusion is still low; but improving; 25.9 percent of the adult population have a savings account with a formal financial institution, compared to 23.8 percent in 2013 and 19 percent in 2011. Tanzania has the second lowest population with access to the formal financial system, estimated at 22 percent, by the Central Bank of Tanzania. In South Sudan, only three percent of the population is financially included in the formal system.

Kenya ranks ahead of other partner states in ease of access to financial services, with 75.3 percent of the population formally accessing financial services. Financial exclusion is estimated as low as 17.4 percent of the population that is bankable, compared to above 34 percent in 2006.

However, poor access to financial information and low levels of analytical capacity weaken commercial banks’ incentives to lend. In Burundi for example, only

Africa Housing Finance Yearbook 2016
Affordability

The demand for housing and housing loans remains extremely high in the EAC Region; however, constrained by inadequate supply of affordable housing and high interest rates. In all the partner states, the cost of houses on the market, range between US$40 000 and US$200 000. These houses are indeed expensive, and can only be afforded by less than 10 percent of the population in the region. In Rwanda, for example, only five percent of the population own houses in this price range. The high cost of construction (about 30 percent of the cost of the house) and the high cost of setting up the requisite support infrastructure in (between 15 and 25 percent of the cost of the house) are the reasons why current house prices are not affordable to the majority of the population.

With the cost of houses remaining high, more East Africans are being priced out of the real-estate market and are instead looking to rent. In Uganda, for example, 57 percent of the population in urban areas rent, while in Kenya more than 75 percent of the buildings under construction in urban areas are high-rise flats for rent.

Unfortunately in most cases, rental housing is provided informally, at very poor standards and with limited or no protection for the tenants. Further, although individual private rental schemes have been a feature of the market in a small way in most African countries, the extent of activity in those markets has not generated a steady flow of schemes or the emergence of a generally acceptable body of practice or market benchmarks.

The irregularity of incomes of prospective home owners also contributes to the low levels of affordability of houses on the market. The informal sector is by far the most important employer in all the partner states, supporting more than 80 percent of the households, with irregular monthly incomes of below US$100. As such, these households are unable to access housing finance to invest in house improvement, house purchase or house completion. The terms at which commercial banks offer loans are not achievable; for example, several East Africans are not in salaried jobs while many earn below the required qualifying incomes (about US$700 per month) for mortgage loans.

The deposit requirements of between 30 and 50 percent make mortgage finance inaccessible to the majority of people without formal employment. In addition, collateral requirements by lending institutions, including commercial banks, are a major challenge to many potential borrowers. The interest rates on mortgages are also high, in range of 15 to 26 percent.

Housing supply

In varying degrees, all the five partner states face severe housing shortages especially in urban centres where shelter conditions are dire. In Kenya, government has estimated an urban housing need of 150 000 dwellings a year; yet formal production is only 30 000 units, giving an annual deficit of 120 000 houses. In Tanzania the annual demand for housing construction nationwide is estimated to be 200 000 units. Uganda, has a housing deficit of 1.6 million units, 1.29 million in rural areas and 211 000 in urban centers. Rwanda’s annual delivery is estimated 34 000 units.

Several factors account for this pressing housing challenge: high urban growth rates (average for the region is 22 percent), as a result of both rural-urban migration and natural population growth (slightly over three percent per annum in each partner state) low incomes making it difficult, if not impossible, for the vast majority to afford the housing finance products typically on offer and weak housing markets that lack the capacity and capital to: (a) expand the supply of affordable housing; and (b) provide appropriate housing finance products.

Over 90 percent of existing housing is built incrementally by individual households, using own savings. Nonetheless, in the past decade, the region started attracting modestly sized private real estate developers, to complement the government owned National Housing and Construction Companies, whose rate of delivery of housing has been very low. In Kenya, for example, the National Housing Corporation has developed 46 000 units in its entire 46-year lifetime. In Uganda, the National Housing and Construction Company Limited has constructed less than 20 000 units in its 48 years of existence. Modestly sized private real estate developers include Nationwide Properties (a construction arm of Mukwano Group of Companies in Uganda) and Ultimate Developers Limited; however, because of the high debt exposure and the generally low demand for properties, they deliver fewer units than planned, annually.

In 2016, Shelter Afrique, in partnership with GuarantCo, embarked on a project of assessing the feasibility of promoting the development of a rental housing project project in Rwanda. The proposed rental housing project plans to build 2 800 units, over a period of five years.

A major requirement in all five partner states is for developer finance to boost housing supply in view of the low levels of formal housing production. PAHF, a private equity investment vehicle that is focused on sustainable development, provides risk capital on a joint venture basis to residential projects and also to projects where commercial properties are combined with residential units.

Property markets

The residential property market in East Africa has registered significant growth, boosted by rapidly increasing consumerism, and the expansion of the middle class. A report by the African Development Bank (2015) estimated the size of the middle class — those spending between US$2 and US$20 a day — at about 29.3 million, representing an average of 22.6 percent of the population. 44.9 percent of Kenya’s population, 18.7 percent in Uganda, 12.1 percent in Tanzania, 7.7 percent in Rwanda, and 5.3 percent in Burundi.

In the last five years (2010 to 2015), the high demand for quality infrastructure — well designed properties with great finishing and in safe and secure locations, by the emerging middle class, led to a double-digit increase in the price of houses. In
that period, there was a marked preference for apartments (of one to three bedrooms), compared to bungalows and maisonettes, because they are generally more affordable. A three bedroom apartment costs between US$70 000 and US$100 000, while a bungalow costs above US$150 000.

The ease of registering and transferring property in the region has also contributed to the growth of the residential property market. Notable reforms in the registering and transferring property (i) Burundi made transferring property easier by creating a one-stop shop for property registration; (ii) Rwanda made transferring property easier by eliminating the requirement to obtain a tax clearance certificate and by implementing the web-based Land Administration Information System for processing land transactions; and (iii) Uganda made transferring property easier by eliminating the need to have instruments of land transfer physically embossed to certify payment of the stamp duty.

Huge investments in infrastructure, particularly the construction of road networks, connecting major towns to cities has catalysed the development of modestly sized housing projects (less than 300 units). However, these developments are targeting middle and high income earners; thus, creating a huge shortage of housing among modest and low income earners. Real estate developers target middle and high income earners, because, the high cost of land and construction materials, makes the return on investment in low income housing projects meagre. Projects targeting middle and high income earners make a margin of between 20 and 30 percent, while low income housing projects make a margin of between 5 and 10 percent.

Towards the end of 2014, to date, the demand for residential properties has generally been low. Exchange rate volatility and inflationary pressure have led to tightening of monetary policy and therefore a shift towards a high interest rates generally been low. Exchange rate volatility and inflationary pressure have led to tightening of monetary policy and therefore a shift towards a high interest rates generally been low. Exchange rate volatility and inflationary pressure have led to tightening of monetary policy and therefore a shift towards a high interest rates generally been low. Exchange rate volatility and inflationary pressure have led to tightening of monetary policy and therefore a shift towards a high interest rates generally been low. Exchange rate volatility and inflationary pressure have led to tightening of monetary policy and therefore a shift towards a high interest rates generally been low. Exchange rate volatility and inflationary pressure have led to tightening of monetary policy and therefore a shift towards a high interest rates generally been low. Exchange rate volatility and inflationary pressure have led to tightening of monetary policy and therefore a shift towards a high interest rates generally been low. Exchange rate volatility and inflationary pressure have led to tightening of monetary policy and therefore a shift towards a high interest rates generally been low. Exchange rate volatility and inflationary pressure have led to tightening of monetary policy and therefore a shift towards a high interest rates generally been low. Exchange rate volatility and inflationary pressure have led to tightening of monetary policy and therefore a shift towards a high interest rates generally been low.

The generally slow economic activity and growth in the partner states has also had negative impact on the uptake of residential and commercial properties. In Uganda for example, marketing periods for prime property took much longer to register interest from potential buyers, in first half of 2016. There were few buyers with the capacity to close deals at asking prices. This led to a downward correction in the market prices of about 10 to 15 percent.

Policy and regulation

All partner states, with the exception of Burundi and South Sudan, have comprehensive policy and regulatory frameworks governing the housing industry and housing finance sector. The policies and the frameworks are all pro-poor, and they delineate several measures on how to address housing challenges in the partner states, including expanding the range of securities for accessing mortgages to include insurance policies, pension and provident funds and employer guarantees and also the development of housing finance products that cater to the needs of all income groups.

A major challenge however, has been inadequate implementation of the policies, and the low budget allocation to the Ministries of Housing, Lands and Urban Development. In Kenya, the Ministry Lands, Housing and Urban Development receives only three percent of the national budget, similar to Rwanda, where the Rwanda Housing Authority receives only two percent of the national budget. In Uganda, the Ministry of Lands, Housing and Urban Development receives only 0.2 percent of the national budget, similar to Tanzania, where the Ministry of Lands and Human Settlements receives only 0.3 percent of the national budget. In Burundi, the Directorate of Land Management and Urban Planning receives less than one percent of the national budget.

Opportunities

Investing in alternative technology to deliver affordable housing, should be promoted, in all partner states. Examples include the stabilised earth technology (ABT Select Brick and HydraForm stabilised earth blocks), which has the potential to deliver cost effective building solutions that are less labour-intensive, and fast to use.

The establishment of the EAC Monetary Union (EAMU) should be fast tracked. The EAMU will help institute more stable and sustainable macro-economic environments within the partner states, including harmonising interest rate policies. Other advantages of the EAMU include: (i) creation of a zone of economic, monetary and financial stability; (ii) establishment and maintenance of sustainable and low risk debt budget financing mechanisms; (iii) promotion of intra-regional economic and financial system integration; and (iv) promotion of financial deepening and inclusion.

The region’s insurance sector is a major source of long-term funds that should be adequately tapped into to develop the housing finance sector. However, the sector is still underdeveloped, with a penetration (ratio of premiums underwritten to the GDP), estimated at less than four percent of GDP. South Africa, in comparison, has a penetration rate of 14.2 percent, which is among the highest in the world.

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Africa Housing Finance Yearbook 2016
50.0% of countries in North Africa have Housing policies and 37.5% have Property policies.

How many households can afford a $10,000 house?

(Source: CAHF & C-GIDD, 2015)

<table>
<thead>
<tr>
<th>Country</th>
<th>Low income</th>
<th>Middle income</th>
<th>High income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>$30K</td>
<td>$50K</td>
<td>$80K</td>
</tr>
<tr>
<td>Egypt</td>
<td>$20K</td>
<td>$40K</td>
<td>$80K</td>
</tr>
<tr>
<td>Libya</td>
<td>$5K</td>
<td>$10K</td>
<td>$160K</td>
</tr>
<tr>
<td>Morocco</td>
<td>$7.5K</td>
<td>$15K</td>
<td>$30K</td>
</tr>
<tr>
<td>South Sudan</td>
<td>$30K</td>
<td>$60K</td>
<td>$100K</td>
</tr>
<tr>
<td>Sudan</td>
<td>$38K</td>
<td>$70K</td>
<td>$160K</td>
</tr>
<tr>
<td>Tunisia</td>
<td>$33K</td>
<td>$68K</td>
<td>$168K</td>
</tr>
</tbody>
</table>

Target price affordability

Could afford

Cannot afford

Income Profile for Rural and Urban Households

(Source: C-GIDD, 2015)

<table>
<thead>
<tr>
<th>Income</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
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<tr>
<td>&lt;$800</td>
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<tr>
<td>$800 – $1,600</td>
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<td>6.1%</td>
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<tr>
<td>$1,600 – $2,400</td>
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<td>6.1%</td>
</tr>
<tr>
<td>$2,400 – $3,600</td>
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<td>5.9%</td>
</tr>
<tr>
<td>$3,600 – $5,000</td>
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<td>5.9%</td>
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<td>1.0%</td>
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<td>$8,000 – $12,000</td>
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</tr>
<tr>
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<td>1.0%</td>
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<td>1.0%</td>
</tr>
<tr>
<td>$40,000 – $100,000</td>
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<td>1.0%</td>
</tr>
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</table>

How much does it cost to buy a house in this region?

(Source: CAHF Annual Survey, 2016)

<table>
<thead>
<tr>
<th>Region</th>
<th>Low income</th>
<th>Middle income</th>
<th>High income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>$30K</td>
<td>$50K</td>
<td>$80K</td>
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<td>Egypt</td>
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<td>Sudan</td>
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<tr>
<td>Tunisia</td>
<td>$33K</td>
<td>$68K</td>
<td>$168K</td>
</tr>
</tbody>
</table>

How much does it cost to rent a house in this region?

(Source: CAHF Annual Survey, 2016)

<table>
<thead>
<tr>
<th>Region</th>
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<th>Middle income</th>
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</tr>
</thead>
<tbody>
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</tr>
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<td>South Sudan</td>
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<td>$1,000</td>
<td>$2,500</td>
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<td>Sudan</td>
<td>$450</td>
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<tr>
<td>Tunisia</td>
<td>$400</td>
<td>$2,400</td>
<td>$11,000</td>
</tr>
</tbody>
</table>

Finance instruments and delivery systems

(Source: CAHF Annual Survey, 2016)

- Savings
- Unsecured microloans
- Family loans
- Government loans
- Home savings plan
- Savings
- Mortgage
- Government subsidy
- Bank financed
- Mortgage
- Savings
- Self-built
- Government developers
- PPP
- Private developer
- Incremental
- Development
- Informal
- Private builder
- Private developer
- Low income
- Middle income
- High income
Overview
North Africa has undergone a monumental transformation in the past few years, since the revolution of the Arab Spring that was set off by Tunisia’s ousting of Ben Ali in January 2011. The five countries that border the Mediterranean: Morocco, Algeria, Tunisia, Libya, and Egypt, are home to around 192 million people (with the region a prosperous one).

The economic outlook for North Africa in 2015 grew by 3.5 percent compared to 1.7 percent during 2014. The regional GDP growth is projected at 3.3 percent and 3.8 percent in 2016 and 2017 respectively, on par with growth projections for the entire continent (3.7 percent in 2016).

In North Africa, the macroeconomic situation remains uneven. In Libya, disruption in oil production and ongoing political conflicts and uncertainty led to another fall in real GDP. Ending the fighting between rival militias and establishing a national government is key for an economic recovery. Tunisia achieved only modest growth in 2015 boosted by good harvests, while production in other sectors remained weak. Mining and industry sectors were adversely affected by weak exports and tourism, which had recovered gradually, declined once again after terrorist attacks. In Algeria, growth remained steady thanks to a rebound in oil production. Morocco achieved the highest broad-based growth in the region supported on the demand side by private consumption and investment and on the production side by the construction sector and agriculture, which benefited from good weather conditions and past investment in irrigation. Tourism was also adversely affected by security problems in the region but to a much lower extent than in Tunisia. In Egypt, growth strengthened as the political scene stabilised and business sentiment improved.

To maintain competitiveness, central banks in Algeria, Egypt, Morocco, and Tunisia allowed their currencies to depreciate by four – eight percent against the U.S. dollar in the first three months of 2015. In trade-weighted terms, their exchange rates depreciated modestly.

Access to finance
In most North African countries, there is a long history of heavy state involvement in the financial sector. This tradition, combined with excess liquidity provided by oil wealth, macroeconomic instability and challenging bureaucracies, has hindered the development of financial systems in the region. However, the past decade has permitted all countries to explore agendas for opening up of the banking sector to more private sector and foreign participation, which is creating new opportunities, albeit at different rates of progress. In 2013 and 2014, Tunisia continued to prepare, with the support of the IMF, a series of financial sector reforms focused on improving the soundness of the banking sector through the restructuring of three publically-owned banks. As a result, by June 2016 the IMF has approved a four-year, US$2.9 billion loan for Tunisia to support the authorities’ economic agenda aimed at promoting more inclusive growth and job creation, while protecting the most vulnerable households.

Across the region, monetary policy is focused on containing inflation which reached 7.6 percent in 2015 (projected at 6.3 percent in 2016 and 6.7 percent in 2017), while supporting export diversification strategies (Morocco and Algeria) for more inclusive growth and more job opportunities in the region.

Lack of financial support and inadequate structure of banks affect the construction industry and households in North Africa. Lack of mortgage institutions and inadequate administrative structures of commercial banks prevent firms from financing mass housing. In North Africa the mortgage market is much more developed with Morocco at 16.9 percent and Tunisia at 12 percent.

According to the Global Competitiveness report (GCR 2015/2016), Morocco is ranked the highest among North African countries in terms of competitiveness at 72/140, followed by Tunisia at 92/140 and Egypt at 116/140.

Emerging Capital Partners (ECP), an international private equity firm focused on investing across the African continent, announced that it has acquired controlling stakes in two North African construction sector businesses. The equity investments in Shoresal and Almes, totaling US$26.2 million, are part of ECP’s strategy to expand its North Africa portfolio. ECP has invested before in Algeria and Morocco US$13.8 million and US$12.4 million respectively in construction sector.

The housing finance sector in the region has long been dominated by state-owned housing banks, offering long-term loans on concessionary or heavily subsidised terms, often crowding out market-based financing. All countries in North Africa have worked on expanding their mortgage systems in the past decade, moving toward more market-based solutions. Housing finance is most developed in Morocco and Tunisia, where mortgage lending is equal to 17 percent and 12 percent respectively of GDP and continuing to expand at rates of between five to 11 percent per year. Access to housing finance in Morocco is enhanced through state guarantees, targeted at different market segments.

Egypt was one of the first countries to reform its mortgage framework in 2001. Other North African countries have taken concrete steps to establish secure mortgage systems and improve access to secondary markets to enable long-term lending and greater access to housing finance for low-income groups. For example, in March 2015, Morocco’s Central Bank published regulations for a Mortgage Refinance Company, which would promote secondary mortgage market activity and the availability of long-term finance. Credit ratings agencies are helping to extend coverage for those in the formal sector by enabling banks to better understand risks in the market. Furthermore, Algeria has designed comprehensive strategies to modernise its mortgage laws, but with limited results, as state housing finance programmes still dominate.

Housing microfinance is also growing in the region with a lot of support from international donors, particularly for the development of local SMEs. This form of credit access has the potential to provide a viable alternative to conventional mortgage lending. Specific products for housing microfinance have emerged in Tunisia, Egypt and Morocco. In 2014, Lafarge, an international building materials supplier, announced a partnership with Al Amana and Attawal, two leading microfinance providers to deliver housing microfinance solutions from US$200 to US$6,000 to low-income Moroccans.

Affordability
In spite of the high levels of homeownership (up to 80 percent in Tunisia, and over 90 percent in Libya) and negative slum growth, affordability is a major problem across North Africa, particularly for low and middle income households. Housing prices are rising in all North African countries. As a result, housing is becoming difficult to afford due to steady demand and undersupply which caused a housing shortage. In Algeria, prices are rising and rental yields are expected to remain stable. In Tunisia, prices rose at eight percent per annum. In addition, Libya is facing...
the same problem with significant undersupply which is hampering affordability and caused a shortage of about 350 000 to which the government is attempting to respond with US$11 billion worth of large-scale residential projects in the pipeline. Furthermore, the cost of formal housing in Egypt exceeds the payment capacity of the majority of households. In Morocco, during Q4 2015, urban land prices declined slightly by 0.4 percent from the previous quarter but increased 1.7 percent from the same period last year, according to Bank Al-Maghrib.

Morocco, for instance had a housing deficit of about 650 000 units in 2014, according to the Oxford Business Group. Housing demand is increasing by 150 000 units every year, while annual housing production is only around 100 000 units. Estimates of the affordable housing shortage in Algeria range from 1.2 million to two million dwellings based on an occupancy rate of five people per unit. They are also addressing this supply shortage with large-scale housing construction, with 1.6 million units planned over the next five year term, from 2015 – 2019.

As a result to these problems, the governments in North Africa are trying to intervene to make housing habitable, affordable and accessible to low income especially in Morocco, Algeria and Egypt. In Morocco, the government has decided to stand as guarantor which enables low income borrowers to borrow from banks. On the other hand, Algeria and Egypt are using other solutions such as building social housing units at low prices with payment facilities. In Algeria, the government is committed to building 1.6 million social housing units between 2015 and 2019.

Housing price pressures are exacerbated by urbanisation from arid interior regions to littoral cities, as well as the young population demographic of North Africa, which is pushing up demand for urban housing. Low affordability is having direct social consequences, including overcrowding, with the number of occupants per household as high as 5.5 in Algeria, as well as impacting the age for marriage as many young people will wait until they can purchase their first home, before they marry.

Housing supply
Both the number and the proportion of slum dwellers (from 20 percent of total population in 2000 to 13 percent in 2013) in North Africa have decreased in the last twenty years. Egypt, Morocco, and especially Tunisia have been the most successful countries in this respect. These three countries reduced their collective slum populations from 20.8 million in 1990 to an estimated 11.8 million in 2010. The decrease is largely due to the successful implementation of housing policies and programmes that have increased low-income housing supply and systematically improved slums and informal settlements.

Several countries have demonstrated a noteworthy improvement in affordable housing and slum upgrading over the last two decades. Furthermore, many African governments are gradually adopting and implementing policies and strategies aimed at making housing habitable, affordable and accessible which offers some promise for expanding access to low and middle income households.

While overall housing supply may appear sufficient in most countries, housing prices on the private market are quite high and there are a large number of vacant, high-end units, small rental sectors and difficulty to access housing for lower-income households.

According to Econmonitor report, it shows that there is a positive outlook for houses prices in Algeria Libya, Tunisia and Egypt. Furthermore, it shows that most of North African countries suffer from undersupply in residential real estate like Algeria, Libya and Egypt, and only Tunisia is in balance between supply and demand. Morocco is popular as an investment destination because it is in close proximity to Europe. This means companies like to use it as a launch-pad into Africa. Tunisia, the smallest nation in North Africa’s commercial property sector is dominated by holiday houses.

Housing supply from the Net-Oil Importing Countries of North Africa (Morocco, Tunisia and Egypt) has pushed toward supporting a formal real estate sector and facilitating private sector investment in the property market. Yet, affordable housing where profit margins are small and risks are high requires substantial government incentives, which have not been adequate in Tunisia, resulting in only the state-owned developer SNIT, participating in the low-income target market. In contrast, Morocco has been successful in offering attractive tax rebates and land at subsidised rates to create a thriving private sector, and the government has committed to 900 000 additional units worth US$30 000 before 2020.

Across North Africa, most subsidies escape the poorest, and housing demand for low-income groups is delivered by the informal sector.

Property markets
A lack of private land supply is the main constraint In North Africa. Land is a bottleneck in the supply chain and the main cause of high real estate prices in North Africa. Privately held land in Algeria, Libya and to a certain degree, Egypt, is a rare commodity relative to demand, which tends to magnify the pressure on prices and encourage speculation. Rigid land development regulations and complex registration procedures for titles have led to a scarcity of legally developable land and have contributed to the region’s affordable housing shortfall. Most countries in North Africa ranked poorly in terms of property registration in the World Bank’s 2016 Doing Business Report, with Morocco (109th), Tunisia (126th), Algeria (174th) and Libya (185th) performing worst.

Egypt and Morocco stand out as the largest commercial property markets in North Africa. Tunisia stands out as a tourist driven property market, according to Africa Property News.com. Egypt is the third biggest economy in Africa. A large portion of its real estate is state-owned but there are opportunities in the country for new developments.

Morocco’s property market continues to slow, with property prices rising only a little. Also, property transactions remain depressed. During 2015, the nationwide residential real estate price index (REPI) rose by 0.9 percent from the previous year, according to Bank Al-Maghrib, Morocco’s central bank. On a quarterly basis, residential property prices increased 0.7 percent in Q4 2015. The Tunisian real estate development industry is fragmented, with a large number of developers for a comparatively small market. Property and especially land prices have seen consistently strong growth in recent years, but 2015 was a difficult year for developers due to factors such as rising construction costs, land shortages and reduced banking sector liquidity; however industry figures indicate that revenues could improve in 2016 as several important projects under construction come-on-line. This is expected to affect the property market negatively in North Africa as it will cause increasing the prices which will decrease the affordability of the people and this will lead to a depression in the market.

Price appreciation in the property market is becoming problematic, driven by a lack of confidence in money markets or alternative investment opportunities. This is particularly severe in countries with limited capital markets and high volume of oil wealth. Wealthy North Africans tend to invest in real estate as it is perceived as the most secure store of money, particularly while the banking sector is weak and inflation is high.

Most property markets in North Africa have limited international integration, so are somewhat shielded from international financial dynamics. Morocco is the exception, with its markets being much more open to foreign direct investment. As a result, Morocco experienced more deeply the impact of the global financial crisis and slow-down in the Euro-zone. To help policy-makers and investors monitor these dynamics and develop resilience in the property market, Morocco has been the first country in the region to introduce a real estate price index that is formulated quarterly by the Central Bank and National Land Agency.

Policy and regulation
Housing remains at the forefront of the agenda for most North African governments. The link between affordable housing, economic development and social inclusion has been clearly recognised, particularly as many protests across the region have been linked to poor living conditions caused by failures in housing policy.

The housing sector in North Africa still tends to be over-regulated with the public sector playing a primary role. Home-ownership is prioritised over rental or alternative tenure options, which has resulted in small rental markets. However, there is growing interest in lease-to-own programmes, such as those being used and expanded in Algeria, to avoid the difficulties in accessing mortgage finance.
To attract private sector investment into the development of affordable housing, the government provides both tax breaks and subsidises land. To qualify for the incentives, developers must commit to a minimum number of housing units.

Net-Oil Exporters have committed large amounts of budget resources to respond directly to housing demand and uphold constitutional mandates toward a citizen’s right to housing, crowding out private sector activities in the process. Net-Oil Importers tend to have been more prudent and focused on development of resilient and accessible financial systems, and implementing policies to increase private sector investment in housing.

Opportunities
In 2015, the outlook is optimistic for much of North Africa. Improving the affordability of housing is a priority for governments, who have all been assertive in preparing national housing policies and programmes, with varying degrees of priority placed on immediate delivery needs versus long term viability and sustainability. Yet, maintaining security in many of the countries of the region remains the primary hurdle, before efforts toward diversifying and opening up economies and long-term policy reforms that will support affordable housing finance will be able to gain any traction.

In the long-run, the regions real estate sector is expected to perform well and remain an attractive destination for investors. Future demand will be sustained by the increasing urbanisation trend (at ±60% in 2013) and the commitment of almost all governments to provide financing for primary housing. Once security constraints are resolved, rising influx of tourists (71 million in 2013, up two percent year-on-year) to the region (this figure is a collective for the Middle East and North African region – known as MENA) will keep supporting the hospitality industry and attract top-retailers. Also, the large fiscal buffers (~3tn in sovereign wealth funds) will sustain government spending in most economies, supporting economic growth and maintaining financial stability.

The real estate and construction sector is an important contributor to North Africa national GDP and employment. It creates a lot of jobs by the construction and settlements sector. The housing sector also accounts for high percent of revenues of the state via taxes collected from rental and property management, VAT generated by construction and local land taxes. So it is a good opportunity for the governments to pay more attention to property market. Also, it is a good opportunity for the private sector to focus more on this sector and compete with the government in the delivery of appropriate units.

As North African countries stabilise and investor confidence returns, there are new opportunities for developing cooperation and partnership within the region. An increasing openness to both knowledge exchange and economic integration has clear benefits, particularly in affordable housing, as many North African states are facing similar challenges. Measures that facilitate the supply of land for residential developments for low-income groups or promote market-based housing finance solutions and private sector participation can be shared and transferred between the countries of this region in order to strengthen each individual country’s efforts.

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78.6% of countries in SADC have Housing policies and 85.7% have Property policies

Income Profile for Rural and Urban Households

(Source: C-GIDD, 2015)

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Rural Urban</th>
<th>0-10k</th>
<th>11-20k</th>
<th>21-30k</th>
<th>31-40k</th>
<th>41-50k</th>
<th>51-60k</th>
<th>61-70k</th>
<th>71-80k</th>
<th>81-90k</th>
<th>&lt;90k</th>
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<tbody>
<tr>
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<td>452</td>
<td>30</td>
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<td>High income</td>
<td>$12 001 – $23 000</td>
<td>968</td>
<td>807</td>
<td>271</td>
<td>171</td>
<td>96</td>
<td>8</td>
<td>2</td>
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<tr>
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<td>$8 001 – $12 000</td>
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<td>807</td>
<td>271</td>
<td>171</td>
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<td>$5 001 – $8 000</td>
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<td>1 527</td>
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<tr>
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<td>1 279</td>
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<td>717</td>
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<td>$2 401 – $3 600</td>
<td>764</td>
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<tr>
<td>Middle income</td>
<td>$1 601 – $2 400</td>
<td>1 791</td>
<td>1 718</td>
<td>867</td>
<td>499</td>
<td>371</td>
<td>26</td>
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<tr>
<td>High income</td>
<td>$1 001 – $1 600</td>
<td>1 167</td>
<td>1 094</td>
<td>591</td>
<td>345</td>
<td>239</td>
<td>17</td>
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</table>

How many households can afford a $10 000 house?

(Source: GNH & C-GIDD, 2015)

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Target price affordability</th>
<th>Could afford</th>
<th>Cannot afford</th>
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<tbody>
<tr>
<td>Low income</td>
<td>10m</td>
<td>5m</td>
<td>0m</td>
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<tr>
<td>Middle income</td>
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<td>5m</td>
<td>0m</td>
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<tr>
<td>High income</td>
<td>0m</td>
<td>5m</td>
<td>0m</td>
</tr>
</tbody>
</table>

How much does it cost to buy a house in this region?

(Source: CAHF Annual Survey, 2016)

Low income | Middle income | High income
---|---|---
Angola | $80K | $150K | $1950K
Botswana | $45K | $115K | $1950K
Lesotho | $70K | $175K | $1950K
Namibia | $80K | $200K | $1950K
Mozambique | $115K | $250K | $1950K
Zimbabwe | $125K | $300K | $1950K

How much does it cost to rent a house in this region?

(Source: CAHF Annual Survey, 2016)

Low income | Middle income | High income
---|---|---
Angola | $500K | $1250K | $3000K
Botswana | $125K | $300K | $1000K
Lesotho | $400K | $1250K | $3000K
Namibia | $625K | $1500K | $3500K
Mozambique | $1150K | $2500K | $5000K
Zimbabwe | $1750K | $4000K | $8000K

Finance instruments and delivery systems

(Source: CAHF Annual Survey, 2016)

<table>
<thead>
<tr>
<th>Delivery</th>
<th>Savings</th>
<th>Government subsidy</th>
<th>Microfinance</th>
<th>Inforal lending</th>
<th>Mortgage</th>
<th>Savings</th>
<th>Bank loans</th>
<th>Housing allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low income</td>
<td>self-built</td>
<td>private &amp; government developers</td>
<td>incremental</td>
<td>N/A</td>
<td>government</td>
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<td>micro-lenders</td>
<td>housing allowance</td>
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<td>Middle income</td>
<td>self-built</td>
<td>private developer</td>
<td>government</td>
<td>private contractors</td>
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<td>savings</td>
<td>mortgage</td>
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<tr>
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<td>private developer</td>
<td>government</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>mortgage</td>
<td>N/A</td>
<td></td>
</tr>
</tbody>
</table>

About Kinshasa

China Machinery and Equipment Import and Export Corporation – plan to build 2.5 million social houses. Project is pending.

NGO ‘Action pour la Solidarité et le Développement (ASODEV)” – plan to build 3 080 social houses.

About Lusaka

Housing policies and 85.7% have Property policies

About Luanda

Income Profile for Rural and Urban Households

How much does it cost to rent a house in this region?

How much does it cost to rent a house in this region?

How much does it cost to buy a house in this region?

Income Profile for Rural and Urban Households

How many households can afford a $10 000 house?

How many households can afford a $10 000 house?

Income Profile for Rural and Urban Households

How much does it cost to rent a house in this region?

How much does it cost to buy a house in this region?

Income Profile for Rural and Urban Households

How many households can afford a $10 000 house?

How much does it cost to rent a house in this region?

How much does it cost to buy a house in this region?
Overview

The Southern African Development Community (SADC) has its origins in the Southern African Development Coordination Conference (SADCC), which was established in 1980. In 1992, the member states signed the declaration and treaty establishing SADC as a replacement to the SADCC. Currently SADC has 15 member states: Angola, Botswana, Democratic Republic of Congo (DRC), Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, United Republic of Tanzania, Zambia, and Zimbabwe. The vision of SADC is for a regional community in which the people of Southern Africa can realise economic well-being, improved living standards and quality of life, freedom, social justice, peace and security. SADC’s mission is to “promote sustainable and equitable economic growth and socio-economic development through efficient productive systems, deeper co-operation and integration, good governance, and durable peace and security, so that the region emerges as a competitive and effective player in international relations and the world economy”.

Two strategic frameworks guide SADC’s operations and provide SADC member states with a comprehensive programme of long-term economic and social policies. The Regional Indicative Strategic Development Plan (RISDP), which provides a governance framework that sets standards for good political, economic and corporate governance. The Strategic Indicative Plan for the Organ (SIPO) focuses on the maintenance of peace and stability in the region. A SADC Secretariat, which oversees the implementation of these plans, is based in Gaborone, Botswana.

SADC had a population of over 267 million in 2015 making up 22 percent of the continent’s population. 43 percent of the population are urban and the average urbanisation rate across the region is 3.11 percent. The GDP was above US$552 billion in 2015 and the average annual GDP growth rate among SADC countries was 2.74 percent in 2015 (calculated using 2015 World Bank Data) down from an average annual GDP growth rate of 4.51 percent in 2014. This decline is attributed to the drop in commodity prices, electricity constraints and severe drought being experienced by the region. The GDP forecast for the coming year is therefore impacted and predicted to have a slow but stable recovery as severe drought being experienced by the region. The GDP forecast for 2016 is therefore impacted and predicted to have a slow but stable recovery as severe drought being experienced by the region.

According to SAIIA, 2015 trade between SADC and the rest of the world increased. 46.2 percent of exports out of SADC originate in South Africa. One major impediment to increased trade and economic growth in the region remains the high cost of transport due to inadequate physical infrastructure and delays at/or behind the-border barriers (SAIIA, 2015). According to PWC, 2014, to further support infrastructure development in sub-Saharan Africa, the African Development Bank and EU launched the Infrastructure Investment Programme for South Africa (IIPSA) in 2014.

Access to Finance

While there are intentions for regional financial integration, the 15 member states function as independent economies with their own, independent financial systems. As the largest economy in Africa, South Africa dominates, with 55 percent of the region’s GDP. A number of South African lenders have extended to other countries in the region. Standard Bank is licensed to operate in all of the SADC countries. FNB is licensed in Botswana, Lesotho, Namibia, Swaziland, Tanzania, Zambia and Mozambique. Absa operates in Zambia, Tanzania and other countries. In 2011, there were 161 separate banking institutions operating in the region, with 234 subsidiaries, thus in total there were 234 bank licenses issued in SADC. The Southern Times (2015) reported that SADC banks had a combined asset base of US$704 billion from the 55 institutions that ranked in the 2015 Top 200 African Banks.

According to FinScope (2015), 66 percent of adults in the region are financially included amounting to about 83.5 million people. Mauritius has the highest percentage of financially included adults at 90 percent, followed by South Africa at 86 percent and the lowest is Mozambique with 40 percent. While only 36 percent is banked, this is a significant increase from 24 percent in 2011, indicating progress in financial inclusion in the region. Still, exclusion rates are high at 34 percent (41.9 million people), hampering access to credit from formal institutions. Twelve percent of adults rely on informal mechanisms and 18 percent use formal non-bank products/services. According to FinScope (2015) only 27 percent of adults have insurance. Of the 83.4 million adults who are financially included in the region, about 53 percent say they have access to and use credit products. The number of those who use credit for housing is not clear – certainly, mortgage exposure in the region (outside of South Africa and Namibia) is very low. The mortgage percent to GDP ratio ranges from 0.91 percent in Mozambique to 7.5 percent in Botswana and 30.4 percent in South Africa. Mortgage interest rates range from eight percent to 34 percent in the region.

The key barriers to financial inclusion in SADC are made up of:

- Supply barriers – lack of incentives, capacity and inappropriate delivery channels,
- Demand barriers – administrative and systematic,
- Policy and regulatory environment barriers.

The SADC financial inclusion strategy aims to address this by building credit markets and digitisation based on strong payment systems.
Findex 2014, explores use of loans for housing (whether they are secured or unsecured was not specified in the questionnaire). The percent of adults over the age of 15 that had an outstanding home loan in the SADC region ranged from 1.53 percent in Zimbabwe to 9.63 percent in Botswana and 15.22 in Mauritius. This number may be low for various reasons – it may reflect that households finance their housing not with credit but rather with their savings, or that households who use credit use personal and unsecured loans where the housing purpose is unspecified.

The SADC Banking Association, which was established in 1998, aims to coordinate banking related activities throughout the region to ensure acceleration of development. The advanced financial system in South Africa has been identified as playing a pivotal role in strengthening the region’s financial system. Due to South Africa’s role in the region, the country has been given the responsibility to manage the SADC sub-committees that deal with regional integration of the financial sector.

The credit information infrastructure in the region is developing as indicated by the World Banks Doing Business Indicators (2016). All countries in the region improved their access to credit. For example, Lesotho has established its first credit bureau and Seychelles has established a credit registry. In addition, Southern African Microfinance Project (SAMP) was set up to address limited access to financial services through the development of microfinance. This is done through policy and regulatory environment intervention. It also aims to understand investor requirements so that there is support at a local level to attract international microfinance.

Affordability
While GDP per capita in the region has been growing, levels of inequality remain high. South Africa, Angola and Namibia are among the most unequal economies in the world. Seychelles, Lesotho, Botswana and Zambia are not far behind. The average annual regional inflation rate was 11.5 percent affecting affordability and consumer spending.

Levels of housing affordability across the region, and even in South Africa (where about 64 percent of the urban population cannot afford the cheapest, newly built house by a private developer), are quite low. The 30 percent drop in oil prices since June 2014 until February 2016, severe drought across the region, electricity constraints and the drop in commodity prices, has put increasing pressure on affordability in 2016. The World Bank has indicated that there will be slower recovery with growth expected to reach 4.2 percent which will somewhat positively impact affordability.

The prices of the cheapest newly built houses by a private developer in the SADC region range from about US$18 000 in Zimbabwe to US$40 788 in Namibia, US$63 000 in Mozambique, and US$200 000 in Angola. Angola, Seychelles and Madagascar were among the most expensive new, formal housing markets found this year. At current lending rates, only 1.3 percent of the Angolan urban population could afford to buy the US$200 000 house.

Generally, formal housing supply is targeted at the upper income and exapt populations seeking housing, with very little being built for the working poor. On average, a 50 kg bag of cement costs US$6.82 for the SADC region, ranging from US$4.30 in Botswana to US$9.10 in Malawi and US$13 in Zimbabwe.

Housing supply
Housing backlogs in countries within the SADC region range from an estimated 2.1 million in South Africa; two million in Madagascar, Mozambique and Angola respectively; to 1.5 million in Zimbabwe and 100 000 units in Namibia. Zambia estimates that it will have a backlog of three million units by 2030, if no interventions are undertaken. While there are many government-led housing initiatives in the SADC region, housing supply is largely insufficient.

According to International Housing Solutions, governments in SADC often focus on the poorest segments of the population while most private sector builders focus on the luxury end of the market, creating what is known as the gap market. The key challenge facing all countries in the region is how to promote affordable housing delivery by the private sector; such that the state can better focus on addressing the needs of the poorest segments of society.

South Africa has the most comprehensive subsidised housing programme in the region. The national housing subsidy is targeted at about 50 percent of the population in terms of household income. Recently, however, numerous politicians have highlighted that the programme is not sustainable in the long term. In recent years, the cost of the subsidised house, which is given away for free to qualifying beneficiaries who earn less than ZAR3 500 (about US$246) a month and have dependents, is estimated to be between ZAR150 000 – ZAR200 000 (US$10 563 – US$14 084).

Investment in the region is vast with investor interest originating from countries such as China. In Angola, government led housing delivery has inadvertently targeted the higher end of the market even with subsidised mortgages. The governments National Urbanism and Housing Programme, adopted in 2009 aimed at public and private sector delivering around 12 percent of the total of one million housing units and it has been extended to 2017. The government aims to deliver a total of 213 000 houses and 14 new centralities across the country. To finance this the government has adopted legislation to create a Housing Development Assets Fund (FADEH) (Presidential Decree 168/15 of 2015). An example of a public private partnership in Angola is between Kora-Angola and the Angolan government with the aim of delivering 40 000 units across multiple projects in six Angolan provinces.

In a number of countries in the region, state-owned or supported housing delivery entities have a mandate to work explicitly in the low-middle income target market, but many struggle to extend as far down market as their targets suggest they should. The Malawi Housing Corporation and Botswana Housing Corporation are the main housing developers in those countries, and there are similar corporations in Lesotho, Tanzania, Namibia, and Swaziland.

The are many projects currently taking place in DRC, some of which include; China Machinery and Equipment Import and Export Corporation plan to build 2.5 million social houses (Project is pending), NGO “Action pour la Solidarité et le Développement (ASODEV)” plan to build 3 080 social houses and the US$1.4 billion housing development called Luano city which is a mixed-used development project comprising of two and three bedroom houses, office park, retail space in the form of a shopping mall and industrial park. (Phase 1 is complete).

In Lesotho, a mix of low, middle and higher income delivery of houses is demonstrated. This can be seen by the MASOWE IV housing project – LHLDC, a government parastatal, is mandated to deliver formal housing in Lesotho. LHLDC has 448 residential plots with 189 earmarked for low-income (plot size of 450m²), 227 for middle to high income plot sizes ranging from 700 to 800m². In Lusaka, the Pan African Housing Fund project aims at building 310 middle income houses.

In 2015 Bulawayo City Council commissioned a new suburb by unveiling 391 medium-density residential housing stands in Emhlengeni, ‘Emhlengeni Phase One’ is the third in a series of the City Council’s pre-sale housing projects. The contract for implementation of services for phase two commenced in July 2016. In addition, the US$1.9 billion government contract with China-Africa Construction Company earmarked for Harare South is aimed to start in 2016. The agreement will provide 32 new houses and expansion of existing suburbs to meet the 2018 ZIMASSET finish line. An additional contract for more than 32 000 houses was also secured from China.

While, the housing supply situation in the region is robust with much activity across sectors involving both public and private investment from investors all over the world, backlogs are real with over half the region’s population living in slums and affordability is still a challenge.

Policy and regulation
The SADC Protocol on Finance and Investment (FIP) remains the key instrument to facilitate regional integration and aims at making the SADC region an attractive destination for FDI and regional investment. In this regard the harmonisation of tax policies, macroeconomic convergence in the region, liberalisation of capital and current accounts as well as harmonisation of the Central Bank’s policies amongst other issues.

The implementation of the FIP has been rather slow going – by 2011 only seven Member States had implemented over 50 percent of their country commitments under the protocol. When it comes to actual regional integration, only
14.3 percent of commitments have been achieved. More recently, however, with support from the FinMark Trust and other players such as the GIZ, the implementation of the FIP has been receiving increasing attention particularly in the areas of retail payment systems, harmonisation of insurance regulations and improving credit information sharing across the region.

About 79 percent of the regions countries have housing related policies and 86 percent have property and land related policies. These however are at various stages of implementation.

The policy flux in many countries undermines investment especially by international or regional housing developers and financiers who are seeking new markets. National governments would do well to promote a clearer housing approach in their countries to facilitate and create an enabling environment for investment.

The SADC Industrialisation Strategy and Roadmap 2015 – 2065, approved in April 2015, seeks to achieve economic transformation by encouraging regional integration and economic and technological transformation through enhancing its competitive and comparative advantages. This has direct connotation for housing and human settlement development as increased employment generating activity will further increase demand for housing. Further, diversifying the economy and increasing production rates will create an attractive investor destination. This will in turn spur demand for accommodation.

The Revised Regional Indicative Strategic Development Plan (RISDP) 2015-2020 is a framework for regional integration which was revised to keep abreast with the changing global economy. The Financial Inclusion Strategy aligns directly to it. The RISDP focuses on four key areas mainly: industrial development and market integration, infrastructure in support of regional integration and peace and security cooperation.

Property market and opportunities

In the World Bank’s 2016 Doing Business Report only six out of the 15 countries improved their position in the Doing Business ranking; namely Botswana, Lesotho, Malawi, Swaziland, Zambia and Zimbabwe. With regard to registering property, only the DRC has decreased the number of procedures in 2016. Botswana, DRC, have decreased the time in days to register property. DRC, Madagascar, Malawi, Mozambique, Namibia and Zambia show a decrease in the cost to register property.

SADC Investment Promotion Agencies are responsible for the promotion of foreign direct investment in their respective countries.

- Angolan Agency for Private Investment
- Botswana Investment & Trade Centre (which is the merged entity between IFSC and BEDIA)
- National Agency for Investment Promotion
- Lesotho National Development Corporation
- Malawi Investment Promotion Agency
- Board of Investment
- Investment Promotion Centre
- Ministry of Trade and Industry
- Seychelles Investment Bureau
- Department of Trade and Industry
- Swaziland Investment Promotion Authority
- Tanzania Investment Centre
- Zambia Development Agency
- Zimbabwe Investment Agency

Recently, the SADC Summit took place in Swaziland. The theme was Resource Mobilisation for Investment in Sustainable Energy Infrastructure for an Inclusive SADC Industrialisation for the Prosperity. The results are forth coming. In general, member states have been undergoing policy reforms and the refinement of investment processes, which have improved their respective business environments such as establishing investment promotion agencies, improving investor protection and increasing the transparency of investment codes and policies. South Africa, Angola and Mozambique are major recipients of Foreign direct investment (FDI) in the SADC region. Mauritius and Seychelles are dominated by real estate investment as opposed to oil and gas, which dominates the Angolan economy. While primary trade connections are dominated by the United States, China, the European Union and India, India shows the largest amount of FDI from a developing country perspective. The EU is the largest trade partner and China is increasing housing investment in Africa exponentially – this can be seen by the various developments noted in the housing supply section. In addition, the investment opportunities that SADC possesses, recently attracted the Japanese Business Federation. According to SADC news, SADC is an important region for Japanese investors as it accounts for 50 percent of trade between Japan and Africa. SAIIA, 2015 shows that the real estate sector attracts the highest FDI inflow into the SADC region at US$18.027.5 million in 2014, preceded by coal, oil and gas and metals. Increased cross border investment and attention is being paid to the SADC region makes it an attractive investment destination. This is coupled with advanced infrastructure development in most countries.

Real Estate Investment Trusts (REITs) have been gaining momentum in SADC countries such as South Africa and Zambia. REITs act as an investment vehicle that investors understand as it is influenced by international legislation by aggregating diverse sources of funding from international and institutional investors through to households, and targeting them into a portfolio that extends beyond the limitations of individual projects. South Africa is one of the eight largest REITs in the world with 30 registered REITs and a market capitalisation rate of ZAR320 billion (US$22.5 billion). Residential specific REITs are emerging and creating an opportunity to diversify risky housing investment portfolios.

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4 In 2015, the EU imported goods worth almost €32 billion from the region, mostly minerals and metals (http://trade.ec.europa.eu/).

43.8% of countries in West Africa have Housing policies and 75.0% have Property policies.

**Income Profile for Rural and Urban Households** (Source: C-GIDD, 2015)

<table>
<thead>
<tr>
<th>Rural</th>
<th>Urban</th>
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<tr>
<td>$400</td>
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<tr>
<td>$100</td>
<td>$100</td>
</tr>
<tr>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

**How many households can afford a $10 000 house?**
(Source: GNHC & C-GIDD, 2015)

- Benin: 85 out of 100 households can afford a $10 000 house.
- Burkina Faso: 81 out of 100 households can afford a $10 000 house.
- Côte d’Ivoire: 80 out of 100 households can afford a $10 000 house.
- Ghana: 80 out of 100 households can afford a $10 000 house.
- Guinea-Bissau: 80 out of 100 households can afford a $10 000 house.
- Liberia: 80 out of 100 households can afford a $10 000 house.
- Mali: 80 out of 100 households can afford a $10 000 house.
- Mauritania: 80 out of 100 households can afford a $10 000 house.
- Nigeria: 80 out of 100 households can afford a $10 000 house.
- Senegal: 80 out of 100 households can afford a $10 000 house.
- Sierra Leone: 80 out of 100 households can afford a $10 000 house.
- Togo: 80 out of 100 households can afford a $10 000 house.

**How does it cost to buy a house in this region?**
(Source: CAHF Annual Survey, 2016)

- Benin: $2,000 to $6,000
- Burkina Faso: $1,200 to $2,000
- Côte d’Ivoire: $1,000 to $1,500
- Ghana: $1,500 to $2,000
- Guinea-Bissau: $2,000 to $3,000
- Liberia: $3,000 to $4,000
- Mali: $2,000 to $3,000
- Mauritania: $3,000 to $5,000
- Nigeria: $3,000 to $5,000
- Senegal: $4,000 to $6,000
- Sierra Leone: $7,000 to $9,000
- Togo: $9,000 to $12,000

**Finance instruments and delivery systems**
(Source: CAHF Annual Survey, 2016)

- Savings: informal lenders, self-financed, micro-finance, government finance, credit and savings institutions
- Government: savings, mortgage, bank loans, savings
- Self-built: savings, mortgage, incremental

**Savings**
- Government: savings, mortgage, bank loans, savings
- Self-built: savings, mortgage, incremental, self-built
- Private developers: savings, mortgage, incremental, self-built, international developers

**Target price affordability**
- Could afford
- Cannot afford
Overview

The West African Economic and Monetary Union (Union Economique et Monétaire Ouest Africaine, UEMOA) is a regional organisation of eight West African countries (Benin, Burkina Faso, Côte d’Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo). They share the same money, West African francs (CFA Francs), monetary policies, and French as an official language. The objective of the union is to promote regional economic integration and create a common market. Benin, Côte d’Ivoire, Guinea Bissau, Senegal and Togo are on the coast of West Africa whereas Burkina Faso, Mali and Niger are landlocked countries. The climate ranges from warm and humid on the southern coast to dry and hot in the semi-arid countries. The economy is predominantly agricultural. Cocoa, coffee, timber, cotton, onions, sesame seeds, Arabic gum, and cashew nuts are among the cash crops produced and exported by the union. Côte d’Ivoire, which represents the largest economy of the union, has some manufacturing activities especially in the agro-industries. Niger, Mali, Burkina Faso have mining industries; uranium, gold and petroleum in Niger; gold in Mali and Burkina Faso; phosphate in Togo and iron in Benin. Animal rearing is still in the traditional mode and a huge economic activity if modernised; for milk and dairy product, meat production for local consumption and export, tannery and hide and skin industries. Other activities are artisanal mining of minerals used in construction; artisanal fishing and artisanal food transformation and cosmetics. These activities represent a huge potential to be developed and industrialised.

Prior to 2010, on average, the populations of the coastal countries mostly live in the urban areas, compared to the landlocked countries where the population is primarily rural but today the rate of urbanisation of each country of the union is accelerating. The average urban population of the union has practically doubled, from 19.8 percent of the total population in 1975 to 34.3 percent in 2013. In some of the urban centres particularly in Abidjan the annual urbanisation rate is 4.6 percent. The fastest growing urban areas include Abidjan, Dakar, Lome, Cotonou, Bamako, Niamey, Bissau and Ouagadougou. The population of the union is among the fastest growing in the world and so is the rate of urbanisation. The urban population has grown from 22.5 in 2000 to 42 millions in 2015 and estimated to be 57.9 millions in 2050. As a result of decentralisation and democratisation cities are emerging from rural towns and capital cities are undergoing modernisations with a number of infrastructure projects going on in practically all the member states of the union.

According to the Central Bank of the union, (Banque Centrale Des Etats de l’Afrique de l’Ouest, BCEAO), the economy remained resilient in 2015 despite international uncertainty; due to productivity in the construction and building sector; booming agriculture, a better business climate, and new products in the service industry such as banking and communication due to the supply of energy and telecommunication technology. Real GDP growth rose from 6.5 percent in 2014 to seven percent in 2015 and estimated at 7.4 percent in 2017. The economic growth is expected to continue as a result of good agricultural harvest, execution of some regional and national socio economic infrastructures and improvement in political stability of some of the member’s countries, Cote d’Ivoire and Niger where peaceful elections were organised in 2015 and 2016 however the insecurity in the northern part of Mali and north east of Niger is also of great concern. The union has minimised the average annual inflation rate to one percent in 2015.

Access to finance

Banque Centrale des Etats de l’Afrique de l’Ouest (BCEAO) is a unique central bank for the eight countries and governs the financial institutions across the union. The BCEAO headquarters are in Dakar, Senegal, and each country has a national agency. The formal financial system of the union is developing and the banking network is growing; five new banks were established in 2015 making a total of 137 banks operating in the union by the end of 2015. Majority of the banking activities is concentrated in three or five commercial banks in the majority of the countries. Although the banking rate in the union remains one of the lowest in the world, in the last decade access to banking services, the number of banks and micro finance institutions has increased. According to BCEAO, the banking rate was 14.83 percent in 2014 almost double the rate five years earlier – 7.93 percent in 2011. Although financing entrepreneurial activities and housing remain challenging, many programmes promote the banking system in the union. According to BCEAO, at the end of March 2016 there were 680 micro finance institutions in the union, with 923.1 billion CFA (US$1.6 billion) deposits, compared to 816 billion (US$1.4 billion) in 2015; 15.7 million depositors in 2016, compared to 13.8 million in 2015, and 920.9 billion (US$1.6 billion) worth of loans in 2016 compared to 796.4 (US$1.4 billion) in 2015.

The housing finance market in UEMOA countries is under-developed. Few long-term mortgage vehicles exist and in most cases belong to government. Only a few of the member countries have mortgage banks, among which are Banque de l’habitat du Bénin, created in 2003 with operations starting in 2004; Banque de l’Habitat du Burkina Faso, created and with operations starting in 2005; Banque de l’Habitat de Côte d’Ivoire, created in 1994; Banque de l’Habitat du Mali created in 1996; Banque de l’Habitat du Niger created in 2010 and not yet operating; and Banque de l’Habitat du Senegal (BHS) created and operating since 1979. BHS is the most active of the mortgage banks of the union and represent 50 percent of the demand for mortgages authorised in 2014 and 30 percent of the disbursed loan (60.4 billion CFA or US$101.82 million). The average interest rate in the union is 7.14 percent and Senegal has the lowest rate at 6.81 percent.

To promote mortgage activities and access to mortgages a regional mortgage institution, Caisse Régnale de Refinancement Hypothecaire-UEMOA, (CRRH-UEMOA), was created in 2010 as a result of efforts deployed by the BCEAO, BOAD and Conseil Regional de l’epargne publique et des marches financiers (Crepym). The mission of the new institution is to promote easy access to long-term financing to commercial banks (its members) to enable them to finance housing loans. The total capital of CRRH-UEMOA is CFA Francs 3 426 million, 60 percent of which belongs to financial institutions of the union, 15 percent to Shelter Africa and 25 percent to BOAD. The CRRH headquarters are in Lome, Togo. The new regional institution goal is to promote mortgage development urgently needed in the UEMOA countries.

CRRH-UEMOA, as expected, is reinforcing the capacity of commercial banks, unleashing construction activities, fostering housing development, generating investments, employment opportunities and raising incomes, as currently illustrated by the number of members’ banks (shareholders), now 46, its success in the regional stock exchange, and the projects financed.

The governments of all the member states are promoting housing finance further; through different mechanisms. Among these are the establishment of mortgage banks and housing development agencies, and fiscal incentives for private companies and developers. Some commercial banks, members of CRRH are now promoting housing loans to individuals.
Housing supply

In spite of the economic growth of the union, affordability is still a challenge and depends on each country’s economic environment. In most cases the majority of the population who lives with less than US$3.1 a day has little or no capacity to finance their homes. To address these affordability realities, some initiatives are being implemented, among which is the creation of the regional mortgage funds CRRH and other plans to secure funds at competitive prices in the financial markets. The creation of CRRH has facilitated access to financing for its members thus ameliorate banking conditions for mortgage loans.

To boost affordability each member state has a series of housing projects, fiscal incentives to foreign and local investors. There are incentives to promote the local small and medium enterprises among which are the mutual funds for housing in Senegal, allocation of land for free, fiscal incentives and reforms in registration of property.

Apart from individual action to boost affordability the union has adopted common measures among which are the reinforcement of the capacity of the mortgage banks, the promotion of savings for housing and promotion for mortgage guarantee. In spite of the different programmes there is a need to support the private sector to develop affordable housing finance appropriate to the income of the majority in the UEMOA countries.

Housing supply

Housing supply differs from one country to the other but overall it is still dominated by incremental, self-construction and informal entrepreneurs. Some of the upper-middle class use the services of government housing development agencies and to some extent private developers. They live in the residential zone and the very poor live in slums. There is very little data on the stock of houses in the union.

The housing supply is insufficient to meet the demand in all of the UEMOA countries. The population growth rates of the eight countries are among the highest in the world and the rate of urbanisation is growing in all of the members of the union, it is estimated that the population in the union will attain 57.9 million in 2050. To face this challenge, some of the presidents have established ambitious housing programmes as part of their presidential campaigns. Alhasan Ouattara of Cote d’Ivoire has a programme of 50 000 houses for five years at a rate of 10 000 houses all over Niger. Cote d’Ivoire started implementing its programme on 9 January 2012 by laying the foundation of 2 000 social houses in Yopougon and Riviera, among the most popular streets in the capital. Out of the 60 000 units of affordable homes promised by President Alhasan Ouattara of Cote d’Ivoire only 3 000 have been supplied by the end of 2015. The gap between demand and supply of affordable houses persists.

By the end of 2015, as a result of the union’s economic growth, and the support of CRRH, most commercial banks of the union are offering housing loans and private developers have different housing schemes but the gap between the supply and the demand persists.

The governments of the union are focusing their efforts on improving the business environment and sourcing foreign investment to develop urban infrastructure and housing. To this end the UEMOA is initiating a series of investment forums to source diversified investors. The result is illustrated through the different housing programmes under construction in some of the member countries such as Senegal, where mortgage activities are relatively developed compared to other member countries. It is expected that the result of the efforts and the success of CRRH will favour the emergence of mortgage activities and boost housing supply across the union.

Property market and opportunities

The UEMOA countries are witnessing some social and economic changes due primarily to the economic boom and political reforms. The economic boom itself is due to economic reforms, and the development of infrastructure such as roads and telecommunication, which facilitate improved access to rural areas. As a result, there is high demand for land and properties. Political reforms such as decentralisation, high demand for land and development of roads is accelerating the urbanisation of villages around the capital and other internal cities. There are different incentives to stimulate local and foreign investors to participate in the development of housing and other urban infrastructures.

Each member state has housing on the priority list of his agenda and the government is promoting public private partnership for housing development and fiscal incentives for businesses. Investment interest from Dangote group to produce cement in Niger and some other countries in the union; the Adoha group a Moroccan group in housing development is now present in Cote d’Ivoire, etc. indicate a growing market.

All the available data on the stock of houses in the union indicates a gap between supply and demand. The different development programmes, such as urban infrastructure, electrification of new cities and rural areas, housing as well as the rate of urbanisation and the population growth rate (both high), are indicators of opportunities for the housing finance and housing development sectors, especially in the low-income bracket.

Policy and regulation

There have been reforms in land administration, but the registration of properties to obtain full ownership rights – Titre Foncier – remains a challenge in all UEMOA countries. The CRRH-UEMOA has proposed to undertake a regional study of the different regulations concerning full ownership right in all its member countries with a view to proposing a unique document recognised and accepted by all the member states. There is no information regarding the study to date.

The World Bank’s 2016 Doing Business Report indicates that some of the reforms implemented by some member countries are yielding results among which is Cote d’Ivoire but some difficulties persisting. The difficulties encountered will hopefully be addressed by Sheida, the land and registration reform system adopted by the union in 2006 to simplify the process of obtaining full ownership title.

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Overview

The People’s Democratic Republic of Algeria is a North African Maghreb state, with a population of 39.7 million inhabitants in 2016. At 2.381 million km², it is the largest country in Africa. Algeria has had modest yet steady growth over the past few years, projected at 3.6 percent in 2016, and ranging from 4.1 percent to 2.8 percent between 2010 and 2015. GNI per capita has risen steadily since 2000, reaching a peak of US$5,520 in 2013, however, this has fallen to US$4,870 in 2015, due to low oil prices. Inflation has risen in the past years, reaching 6.08 percent as of April 2016, compared to an average of 4.76 percent from 2011 to 2016.

The economy remains heavily dependent on the petroleum industry, which accounts for around two-thirds of public revenues and 95 percent of export earnings. Although the drop in oil prices has yet to result in slower growth, it has significantly weakened Algeria’s fiscal and external balances. Fiscal savings have been depleted to finance large and sustained budget deficits of around 20 percent of GDP. Government reserves have dropped significantly reported at US$136.9 million in June 2016, having dropped US$6.1 billion in the year.

President Bouteflika announced a third five-year investment programme of US$262 billion for the period 2015 to 2019. However, government have subsequently revised this policy in order to substantially reduce public spending in light of lower revenues, and the new focus has been on fiscal consolidation and subsidy reform. Algeria has also adopted a new constitution in February 2016, aimed at fostering greater transparency, better governance and a more market-based economy.

Sustained budget deficits may put additional pressure on the need to diversify the Algerian economy and deliver the government’s large-scale social housing programmes, particularly to reach the ambitious targets of 1.6 million units planned for 2015 to 2019.

Access to finance

The banking system in Algeria is dominated by six state-owned banks, which control almost 90 percent of banking assets, 80 percent of all loans and continue to play a key role in financing of government-prioritised projects. The central bank, Bank of Algeria, also oversees 14 privately-owned banks, nine non-bank financial institutions and 23 insurance companies. Efforts to carry out financial sector reforms have been slow or are often put on hold, particularly liberalisation of state-owned banks and companies.

Since Bouteflika came into power in 1999, Algeria has attempted to reform the mortgage system by improving access to capital markets and deepening the market toward lower income groups. Y et, despite regulatory reforms, past trends of excess liquidity while oil revenues were high and heavy public spending have previously acted as a disincentive for banks to carry out product innovation. Lower oil revenues are putting additional pressure on liquidity and reforms to attract further deposits, and cultivate long-term savings, or resolve asset-liability mismatches.

A four-year ban on consumer lending ended in 2014, banks have since been able to offer new unsecured and higher interest loans on consumer goods. Domestic credit to the private sector has increased rapidly over the past years, rising from 18.5 percent of GDP in 2014 to 45.3 percent of GDP in 2015. Housing finance
is still an underdeveloped sector; despite the liquidity of the banking sector: In 2015, mortgage lending remained only approximately one percent of GDP at a similar level to 2014, even though there has been growth in the number of loans over the past 5 years due to the delivery of housing through government programmes that offer subsidised mortgages. Yet, access to credit being very difficult due to the lack of credit bureaus and credit registry. In general, commercial real estate finance in Algeria represents a larger share of total bank lending than retail housing finance.

State-owned banks make up nearly all mortgage loans, more than 60 percent of which are attributable to the CNEP (Caisse Nationale d’Epargne et Prevoyance – National Savings and Providence Fund). Housing finance products range in duration from 20 to a maximum of 40 years at a mortgage lending rate of eight percent. The maximum loan-to-value ratio for non-government programmes is capped at 70 percent of the total unit cost. Government offers upfront down-payment assistance for households qualifying for social housing programmes, which amounts up to 20 percent of the value of the unit. The level of non-performing loans (NPLs) has been very high in the past, though it has been decreasing, from a high of 21 percent in 2009 to 9.4 percent in 2015. Until now, rather than repossessing homes, most NPLs have usually been restructured, either through swaps for T-bonds (in public sector banks) or rescheduling repayment schedules, the costs of which have been absorbed by the state.

A mortgage refinancing facility was created in 1997, known as Société de Réfinancement Hypothécaire, or SRH, which had the goals to improve banking intermediation for housing finance and promote the use of secondary financial markets to facilitate access to long-term finance for mortgage loans. SRH was initially capitalised with a fund of US$23.3 million held at the treasury, and US$12.5 million of its own funds. The SRH facility was complemented by the new securitisation law that came into force in 2006. The objective of the legislation was to free up capital to support banks to fund housing construction, yet the expansion of secondary mortgage markets has been limited by the lack of development of primary mortgage markets and historically high rate of NPLs. There are no recent reports on the performance of the SRH and the value of the loans that have been refinanced. Yet, in 2016, SRH announced that it was exploring a bond issuance to diversify its financial resources and reduce reliance on the Treasury for funding.

Lease-to-own programmes have recently become a very popular way to access housing in Algeria. In 2011, the SRH facility received approval to operate directly in real estate leasing. There are five non-bank financial institutions specialising in leasing services, including real estate, which includes Ijar Leasing Algérie and El Djazair Ijar.

The main institution providing microfinance services is Algérie Poste, which was set up as a government corporation on January 14, 2002, to provide both postal and financial services. Algérie Poste has a large branch network, especially in rural areas. In October 2015, Algérie Poste comprised of 3,668 bank branches and 18.5 million accounts, compared to just over 2,000 commercial bank branches or 5.1 branches per 100,000 inhabitants. There are no specialised housing microfinance products, but Algérie Poste offers a savings for housing account, with two percent interest, and acts as a service branch for 4.1 million CNEP accounts, Algeria’s largest housing finance lender. A large government program of modernisation of the system has continued to be a focus, with Algérie Poste offering online and mobile banking services for the first time in 2014.

**Affordability**

Housing affordability is a significant problem in Algeria and the cause of substantial social unrest. While the supply of housing for high income and expatriate buyers appears to be sufficient, there is a distinct undersupply of affordable housing for the bottom 60 percent of the population. Prices to buy housing in the main urban centres are equivalent to those of major European cities, it is therefore extremely difficult for households, especially low and middle income, to access housing on the private market. In 2016, the average price per square metre to buy an apartment in the inner city was US$1,600 and US$920 outside of the city centre.

The GNI per capita reduced from US$4,900 in 2014 to US$4,780 in 2015, due to the effect of lower oil prices. There are limited statistics available on household incomes and poverty levels in Algeria. In 2014, the net average salary in Algeria (excluding agriculture) was reported at US$480 (DA 52,700) per month in the public sector and US$282 (DA 31,000) per month in the private sector; marking a 4.7 percent increase from 2013. Yet, even though the level of inequality is low, with the Gini coefficient last measured at 36.06 in 2010, the price of housing is beyond the means of most households with rentals priced at an average of US$136 (or DA15,000) for a three-bedroom unit nationally, and at beyond US$250 (DA25,000) per month, in major cities, Algiers, Oran and Constantine. Furthermore, the Ministry of Solidarity reports that 700,000 Algerian families were below the poverty line in 2015.

Public policy is focussed on building a large amount of very low-cost rental and subsidised housing units; yet government supply is not able to respond entirely to demand. Occupancy rates are still high in Algeria, though have been reducing, reported at 4.3 persons per household in 2015. Population growth, measured at 1.7 percent per annum, and an urbanisation growth rate of 2.7 percent per annum in 2015, fuels new demand each year for housing units in cities, with 70% of the total population living in cities. However, waiting lists are long and the down payment to buy a dwelling can also be prohibitive. For the middle-income housing programme, between DA 700,000 and 1 million (US$6,400 – 9,100) is required upfront.

**Housing supply**

In 2015, the Ministry of Housing and Urban Development (MHU) reported a national housing shortage of 720,000 units. However, of the national housing stock, MHU estimates that up to 20 percent are vacant, which largely act either

**ALGERIA**

<table>
<thead>
<tr>
<th>Annual household income US$</th>
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<tbody>
<tr>
<td>$801 – $1,600</td>
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<tr>
<td>$1,601 – $2,400</td>
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<tr>
<td>$2,401 – $3,600</td>
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<td>$3,601 – $5,000</td>
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<tr>
<td>$5,001 – $8,000</td>
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<td>$6,001 – $12,000</td>
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<td>$12,001 – $23,000</td>
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<td>$23,001 – $40,000</td>
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<td>&gt; $40,001</td>
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<table>
<thead>
<tr>
<th>Rural</th>
<th>Urban</th>
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- Average income needed for the cheapest newly built house by a formal developer, 2016
- Average annual urban household income, 2015 (in constant 2005 US$)

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*Note: The data provided is an estimate and may not reflect the current situation.*
as investment properties or second homes for the higher-income. Meanwhile, there are approximately 500,000 units that are still designated precarious dwellings and two million are in poor condition, having been constructed prior to independence in 1962.

Annual supply is estimated at 80,000 dwellings, while annual demand is estimated at 300,000 units per year to respond to new demand and reduce the housing deficit. The Ministry of Housing and Settlements announced the construction target of 1.6 million units over a five-year period from 2015–2019 with an estimated cost of US$56 billion, in addition to the 650,000 units that were already in progress in 2014. Half of these units were planned by the government to be public rental housing (LPL), while 400,000 were planned for rural areas and the remaining 400,000 would be built as part of the lease-to-own program (AADL). Overall, housing programmes have delivered a large number of units over the past decade, with MHU reporting that 810,000 housing units were built under the 1999–2004 housing programme and 912,326 under the 2005–2009 programme. A massive DA 3,500 to 4,500 billion (US$46 billion–60 billion) was committed for the MHU’s programme in the 2010–2014 budgetary period, yet only 693,000 units of the 1.2 million units planned were produced. In recent years, lengthy administrative processes and disputes over some project sites and mismanagement of funds contributed to a shortfall, with the number of completions per annum falling below 100,000 units.

These programmes have required an enormous effort that is both widely publicised and visible. Around 60 percent of units in these government housing programmes are estimated to have been built by the private sector. Of the estimated 1,800 building developers involved in public housing construction, around 80 percent are local Algerian firms, usually working on smaller projects of 100, 200 or 500 units. The remaining 20 percent of developers are foreign, including joint-venture contracts with companies from Portugal, Spain, Turkey, China and the Gulf States. At the height of housing delivery in the 2010–14 programme, there were an estimated 35,000–60,000 Chinese construction workers in Algeria at any one time.

Despite the extent of housing construction, there is still a backlog. In 2014, 72,000 residents were surveyed as still living in precarious housing in Algiers. There have been additional initiatives to clean up shantytowns with the slum eradication project Résorption de l’Habitat Précaire, a programme that included slum-upgrading, redevelopment or resettlement. Started in 1999 with a World Bank loan of US$150 million, this program initially identified 65 target sites, accounting for 30,390 inadequate units, housing 172,000 residents. In July 2014, this program gained a further commitment of US$90 million from the new government for the improvement of inadequate units. As a result, between June 2014 and May 2016, 39,000 families were relocated into new units, with 9,000 households participating in government programs to build their new homes, and the rest being allocated to public rental housing. The Algerian province have secured another 180 hectares to allocate to new affordable housing projects of all types, including lease-to-own, public rental and subsidised for-sale units.

**Property markets**

Constraints to the availability of land have severely restricted the emergence of a formal real estate market. The state is the primary owner of land in Algeria and only very limited supply is made accessible to private individuals or developers. There are very high rates of home ownership, due to the cultural importance of owning a home for Algerians, yet low supply has pushed up prices beyond the affordability threshold of many households and as a result, the rental market is growing.

There is a deeds registry though the land registration system is cumbersome and unclear. Algeria has continued to maintain a low ranking of 163rd in the 2016 Doing Business report for registering property, with 10 procedures, taking an average of 55 days (increasing from 48 days in 2012), and costing 7.1 percent of the property value. Many apartments or plots are left vacant due to disputes over tenure. In 2016, Algeria made dealing with construction permits easier by eliminating the legal requirement to provide a certified copy of a property title when applying for a building permit. Yet, this process still takes 17 procedures and an estimated 204 days, ranking Algeria at 204th in the world.

A five percent transfer fee is charged on transaction of immovable property, plus a 1 percent registration fee. The government has attempted to increase the supply of land with a tax rebate if the land is sold for housing. However, this measure has primarily benefited high-income groups, who are the ones that are able to afford land in the first place, and is regressive, as the higher the purchase price, the larger the tax rebate. With 90 percent of the population living within only 10 percent of the national territory, and growing demand caused by population growth and urban migration, difficulties to access land are likely to continue without any significant reforms in land policy.

The majority of households are forced to rely on public housing programmes, or otherwise self-build on informally-squatted government land or buy units on the black market. Due to the enormous price gaps between the private property market and affordable housing developed by the state, many of the social housing units are quickly released into a thriving black market, where title transfer is not formally registered. The mark-up of the property value can be up to 40 percent and real estate brokers engaged in the business demand high commissions to facilitate the transactions.

To incentivise property development, Algeria introduced a Real Estate Development Guarantee Fund (FGCMP) in 1997 and made a Certificate of Guarantee on advance payments for off-plan sales compulsory. Its purpose is to reimburse payments made by purchasers in the event of the developer defaulting on their obligations.

**Policy and regulation**

From 1999 to 2012, one third of those in the Algiers region applied for some sort of government housing assistance. The government has five types of housing programmes, with different target groups and tenure outcomes. In 2013 and 2014, the thresholds for several programs were revised and a new LPP program was introduced for middle class households, resulting in the following set of housing options (see next page).

Demand for all these programmes is high and supply is still insufficient. Allocation procedures have been brought under scrutiny for mismanagement and arguments over allocations, which are the cause of many protests. Efforts to better regulate the application and wait-listing procedures have made some progress, yet have not gone far enough to alleviate this social unrest.

A scoring system has been introduced to the public rental housing programme, which gives preference to families based on their income, current living situation, familial situation, and improves transparency. Specific issues to resolve are the verification of the eligibility of applicants as waitlists are managed locally, there can be duplication of applications across regions and people may already own property or move to precarious housing in shantytowns simply to qualify for government assistance. In addition, there is a challenge to eradicate fraudulent documents of identification or false certificates of accommodation.

**Opportunities**

The outlook for growth in the Algerian housing finance sector remains largely positive, given the development of stronger legal frameworks for mortgages, a growing number of banks offering varied housing finance options, including housing microfinance, and the renewed pressure to implement financial sector reforms in response to lower oil prices. Although there has been a decline of European investment in Algeria after the introduction of a 49/51 rule, which limits the participation of foreign investors in local companies to 49 percent, there has been a revival of interest from Gulf investors.

Bank of Algeria continues to introduce refinancing instruments to guard against potential inflationary pressures and maintain the level of capitalisation of the
banking sector. An amnesty announced in July 2015 for companies and individuals to deposit undeclared income from informal trading into banks for a seven percent fee may also increase liquidity and formalisation of the black market. The informal sector’s turnover is estimated at around US$40 billion per annum.

Housing production faces challenges on the supply side, caused by a lack of land available for private development. There has not been much progress in recent times. As a result, land title is not always clear, restricting housing supply. A World Bank project from 2002 until 2007 included a nation-wide systematic registration system for physical and legal properties, and the expansion of the cadastre. New legislation has also helped to standardise and digitise the registration procedures and designed a special ad-hoc procedure to expedite the process in urban areas. A 2011 law that was enacted to grant leases for state land to foreign investors for 99 years instead of 20 years, has been promising to stimulate private investment in real estate, yet the state has been slow in making this serviced land available due to the incompleteness of the deeds registry.

Earlier this year, the government stated its intention to shift the housing delivery emphasis from the provision of public housing towards the facilitation of privately-developed affordable housing, financed through long-term mortgage loans.

<table>
<thead>
<tr>
<th>Target Group</th>
<th>Income Level (DA)</th>
<th>Income Level (US$)</th>
<th>Programme</th>
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<tbody>
<tr>
<td>1 – 6 SMIG</td>
<td>18 000 – 108 000</td>
<td>160 – 980</td>
<td>The Rural Housing Programme for rural areas, where a household receives a subsidy of either US$6 400 to US$9 100 for home improvement or new home construction, which is disbursed as progress is made.</td>
</tr>
<tr>
<td>&lt;1.5 SMIG</td>
<td>&lt; 24 000</td>
<td>&lt; 220</td>
<td>Public Rental Housing for households earning less than 1.5 times the minimum wage, in which construction is entirely publicly financed on government land and rent is extremely low, at approximately US$10 – 21 per month. To make more transparent the allocation, the government has created a scoring system for applicants that take into account a range of conditions.</td>
</tr>
<tr>
<td>1.5 – 6 SMIG</td>
<td>24 000 – 108 000</td>
<td>220 – 980</td>
<td>AADL (Agence de l’Amélioration et du Développement du Logement): AADL was introduced in 2001 and operates a lease-to-own programme for households with little down-payment capacity. Units range in size from 70m² to 85m². Small upfront payments are required for entry, and then the lease is guaranteed 100 percent by the state on a zero interest basis.</td>
</tr>
<tr>
<td>1.5 – 6 SMIG</td>
<td>24 000 – 108 000</td>
<td>220 – 980</td>
<td>LPA (Logement Promotionnel Aide): The Assisted Housing Programme, started in 2010, LPA aims to facilitate home ownership for households earning up to six times the minimum wage. There is an upfront grant of either US$3 600 or US$6 400 to assist with down-payments and subsidised loan finance with interest rates between one to three percent. Land is provided by the government at discounted rates to developers for these projects to reduce overall cost, but demand is very high. Units are fixed in size at 70m² (±3%) at an average cost of US$25 400.</td>
</tr>
<tr>
<td>Civil Servants</td>
<td>NA</td>
<td>NA</td>
<td>Government Employees are also offered low-cost finance, at one percent for a house up to approximately US$80 000 for higher dignitaries, and US$50 000 for others.</td>
</tr>
</tbody>
</table>

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Overview

During the first decade after the end of the civil war in 2002, the Angolan government managed to transform its war-torn economy into the fifth biggest in Africa. Growth was mainly fuelled by a doubling of oil production, turning Angola into Sub-Saharan Africa's second largest oil producer after Nigeria. Oil revenues and oil-backed loans allowed for large-scale state investments in the construction and rehabilitation of public infrastructures, as well as the implementation of an ambitious housing programme to meet the country’s massive housing deficit in a context of rapid urbanisation.

While the housing programme so far has contributed to an increase of the country’s housing stock through the state-led construction of new towns or centralidades, it has failed to create an enabling environment for housing development by the private sector, cooperatives and citizens more generally. A lack of security of tenure, infrastructure provision, affordable housing finance and the enforcement and regulation of existing housing legislation makes formal development by the private sector, cooperatives and citizens more generally. A lack of security of tenure, infrastructure provision, affordable housing finance and the enforcement and regulation of existing housing legislation makes formal development by the private sector, cooperatives and citizens more generally.

The latest drop in global oil prices in 2014 has led to a slump in GDP growth (three percent in 2015, down from 23.4 percent in 2007), soaring inflation (reaching 29.2 percent in May 2016) and a depreciation of the country's currency, the kwanza (over 40 percent against the US dollar between September 2014 and May 2016) have forced the government to make reforms to keep the economy afloat.

In response to the economic crisis the National Bank of Angola (BNA) raised its benchmark interest rate seven times between October 2014 and March 2016, from 8.75 percent to 14 percent. The Angolan government also adopted restrictions for access to foreign exchange, with higher priority for imports of food and medicine, and inputs for agriculture, industry and the oil sector, while prioritising banking supervision and private sector development. If accompanied by the appropriate reforms to regulate land tenure, these measures could represent an important contribution to unlocking the country’s housing market.

Access to finance

Angola's post-war economic boom has resulted in the rapid growth of the country’s financial sector. This growth is almost exclusively concentrated in banking, with the Angolan banking sector now being the third largest in Sub-Saharan Africa after Nigeria and South Africa.

As of March 2016, there were 29 commercial banks authorised to operate in the country by the National Bank of Angola (BNA). However, levels of financial inclusion in Angola remain low. According to the World Bank, in 2014 only 29.3 percent of Angolans above the age of 15 have a bank account at a formal financial institution. This percentage is even lower in rural areas, where only 18.8 percent of adults hold an account, as well as amongst the poorest 40 percent of the population, of whom only 12.9 percent holds an account.
The BNA has made a concerted effort to increase the use of banking services in recent years. In the past, commercial banks were restricted to the few who could meet the deposit requirement of about US$200 to open an account. In 2011, the BNA launched the Bankita programme in partnership with most of the commercial banks that operate in Angola in an effort to improve access to banking services amongst low income households. This matched savings programme offers the possibility to open a bank account with only Ks100 (about US$0.60 at the 2016 exchange rate). However, data on the holders of Bankita bank accounts indicate that their use is limited to urban, male and formally employed individuals.

The post-war construction boom has resulted in a growing interest in the mortgage market and most large banks now offer loans for housing. The Angolan Investment Bank (BAI), for example, offers terms of up to 20 years and financing up to 85 percent of the value of the property. Interest rates for mortgages generally vary between eight and 14 percent, but in response to the crisis in 2015 some banks increased their rates to 18 percent. Other banks finance house acquisitions as unsecured consumer loans. These products typically have much higher interest rates, reaching up to 24 percent for loans in the national currency, and shorter repayment periods of around 36 months. In practice, the lack of instruments to gauge the creditworthiness of prospective borrowers due to the lack of credit information and a national identification system means that collateral is required for nearly all loans. In 2016, BAI reported to have a portfolio with approximately 36,000 million kwanzas (about US$312 million) in default or as a six percent default rate. The progressive use of an Information and Credit Risk Centre (CIRC) created by the BNA is expected to help banks improve their risk analysis.

Nevertheless, the absence of a functioning property registration system remains an obstacle and rejection rates of loan applications are high. As a result, only 7.6 percent of housing credit held by households came from banks in 2009, with the rest obtained from family and friends, savings and employers. In 2011, only 2.2 percent of Angolans above the age of 15 had outstanding mortgage at a financial institution, according to the World Bank.

Data on the aggregated number of mortgages in Angola are not registered and the lack of available information about the real estate sector is seen by stakeholders as one of the fundamental obstacles to the development of this sector.

New legislation has been adopted in order to encourage commercial financial institutions to provide credit for the construction or purchase of a house (Presidential Decree 259/11 of 2011). This is done by providing subsidies to banks to reduce interest rates and by providing financial guarantees to reduce risk. However, no information is available on the extent to which banks have been making use of this facility.

Angola’s non-bank financial sector remains small, with the combined assets of insurance, pension funds and microcredit institutions being equivalent to only two percent of GDP. Nevertheless, the number of non-banking institutions has increased significantly over the past years.

As of March 2016, Angola counted one financial leasing company, 66 exchange bureaus (eight are authorised to do remittance transfers), 10 microfinance institutions (MFIs), two credit cooperatives and seven money transfer companies.

The number of MFIs registered with the BNA rose from three in 2014 to 10 in 2016, following the adoption of new legislation on credit cooperatives and microcredit companies (Presidential Decree 22/11 and 28/11 of 2011). However, the numbers available on the penetration rate of MFIs indicates that this remains low, with little more than 30,000 active clients. Of the MFIs currently registered with the BNA, only KixiCredito and Novo Banco Angola report to MIX Market, an online source of microfinance performance data and analysis. Most microfinanciers in Angola are financial institutions (MFIs), two credit cooperatives and seven money transfer companies.

The Angolan population is young; almost half are under the age of 15. The average Angolan household consists of five members. A government household survey conducted in 2008–2009 calculates average income per person at about US$90 a month, but this is almost double in urban areas than in rural areas: US$110 against US$60. The minimum wage in Angola is about US$150 and the average monthly salary is estimated to be approximately US$500, but skilled private sector employees generally earn over 20 times more than those in the lowest income bracket. For (expatriate) oil company employees, this income is even higher with employers generally picking up the bill for accommodation.

The demand for high-end, quality housing in secure developments, with the reliable provision of utilities, and the substantial budgets of oil companies means that rental and sale prices in Luanda have become among the most expensive in the world. Prices have dropped somewhat since the latest economic downturn, as well as the completion of state housing projects. Nevertheless, the focus of formal commercial developers remains on the higher income category. In this market, in 2015 a new two-bedroom apartment of about 180 m² in downtown Luanda reaches US$7,500 a month and US$1,500 for an existing two-bedroom apartment, or US$810 a unit, while a three-bedroom house of about 190 m² in a residential compound in the suburb of Luanda SUL costs US$950 000 per unit or US$50 000 m². The cheapest commercial properties are found in Camama, an hour’s drive from central Luanda, where there are limited asphalted roads and poor electricity supplies. There, a two-bedroom apartment costs approximately US$200,000, compared to US$450,000 in Malange, an inner-city district.

There are government schemes aimed at making housing more affordable. In 2009, the Angolan government created a Housing Development Fund (FFH) (Decree 54/09 of 2009) to support the financing of social housing for low income households. However, so far the portfolio of the FFH is limited to the provision of subsidised loans for public servants in state housing projects, such as the new city of Kiamba. Loans are extended for 30 years with a three percent interest rate. To facilitate access to other prospective inhabitants, in 2013 the government launched subsidised rent-to-buy schemes through SONIFI the real estate arm of the national oil company, to those in the possession of a formal job, a national identity card and a tax payer card.

Apartments in these projects were initially priced between US$125 000 and US$200 000 a unit. These schemes reduced apartment prices to US$80 000 for a three bedroom apartment through twenty-year mortgages with a percent interest rate and monthly payments of US$390. This brought ownership within the reach of early career professionals and mid-level civil servants earning over US$1 500 a month. However, government housing projects are still unavailable
### Angola

#### Annual household income US$ (2015, in constant 2005 US$)

<table>
<thead>
<tr>
<th>Income Range</th>
<th>No. of households (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$801</td>
<td>253</td>
</tr>
<tr>
<td>$801 – $1,600</td>
<td>2,444</td>
</tr>
<tr>
<td>$1,601 – $2,400</td>
<td>6,815</td>
</tr>
<tr>
<td>$2,401 – $3,600</td>
<td>8,687</td>
</tr>
<tr>
<td>$3,601 – $5,000</td>
<td>7,205</td>
</tr>
<tr>
<td>$5,001 – $8,000</td>
<td>4,304</td>
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<tr>
<td>$8,001 – $12,000</td>
<td>1,183</td>
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<tr>
<td>$12,001 – $23,000</td>
<td>154</td>
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<tr>
<td>$23,001 – $40,000</td>
<td>114</td>
</tr>
<tr>
<td>$40,001 – $80,000</td>
<td>9</td>
</tr>
<tr>
<td>&gt;$80,001</td>
<td>0</td>
</tr>
</tbody>
</table>

#### Average income needed for the cheapest newly built house by a formal developer, 2016

- Rural
- Urban

#### Average annual urban household income, 2015

- <$800
- $801 – $1,600
- $1,601 – $2,400
- $2,401 – $3,600
- $3,601 – $5,000
- $5,001 – $8,000
- $8,001 – $12,000
- $12,001 – $23,000
- $23,001 – $40,000
- $40,001 – $80,000
- >$80,001

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for low income households. Moreover, housing schemes do not address the costs of living in these housing projects, which are mostly located on the city periphery. A lack of public transport means that many residents rely on costly private transport.

**Housing supply**

By the end of the war, the housing stock in Luanda, home to over a third of the country’s population, largely consisted of a deteriorated urban core dating from colonial times surrounded by large sprawling slums.

In the first post-war years, a number of government housing projects were developed for low income households as well as public servants. These include projects such as Zango, Panguila and Nova Vida in Luanda. However, rapid urbanisation meant that these projects contributed little to overcome the housing deficit, estimated at just below two million units in 2012, with as much as 90.9% of the urban population reported living in inappropriate conditions with limited access to sanitation, water and electricity.

In the run-up to the country’s first post-war elections in 2008, the government announced a plan to build 1 million houses by 2012. Accompanied by the slogan ‘My Dream, My Home’ (Meu Sonho, Minha Casa), this plan was formally adopted in 2009 as the National Urbanism and Housing Programme (Resolution 20/09 of 2009).

Under this programme, the public sector was meant to deliver about 11 percent or 115,000 units, the private sector 12 percent or 120,000 units, housing cooperatives eight percent or 80,000 units, while more than 68 percent or 685,000 units were to be delivered through the provision of serviced and legalised plots of land for self-help building.

The implementation of the housing programme is still on-going and the timeframe has been extended to 2017. The most successful element of the programme has been the delivery of state-built housing, with almost 152,000 units having been delivered with financing from the state budget. This includes the construction of new urban centres such as the ‘new city’ of Kilamba, as well as the centralidades of Sequele (formerly known as Cacuaco), Capari, Km 44 and Condomínio Vida Pacífica (Zango), all financed by oil backed credit lines and built by Chinese companies in the outskirts of the capital of Luanda. Outside of Luanda, several other Chinese-built new cities are under construction. By 2017, the government aims to deliver a total of 213,000 houses and 14 new centralities across the country.

The role of the private sector in the housing programme has been limited due to high material as well as administrative costs of construction, the lack of a unified, functioning and up to date property registration system and legal guarantees to allow banks to recover assets on defaulted housing loans. As a result, the role of the private sector has been mainly that of constructor and/or manager of state-financed projects or of developing high-end housing.

In spite of the identification of housing cooperatives as one of the key actors responsible for housing delivery, legislation to regulate the activities of cooperatives was only adopted in 2015 (Law 23/15 of 2015). To date, there is only one active housing cooperative in Angola which has experienced difficulties with regard to infrastructure provision, land titling, default in payments by members and reduced interest since the completion of state housing projects. So far, it has built 3,000 out of 15,000 originally planned units.

Although state-led self-help building was meant to be the largest component of housing delivery under the government’s housing programme it has received the least resources. Plots and building material have been distributed on an ad-hoc basis, mainly to accommodate resettled people, but little substantial progress has been made in terms of large scale land allotment and titling, infrastructure provision or housing finance for low income households. Hence, self-help building continues to mainly take place informally.

The domestic construction and the local construction material sectors remain underdeveloped. As a result, foreign firms and imported building materials predominate which makes construction very expensive. There has been some progress regarding local cement production, as a ban on imports and new cement factories reduced prices from over US$20 in 2007 to about US$7 in 2015. However, the economic crisis has pushed up prices in the informal market and brought down sales from 5.9Mt in 2014 and 5.2Mt in 2015 respectively to an expected 3.8Mt in 2016.

**Property markets**

Angola’s formal property market is still in its infancy, with most properties being bought new or off plan and little turnover of real estate. Although the state owns all the land, most people access land informally with less than 10 percent of land parcels outside the urban core of Luanda having legal titles and only a few thousand properties out of Luanda’s one-million formal dwellings being fully registered. This significantly limits the extent to which the government is able to collect land and property taxes.

Angola has made efforts to reform the administrative processes for registering and transferring property through the creation of a Guiché Único (Presidential Decree 52/11 of 2011) in 2011, a one stop shop for property registration, while new laws on notaries and realtors (Law 8/11 of 2011 and Law 14/12 of 2012) have liberalised the property market, allowing for the private exercise of this profession alongside state officials. A new law on urban property tax (Law 18/11 of 2011) reduced the cost of transferring property from 10 percent to two percent, eliminating them altogether for low cost housing. Stamp duties have been reduced from 0.3 percent to 0.5 percent, tax on housing credit from 0.3 percent
to 0.1 percent, and land registry fees have been reduced by half. As a result, the cost of transferring property was reduced from 11.5 percent of the property value in 2005 to 2.9 percent in 2015. However, it still takes 190 days to register commercial property.

New laws for rentals and the transfer of housing have also been adopted in order to make investment in rental housing more attractive and offer more protection for tenants. This includes a new urban rental law (Law 26/15 of 2015), approved in October 2015, which requires that rental payments be in the country’s currency instead of US dollars and that down payments should be limited to a maximum of 6 months. Before, it was common for landlords to demand down payments of two years.

Obtaining the official permits and licences necessary to operate in Angola remains costly and time-consuming. For instance, construction permits now take on average 203 days to obtain (down from 348 days in 2013). It takes 1296 days (an increase from 1011 days in 2013) to resolve a contract dispute, and the average cost of doing so is equal to 44.4 percent of the value of the claim. At 185th of 189 countries in 2016, this makes Angola rank among the worst in the world for ease of contract enforcement. A general legal framework for faster, non-judicial arbitration of disputes, the Voluntary Arbitration Law of 2003, has yet to be fully implemented. Moreover, legislation that would allow banks to repossess property in case of non-payment is yet to be adopted. According to the Angolan Association of Real Estate Professionals (APIMA), it takes three years for banks to confiscate mortgaged real estate.

**Policy and regulation**

In post-war years, the Angolan government has adopted an extensive legal and institutional framework to regulate the land, housing and financial sector. This includes the adoption of a new land law (Law 9/04 of 2004), which establishes the different types of land rights that can be granted by the state and stipulates that informally occupied land needs to be regularised within three years after the approval of the law (a deadline that has since then been extended and expired in 2010). A territorial planning law (Law 3/04 of 2004) calls for the creation of national, provincial and municipal development plans to allow for more orderly planning. An official housing policy (Resolution 60/06 of 2006) guarantees the universal right to housing. A framework law for housing (Law 3/07 of 2007) defines the different instruments that are to be used to guarantee this right, such as the creation of a system of credit for housing. This law represents the statutory basis for the Housing Development Fund (FFH).

The Angolan government has also created a Ministry of Urbanism and Housing, a National Housing Institute (INH) (Decree 12/04 of 2004) and a Ministry of Construction, which in addition to local governments, are expected to contribute to fulfilling the government’s policy objectives.

However, in practice state institutions are weak and the enforcement of policy and legislation is wanting, especially in the area of land tenure (Law 9/04 of 2004). Many different actors are involved in granting property rights and there is no unified land registry. Moreover, by-laws regulating and simplifying the legalisation of land in the large informal settlements around Angola’s major cities have not yet been published. The government is currently reviewing existing legislation on land and property through the consultation of stakeholders such as the Angolan Association of Real Estate Professionals (APIMA) in order to fast track land and property regularisation.

**Opportunities**

Although subsidised state-led housing construction remains a government priority, budget constraints resulting from the global economic downturn will limit the extent to which the government will be able to continue to invest its own resources in housing development. To mobilise financing for the continuation of the government’s housing programme, the state has created a Housing Development Assets Fund (FADEH) - Presidential Decree 168/15 of 2015. Such initiatives, as well as incentives for public private partnerships and the creation of a task force to improve the participation of the private sector in the implementation of the National Urbanism and Housing Programme signal opportunities for residential financiers and developers along the housing supply chain. Prospective legal reforms in the area of land and property should facilitate private sector investment, as well as generate tax revenues which can be allocated to further develop the housing sector.

So far the lower income segment of the population has been virtually untouched by housing finance and development initiatives, in spite of the existence of a Housing Development Fund and a legislative regime which regulates cooperatives and micro-finance institutions. Moreover, most initiatives have been limited to the country’s capital and main urban areas. Best practices developed by established players such as KoiCrédito offer opportunities to be built on and further expanded.

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Benin

Overview
Benin is a small country in the West African Economic and Monetary Union (WAEMU). For years, agriculture has been the main driver of the economy through cotton exports, which account for over 40 percent of export revenues. This has changed over the last decade, with services taking the lead. The country has recovered from a slowdown in agricultural production following 2009 and 2010 floods. GDP has increased steadily, from 5.4 percent in 2012, reaching 5.6 percent in 2013 and 5.5 percent in 2014. Over the past three years, GDP growth has been driven by an increase in agricultural production and in activities at the Port of Cotonou, resulting from modernisation works undertaken under the Millennium Challenge Account Programme. The World Bank's 2016 Doing Business Report ranked for the second consecutive year Benin among the top 10 reformers in the world, with an overall ranking 158th out of 189 economies on the Ease of doing business' global index.

Economic growth remained strong, despite a decrease from 6.5 in 2014 to 5.2 percent in 2015 according to estimates. However, this growth has not translated into poverty reduction. Indeed, poverty incidence increase from 36.4 percent in 2010 of the Regional Mortgage Refinancing Fund (Caisse Régionale de l'Habitat en France) (CREF) to 40.1 percent in 2015 according to estimates. However, this growth has not translated into poverty reduction. Indeed, poverty incidence increase from 36.4 percent in 2010 of the Regional Mortgage Refinancing Fund (Caisse Régionale de l'Habitat en France) (CREF) to 40.1 percent in 2015 according to estimates.

According to the 2013 general census, Benin’s population has reached 10.5 million. This figure increased to 10.9 million in 2015, according to the World Bank-World Development Indicators. The urban population reached 43 percent of the total population in 2013 and grows at a steady 3.6 percent a year.

New presidential elections took place in March 2016 which saw the election of Mr. Patrice Talon as the new head of the State. In his program as candidate, Mr. Talon promised to develop a new social housing program in each capital of department, and in a number of urban agglomerations. To that end, he created a new Ministry of Living Environment and Sustainable Development.

Access to finance
The country's financial sector is concentrated in commercial banks; other sectors are still in their infancy. At the end of 2015, there were 15 banks (including two bank branches – CBAG Groupe Attijariwafa Bank and Coris Bank International) with about 199 branches and 264 ATM machines, with a total of 947 330 bank accounts for about 11 million inhabitants. In 2015, loans disbursed were estimated at CFA Francs 1 064 billion (US$1.79 billion), a slight decrease of two percent from its 2014 level. 48 percent (CFA Francs 511 billion or US$857.89 million) of loans were medium- to long-term loans. Access to credit as measured by credit to the economy remained at 25 percent of GDP in 2015, as in 2014 compared to 24 percent in 2011. Lending rates remain moderate, but are among the highest in the region, averaging 8.5 percent in 2016. Despite the creation in 2010 of the Regional Mortgage Refinancing Fund (Caisse Régionale de l'Habitat en France) (CREF) to develop a new social housing program in each capital of department, and in a number of urban agglomerations.
Refinancement Hypothécaire – CRRH), lack of long-term financing remains the main reason for the low provision of long-term credit. In 2013, other stakeholders in the financial system included two pension funds (serving about 50,000 citizens) and the insurance sector, with an insurance premium equivalent of 1.7 percent of the country’s GDP.

Housing finance has been growing over the past decade, driven mainly by banks with donors showing some interest. Most housing loans are provided in two forms to individuals with regular employment who use their salaries as collateral: medium-term construction material loans, and group lending. The medium-term construction material loans are granted to individuals at an interest rate of 10.5 percent to 11 percent, and a repayment term from three to five years. The group lending products are usually granted to private organisations or to parastatals to distribute to their employees, where the organisation is responsible for repayment of the loans. Products such as ‘consumption loans’ (with a two-year maximum term) or ‘equipment loans’ up to CFA Francs 5 million (US$8,394) on average (with a five-year maximum term), are often used as housing finance, and often for home improvements.

In 2013, there was a total of CFA Francs 20.6 billion (US$34.6 million) housing loan provided by Benin banks. This reached CFA Francs 6 billion (US$10.1 million) for the first two months of 2014, compared to CFA Francs 4.1 billion (US$6.88 million) for 2012. The increase is explained by the sale of the first units of the government promoted affordable housing programme. This continues to increase, as the government continues to sell out more and more housing units. In 2015, a total of about 200 units were sold out.

In December 2015, the Regional Mortgage Refinance Fund called Caisse Régionale de Refinancement Hypothécaire (CRRH)/WAEMU (which was created in 2010 to facilitate the mobilisation of long-term resources for member banks) leveraged an additional CFA Francs 18.3 billion, through its fifth bond. This increased the resources mobilised by the Fund to CFA Francs 95.3 billion since its creation. This remains insufficient compared to the needs of the housing finance sector.

Some banks have designed specific housing finance products, such as the housing savings plan of Ecobank Benin, which provides access to relatively lower interest rate housing loans for savers. Ecobank and other commercial banks are also developing creative partnerships with local construction material wholesalers or retailers to offer housing finance products. In 2015, the Ecobank partnered with a construction material retail firm (Batimat) to offer up to CFA Francs 10 million loans in construction materials. In return the firm offers a 20 percent rebate on materials purchased in its shops.

In 2012, Bank of Africa Benin launched in partnership with the Benin Housing Bank the ‘housing loan’, a new product specifically targeted to those looking for long-term housing finance. The term of this loan can go up to 20 years, with an interest rate as low as 6.5 percent and is secured by a first order mortgage on the house for which the loan is requested.

The first of its kind in the country, Benin Housing Bank (BHB) was founded in 2004 by a public private partnership between the government and private stakeholders, including the Bank of Africa, to provide solutions to the demand for housing finance in the country. The BHB is capitalised at CFA Francs 5 billion (US$8.5 million) with the Bank of Africa Group as the main shareholder at 77 percent. It is expected to provide 50 percent of its loans to affordable housing projects, although this is not always achieved. BHB is indeed reportedly the most important originator of housing loans in Benin. At December 2014, the total outstanding loan by the BHB was CFA Francs 22.9 billion (US$38.44 million).

Lending rates offered by banks in Benin are among the highest in the WAEMU region. In 2013 the average interest rate was around 8.5 percent, down from 2012. This confirms the downward tendency noticed in recent years, (as low as 6.5 percent for long-term loans) as the macroeconomic and political environment remain stable and competition increases in the banking sector.

The savings culture of the Beninese has driven the growth of microfinance, making it a significant player in the country’s financial system. As of March 2014, there are 85 registered microfinance institutions with 742 service points, serving 2.25 million clients. The Fédération des Caisses d’Epargne et de Crédit Agricole Mutuel (FECCECAM) is the biggest network, gathering more than 80 percent of clients. The penetration rate of microfinance reached 85 percent in 2014. CFA Francs 92 billion (US$154.45 million) represented the total outstanding debt of all of the 85 microfinance institutions (MFIs) for a total deposit of CFA Francs 77 billion (US$129.3 million). A significant change in the microcredit sector since 2013 is the joining of LITTO Finance as the second private corporate MFI with FINADEV, a branch of the ORABANK group.

Affordability
Affordability is a serious issue since incomes are relatively low compared to housing unit prices. The cheapest properties cost about CFA Francs 8.9 million (US$14.941) for houses built under the Government Affordable Housing Program, or 13 times the per capita gross national income estimated at US$1,451 in 2015. However in 2016, a new actor entered the housing construction market, and is driving prices down. Global Service Immo, a private company is now offering to construct basic one bedroom units for as low as CFA Francs 160 million (US$262.29) for those who already own a piece of land. It is expected that this new trend will continue in the future, all things being equal.

Unfortunately, and in absence of adequate public policy, affordability of housing is exacerbated by rapid escalations in land prices, especially in newly urbanised areas. Speculation also drives prices, with more intermediaries positioning themselves between property owners and buyers. Increasing land prices have driven lower and middle income people to move further from the inner city to where they can afford land.

Thanks to the increase in the supply of cement, especially since the NOCIBE, a new cement plant that started operating, the price of this construction material has dropped by almost 20 percent, from CFA Francs 90,000 only four years ago to now CFA Francs 75,000. In other words, the 50kg bag of cement cost today only CFA Francs 3,750 or US$6.30. However the price of other construction materials have not changed much. A standard sheet of corrugated iron costs today US$4.97.

A minimum plot size for residential property in urban areas is 250m². Owning a property requires a minimum of CFA Francs 8.9 million (US$14.941) for a one-bedroom housing unit in the government’s ‘10,000 affordable housing units’ programme. The programme delivered some 2,100 housing units in 2012 and a few more in 2013 and 2014, behind schedule. These added to 240 high-end villas built between 2008 and 2011, costing about CFA Francs 350 million (US$587,593) per unit. Properties in business or industrial estates cost as much as CFA Francs 144,261 a square meter.

Housing supply
Despite the absence of reliable information on the solvable demand for housing in Benin, it is obvious that housing supply is way below the demand. There are four major contributors to the housing stock in the country: households through self-construction, government agencies, public private partnerships and private developers.

While the information on self-construction does not exist, a few formal developments can be pointed out. In 2008, the government launched a big programme for the construction of 10,000 affordable housing units all over the country. The programme received a one-time support from the banking sector, with the Benin Housing Bank and Atlantique Bank for respectively CFA Francs 10 billion (US$16.8 million) and CFA Francs 2 billion (US$3.35 million). Several small developers were also contracted by the government to provide the units, including TIMMO, GCITT, and a few more. GCITT a private developer has been contracted by the government to provide 600 housing units using local material and the Hydroform® technology in the Bethel Real Estate in Aboemey-Calavi. The development are made of two-bedroom, three-bedroom and duplex housing units costing each between CFA Francs 10.9 million (US$18,299) and CFA Francs 38.1 million (US$63,964). About 150 of these units have been built and sold at June 2016. Acquisition of these require a down payment of 40 percent of the unit, the remaining expected to be paid off over 12 months without any interest. From its launching to date, it is not clear how many housing units have been completed. But one can estimate that at most there are a little over 2,500 housing units built on all of the chosen sites. The number of sales remains unclear so far.
In 2013, two new housing providers were established – the Executing Agency of Public Interest Works in Benin (Agence de Gestion des Travaux d’Intérêt Public, or AGETIP-Benin) and the international NGO Voûte Nubienne based in France. While AGETIP-Benin with its ‘Villas de l’Atlantique’ project focuses on urban areas in Cotonou and Abomey-Calavi, the NGO Voûte Nubienne targets rural areas, mainly in the northern part of the country, doing a lot of local capacity building. AGETIP planned to develop three different types of villa in Fidjossé, a residential neighbourhood in Cotonou and in Abomey-Calavi, for a total of 120 housing units costing between CFA Francs 76 million and 126 million (or US$127,592 to US$211,534). The first phase of this project which covers 77 villas is still ongoing, but behind schedule, as the first villa was inaugurated only in July 2015. AGETIP is completing this project in partnership with local banks such as Ecobank Benin, the Banque de l’Habitat du Benin and the Sahelo-Saharan Bank for Commerce and Investment (BSIC). In 2014, AGETIP also launched the sale of new empty plots in the cities of Cotonou and Abomey-Calavi, costing between CFA Francs 2,000 (US$3.36) and CFA Francs 20,000 (US$33.58 a square meter).

One emerging developer in the housing market is Global Service Immo. This private company started up a few years ago as a broker in the housing market, then moved on to developing and selling empty plots and finally launched in 2016 its affordable housing programme. Global Service Immo offers to those already owning a land plot to build their house starting from CFA Francs 2,160,000 (or US$3,357.69) for a basic one-bedroom housing unit. For a four-bedroom deluxe house, one would need only CFA Francs 20 million (or US$33,576.76). Contracting with Global Service Immo is on a payment by installed basis to be negotiated with them.

In December 2015 the Prime Minister of Benin launched a new development of 132 housing units especially for the Benin diaspora, the Green Park City. The project was planned over 12 hectares and received the support of Orabank. The 132 housing units especially for the Benin diaspora, the Green Park City. In December 2015 the Prime Minister of Benin launched a new development of

Property markets

In Benin, most lands belong to individuals who can trade them as they will. However, there is no deeds registry, nor a cadastre. Land titling is thus a major challenge, despite the numerous efforts deployed by the Government over the past years to improve land security. According to the World Bank’s Doing Business Report, Benin ranked 82nd out of 189 countries on the ‘dealing with construction permit’ indicator. This is a six-point improvement from 88th in 2015. However, it currently still takes an average of 88 days and 13 procedures to obtain a construction permit. The main improvements compared to 2015 are the establishment of a one-stop-shop and the reduction of the number of signatories required on building permits. On registering a property, no real progress has been made. It currently takes an average of 120 days and four procedures, and costs 11.7 percent of the property value, placing Benin at 172nd rank out of 189 countries. This discourages a lot of people from getting a construction permit. Fortunately, with the enactment of the 2013 Land Code, followed by the signing of a number of decrees in 2015, including the one creating the National Agency for Domains and Land (Agence Nationale du Domaine et du Foncier), which is to be a ‘one-stop window’ for property titling, things are expected to improve in the near future. On top of all these, the government decided in June 2016 to abolish registration fees on private properties.

Property market in Benin is in its infancy, and is mostly dominated by the trade of empty plots. This is at least partly due to the absence of a deeds registry in the country. Trade of built housing units is very limited, with only a few high-end units (built in preparation for the Community of Sahel-Saharan States [CEN-SAD] summit in 2008) on the market. A few private actors are positioning themselves in the property market landscape, with their specialty being the brokering of empty plots (exclusively between private owners) and a few houses: Global Services Immo, Immo-Benin, Benin-Immo, Dommus Immo, West Coast Property. One of them, Global Services Immo is gaining recognition for selling only secured properties. West Coast Property which has an international span is specialised in the trade of high-end luxury apartments and houses in and around Cotonou.

The sale of the first units made available through the government’s 10,000 affordable housing units programme started in 2012. While the sale of the housing units has increased some new owners complained about the lack of amenities (water and electricity) promised. It is well known that the acquisition rate is much lower than expected. The main problem remains affordability, even for civil servants who find it very difficult to afford the required down-payment. The government is exploring the option of leasing to ease access to those properties.

Even though the Benin culture pushes for home ownership, the rental segment is still dominant in the property market, with prices increase, especially in urban areas where the demand for housing is very high. Housing prices are also driven up by land speculation. Over the past years for example, land prices have gone up by more than half, in just five years.

Policy and regulation

Benin’s first housing policy was adopted in 2005. This complements other urban development policies like the National Land Use Planning Policy statement and the Urban Policy statement. It aims to improve land tenure security and make public intervention more effective, to encourage individual housing investment efforts through relevant regulatory and operational provisions, to develop public
private partnerships for the production of housing, and to define the rules and access conditions to housing. The housing policy framework prescribes that land subdivisions in any municipality should be subject to the existence of a master plan, a schematic structure and a land use plan. However, it is doubtful whether municipalities comply with this, as the framework does not make their role clear. The implementation strategy for the housing policy framework includes the improvement and strengthening of the regulatory and institutional framework for housing, the promotion of local building materials, and the establishment of a mechanism for housing finance, specifically the creation of a housing bank. One evident output thus far is the creation of the Benin Housing Bank.

A National Land Use Planning Policy was adopted in 2002 with the objectives of promoting land use planning and the rational management of resources, as well as strengthening basic infrastructure at the local level. The success of this is yet to be seen, however, as it is not well known to prospective stakeholders like local governments.

An important advance in the regulatory environment was the vote early in 2013 by Parliament of the new Benin Land Code. This reorganises land property rights and puts an end to the dualism inherited from the colonial era, creating a unified land tenure system. In November 2014, as part of the Doing Business reforms, the government took a total of 14 important decrees to ease to implementation of the new Land Code, but also created two major agencies in the institutional architecture of land administration: the National Agency for Domain and Land (Agence nationale du domaine et du foncier – ANDF), and the Land Compensation Fund (Fonds de dédommagement foncier) under the Ministry of Finance. Likewise, Communes (local governments) were empowered on land administration with the enactment of decentralised organisation for land administration, among which the Commune’s Land Administration Commissions and the Communal Domain and Land Bureaus. This will help Communes to fully exercise their prerogatives in land administration as devolved by decentralisation laws. Among areas covered by the above-mentioned decrees are the shared property rights on high rise buildings, modalities for the division and reunion of property rights, arrangements for exercising the right of first refusal and leasing of preempted or expropriated buildings. The ANDF is specifically endowed with the mission of developing a transparent, accessible and up-to-date national land management information system. Those are important for the protection of property rights in the Republic of Benin.

More recently, the Benin Parliament adopted the first Spatial Planning Framework Law in May 2016. This will have the effect of better organising spatial planning which may open up opportunities for new developments in the coming years. The newly elected government continued on the line as the previous government, with the clearly stated goals of (i) encouraging the formalisation of property transactions; (ii) facilitate asset transfers; (iii) revitalise the property market; (iv) facilitate access to bank credits; (v) develop the Benin mortgage market; (vi) eliminate the undervaluation of properties. To that end, the Government made important decisions including: (i) zero taxation of asset transfers; (ii) the abolition of mortgage registration and cancellation fees. Likewise, the Government took a number of measures to ease the acquisition of land titles.

Opportunities

People in Benin take pride in owning their house. The demand for housing is therefore very high. There is also a strong commitment by the government to invest in the housing sector, as illustrated by the launch of the ‘10 000 affordable housing units’ programme in 2008. Likewise, the legal and institutional framework to secure property rights is being strengthened, especially since the voting in 2013 of a new land code, but also the creation of several entities to that end. All this should soon be complemented by the enactment of a new land policy note by the government. The policy aims to help secure access to land and land ownership, facilitate the access of public authorities to land, improve management by the state and decentralised communities of their respective jurisdictions, and regulate land transactions and land transfers. Roads and other infrastructure is also improving fast while access to basic service is also being enhanced. However, the landscape of private developers is still to be filled, as most of the delays encountered with the government programme are due to the lack of professional private developers interested in the affordable housing segment of the market. Likewise, provision of houses for those with highest revenue is so far done by only a few developers. The new Government has also clearly expressed its intention of increasing the housing supply, especially in provincial capitals and a few urban agglomerations. All these leave a lot of room for new developers to position themselves and seize the opportunities offered by the Benin formal housing market which remains mostly untapped.

The signing of a new Millennium Challenge Account programme for Benin for US$403 million in early September 2015 for five years, holds promises for the improvement of energy infrastructure, which has been so far a big constraint to developing businesses in the country.

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Overview

Botswana is a land-locked country in Southern Africa, with a population of just over two million people, and known for its mining and natural resource base, especially diamonds and tourism. Home to the headquarters of the Southern African Development Community (SADC), Botswana has in the past been one of the fastest growing economies in the region. The global financial crisis of 2008 – 9 had a major impact on demand for diamonds and other exports, resulting in a contraction in GDP of 7.7 percent in 2009; however, the economy recovered quickly and grew on average by 6.6 percent a year from 2010 – 2014. Nevertheless, as commodity markets weakened and global slowed, the economy contracted marginally by 0.3 percent in 2015, as a result of reduced diamond production. This was the first annual contraction since the global financial crisis in 2009. However, the economy is expected to recover in 2016 as the diamond market improves. The Botswana government has forecast that the economy will grow by 4.2 percent and 4.3 percent in 2016 and 2017 respectively.

A positive aspect of the economy in 2015 was that the non-mining sector recorded positive growth of 3.8 percent. This was mainly driven by sectors such as Trade, Hotels & Restaurants and Transport & Communications. These sectors recorded a positive growth of 3.8 percent, and 5.3 percent, respectively in 2015. The Water & Electricity sector on the other hand continued to underperform, recording a positive growth of 3.8 percent, and 5.3 percent, respectively in 2015. Especially diamonds and tourism. Home to the headquarters of the Southern African Development Community (SADC), Botswana is has in the past been one of the fastest growing economies in the region. The global financial crisis of 2008 – 9 had a major impact on demand for diamonds and other exports, resulting in a contraction in GDP of 7.7 percent in 2009; however, the economy recovered quickly and grew on average by 6.6 percent a year from 2010 – 2014. Nevertheless, as commodity markets weakened and global slowed, the economy contracted marginally by 0.3 percent in 2015, as a result of reduced diamond production. This was the first annual contraction since the global financial crisis in 2009. However, the economy is expected to recover in 2016 as the diamond market improves. The Botswana government has forecast that the economy will grow by 4.2 percent and 4.3 percent in 2016 and 2017 respectively.

In the World Bank’s 2016 Doing Business Report, Botswana was ranked 72nd out of 189 countries, the second highest in SADC after Mauritius (32). Starting a business, getting electricity and trading across borders are the weak elements of the business environment. The Ibrahim Index of African Governance ranked Botswana third with a score of 74.2 percent compared to 76.2 percent score in the previous year.
Access to finance

Access to finance in Botswana is relatively high by African standards, but considered low globally. This is especially so considering the country’s relatively high levels of GDP per capita (US$6 041 in 2015). Commercial banks in Botswana are small by international standards. However, they are competitive and rapidly growing. Currently, there are ten commercial banks, namely, Barclays Bank, Standard Chartered Bank, Stanbic Bank, First National Bank, Bank-Gaborone, Bank of Baroda, Capital Bank, Banc ABC, State Bank of India and Bank of India. In addition, there are two other deposit-taking institutions, including a statutory bank, the Botswana Savings Bank, and the Botswana Building Society (BBS). All of these institutions except Capital Bank offer mortgages. The average lending rate on household mortgages from banks is currently 9.1 percent, and the average down-payment required is 18 percent of value. Mortgages are available for up to 25 years. Mortgages would typically be provided at an interest rate of prime to prime +6 percent (the prime rate is currently 7.5 percent).

According to the third FinScope survey undertaken in Botswana in 2014, 68 percent of the population is financially served, using either formal and/or informal products, while 50 percent of the population is formally banked and 24 percent is financially excluded.

The year-on-year increase in commercial bank credit fell from 13.5 percent in December 2014 to 7.1 percent in December 2015, due to a decline in growth of lending to the business sector; from 18.4 percent to -0.3. In contrast, the annual increase in household credit rose from 10.7 percent in 2014 to 12.8 percent in 2015. As at December 2015, the share of household credit in total private commercial bank credit was 59.4 percent, compared to 56.4 percent in December 2014. The bulk of lending to households is made of unsecured credit (in contrast to many middle income countries, where property mortgages make up the majority of household borrowing). Growth in unsecured lending to households rose from 7.4 percent in 2014 to 15.3 percent in 2015, while growth in mortgage lending declined from 18.4 percent to 7.2 percent. On the supply side, there has been weak growth in loanable funds in recent years, which suppressed credit growth through tighter lending conditions. The slowdown in the growth of mortgage lending appeared to be consistent with other indicators for slower growth in incomes and that the market for residential property was weakening, especially for high-value properties. This was driven in part by tighter immigration regulations, which had a major impact on the demand for residential accommodation by expatriates, leading to excess supply of rental accommodation, especially at the upper end of the market.

Total banking sector assets reached P76.7 billion (US$6.8 billion) in December 2015, which is an increase of 12.8 percent from P68 billion (US$7.1 billion) in December 2014. This expansion in assets was driven by growth of 6.5 percent in loans and advances from P44.1 billion (US$4.6 billion) in December 2014 to P47 billion (US$4.2 billion) at the end of 2015, along with BoBScs (Bank of Botswana Certificate) held by banks, which increased by 9.1 percent. On the liabilities side, public deposits at commercial banks increased by 16 percent in the same period, compared to a much slower growth rate of six percent in 2014. A notable feature of commercial banks’ balance sheets is that funding is largely derived by wholesale business deposits (71.3 percent of total deposits), which sustains the net debitor position of households. The ratio of commercial bank assets to nominal GDP rose slightly to 53 percent in 2015, compared to 48 percent in 2014.

Affordability

The most recent nationwide household income and expenditure survey, carried out in 2009/10, showed that approximately 50 percent of households had a monthly consumption expenditure of P1 600 (approx. US$240) or less. Using a benchmark that housing costs should not exceed 40 percent of household income, and updating these survey results to reflect growth and inflation to 2016, an average household can afford to spend approximately P1 100 (US$15) a month on housing — meaning that half of all households can afford less than this. Even if formal mortgages were available to such households, there is no affordable property that is available to them — or at least not property that would be acceptable security to mortgage lending institutions. Mortgages from banks and other formal financial institutions would only be relevant to the top 25 percent of the income distribution. Banks also prefer to finance the purchase of ready built structures as opposed to providing loans for housing construction.

Housing affordability for households in the lower 50 percent of the income distribution is a major challenge in Botswana. Such households cannot afford a modern, completed house, even at the lower end of the market, and hence are restricted to informal or semi-formal, incremental housing.

Hence government support for low-income housing is a crucial issue, and various forms of subsidy are provided. The Ministry of Lands and Housing has introduced

Botswana is increasingly urbanised, with some 65 percent of the population living in settlements officially classified as urban, and almost one quarter living in the greater Gaborone area.

Access to finance

Botswana has a large microlending industry, which provides short-to medium-term loans mostly to employed people, especially those in the public sector. This form of lending has generally been used for consumer spending, education expenses and emergencies. The largest microlenders is Letshego, which is bigger than some of the smaller banks, and which has expanded from its Botswana base to ten other African countries. There is no specialised housing microfinance. However, one of the microlenders has a dedicated housing finance scheme, in collaboration with a major employer, which offers loans from P80 000 (US$7 500) upwards, repayable over 10 years at an interest rate of 17 percent.

Botswana’s pensions industry is large with about 86 standalone registered pension funds and total assets accounting for about 60 percent of GDP. Pension funds’ assets grew by 21 percent from P59.4 billion (US$5.3 billion) in December 2014 to P73.8 billion in December 2015 (US$7.8 billion). Pension-backed loans are legally permissible; however, the industry is rather conservative and does not provide members with housing loans or allow third party loans secured by pensions. Some argue that the regulatory framework is not clear enough in dealing with pensions and that this has undermined the growth of this product.

The Botswana welfare state is extensive, and includes a wide range of welfare benefits such as old age pension, destitute allowance, orphan care allowance, disability allowance, public works employment, and subsidies to farmers. Around one-third of adults — and perhaps one half of those not in formal employment — receive their main income from government welfare schemes.

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Amongst non-bank financial institutions (NBFIs), assets of the Botswana Building Society (BBS) rose by 24.6 percent from P3.4 billion (US$357 million) in December 2014 to P4.3 billion (US$383 million) in December 2015. However, BBS loans and advances – which are mostly household mortgages – only increased by 7.2 percent. The balance sheet of the Botswana Savings Bank (BBS) grew at a similar rate – 25.1 percent in 2015, as lending increased by 28.9 percent (20.3 percent in 2014). Mobilisation of savings was also sustained, with deposits growing by 14.8 percent in 2015, higher than the 10.8 percent growth in 2014. Amongst non-deposit taking institutions, the assets of the Botswana Development Corporation (BDC), increased by 10.7 percent to P2.3 billion (US$205 million) in December 2015, from P2.1 billion (US$221 million) in December 2014. The assets of the National Development Bank (NDB), however, shrank by 21 percent over the year; to P1.5 billion (US$134 million) in December 2015.

The banks have been keen to extend mortgage lending, and compete particularly on loan-to-value ratios, sometimes offering more than 100 percent to provide a contribution to property transfer fees and minimise the deposit required from borrowers. The government has also undertaken various policy initiatives to enhance access to housing finance. Government assists Botswana citizens to purchase or develop properties by guaranteeing 25 percent of each mortgage delivered through the BBS. In addition, Government employees can obtain housing loans from BSB.

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The cheapest “formal” house is a standard “two and a half” house, comprising two rooms (bedroom/living room), toilet/bathroom and a cooking area. The house is built through the government’s turnkey scheme (SHHA turnkey project) and the cost of building the house is around P90,000 (US$8,500), including basic electrical fittings and running water. The turnkey housing loan assists low-income households and requires that applicants should already own a residential plot and must have not previously benefitted from the SHHA. The loan is interest free and is repayable at P375 (US$35) per month over a period of 20 years. The interest free nature of the loan means that the effective subsidy rate is very high. The number of turnkey housing loans provided by government is limited.

**Property markets**

Most residential property is built for owner occupation. However, residential property has also been seen as a good investment, both by commercial investors and individuals. There is a significant build-to-let market, extending from high-cost (upmarket) housing down to small, low-cost, one-room accommodation for individuals. Commercial investors only provide upmarket accommodation, whereas individuals operate across the entire spectrum. High rates of rural-urban migration and rising urbanisation have fuelled demand for rented accommodation. Buying and selling property is still relatively unusual. According to the 2009/10
BCWIS, over 50 percent of households lived in their own self-built accommodation, while 42.5 lived in rental or institutional accommodation. Only 3.3 percent of households lived in a house that they had bought. The small number of residential mortgages – approximately 20,000 in 2016, out of approximately 500,000 households in the country – reflects the limited size of the formal property market. Secondary property markets are limited by the shortage of stock that can be mortgaged, a preference for self-built accommodation, as well as more generally by slowing economic growth and the high rate of unemployment.

At present there is no comprehensive nationwide land and property registry. Properties with formal title are recorded at the Deeds Registry, which also records mortgage bonds, but informal and semi-formal allocations may only be recorded by Land Boards, or not at all. According to the World Bank it takes about 12 days to register a property in Botswana in 2016 (versus 57.5 days for sub-Saharan Africa), and the process costs about 5.1 percent of the property value. Botswana is ranked 70th out of 189 countries globally in terms of this indicator.

In an effort to increase tenure security and support enhanced access to mortgage finance, the Ministry of Lands and Housing is implementing a nationwide land registration system to improve information on land and property ownership.

Policy and regulation

The Botswana government has prioritised savings and credit for long-term investments such as housing. One area of reform identified is the land administration system. The lengthy process for conversion from tribal to common law land as required for mortgage lending has been cited as a problem. Regulations about land use management such as building permits and related procedures are also considered unduly onerous and bureaucratic, and still need to be reformed.

While Botswana has a number of housing programmes under way (the SHHA, the Presidential Housing Appeal, the Housing Scheme for Poverty Eradication, the Botswana Housing Corporation, etc.) there is no underlying housing policy. In 2012/2013, a Bill to revise the Town and Country Planning Act was introduced to decentralise town planning functions to the Districts. The Bill was expected to reduce delays in the processing of planning applications. In 2013, the Development Control Code was also revised to assist in the management of land and activities thereon.

Opportunities

Botswana is a relatively stable, well-managed economy that has shown significant growth over the last few years. Finance for self-build housing still offers significant prospects for growth, due to this being the preferred method of building, even among the middle and higher income categories. Mortgage lending has been increasing, and while there is limited demand given low income levels, it also has potential for growth. Interest rates are low by historical standards, which assists with access to mortgages. However, most households will never be able to access conventional mortgage finance; as a result, housing microfinance may have potential, and is worth exploring further.

The state has recognised the need to reform in many key areas such as land administration, and it is also meeting the costs of land servicing in many areas. There is demand for student accommodation and low cost housing in urban areas due to the high levels of urbanisation. However, the overriding issue will continue to be affordability; most households are not able to afford formal housing, and are unattractive customers for formal financial institutions. Hence the majority of low-income housing is incremental, self-built or informally built, and is contingent upon access to free unserviced land or subsidised serviced land. In this situation, the demands on government to provide housing subsidies in one form or another are very high, and potentially very expensive, and hence need to be provided on a rational, analytically sound basis.

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**Overview**

Burkina Faso is a landlocked country in West Africa, and part of the West African Economic and Monetary Union (UEMOA). It has a population of about 18.1 million people and is one of the least urbanised countries in the world. After turbulent political environment Burkina Faso organised presidential and legislative elections in 2015 and municipal election in May 2016. The country’s economic prospects for 2016 are good; the growth rate is expected to reach five percent in 2016 due to recovery in mining and return of democratic institutions. Inflation is expected to remain modest at about two percent in 2016 due to good harvest and low world oil prices. The economic prospects depend on the ability of the new government to foster political peace, ensure institutional stability and curtail threats from religious extremist especially after the January 2016 terrorist attack. Burkina Faso like its neighbouring countries faces security challenges due to terrorist activities.

Burkina Faso’s cities are growing rapidly though, urban dwellers were 29.5 percent of the population in 2015 and could reach 35 percent in 2026 but cities and towns are poorly equipped to sustain growth. Inequalities persist and poverty remains high although the poverty rate fell from 46.7 percent in 2009 to 40.1 percent in 2015 and could reach 35 percent in 2026 but cities and towns are poorly equipped to sustain growth.

Burkina Faso is part of the Central Bank of West African States (BCEAO), which includes seven other countries (Benin, Côte d’Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo). As of 2016, the financial sector of Burkina Faso was dominated by 12 commercials banks, five credit institutions, 10 insurance companies, one postal financial services outlet, two social security institutions, 50 exchange offices, 122 offices of funds transfer, 13 national funds of financing and 81 microfinance postal financial services outlet, two social security institutions, 50 exchange offices, 122 offices of funds transfer, 13 national funds of financing and 81 microfinance institutions with 489 branches. Access to finance in the country is low; only about fourteen percent of the country’s population over the age of 15 have a bank account, nine percent have savings and five percent have loans as stated in global Findex 2014. There are 30 Financial Service Providers listed on the MIX Market (an online repository of microfinance performance data and analysis) with US$197 million worth of loans dispersed to 180 000 active borrowers, US$248 million deposits and 1.3 million depositors in 2016. Réseau des Caisses Populaires du Burkina (RCPB) remains the leader with a gross loan portfolio of US$151.87 million, gross deposits of US $217.89 million, 71 990 active borrowers and 1 063 190 depositors.

The Housing Bank of Burkina Faso (Banque de l’habitat du Burkina Faso, or BHBF), which started operating in 2006, was created to facilitate access to housing finance for low and middle income earning households. BHBF is funded by the government and its agencies, which contribute 30 percent, international institutions which contribute 25.33 percent and other private institutions which contribute 44.67 percent. In 2013, BHBF launched one of its successful products “CAP Lafia” which allows borrowers to purchase land and/or to build a home, provided that the borrower has a housing savings account or housing savings plan. The product

### Key Figures

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<tr>
<td>Population**</td>
<td>18 106 000</td>
</tr>
<tr>
<td>Urban population (% of total)**</td>
<td>29.86</td>
</tr>
<tr>
<td>GDP per capita (current US$)**</td>
<td>613</td>
</tr>
<tr>
<td>GDP (Current US$)**</td>
<td>11 099 473 097</td>
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<tr>
<td>Gini per capita, Atlas method (current US$)</td>
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<tr>
<td>Population below national poverty line</td>
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<tr>
<td>Unemployment rate (%)</td>
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<td>Down Payment (%)</td>
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<td>Credit % of GDP**</td>
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<tr>
<td>Average Mortgages % of GDP**</td>
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<tr>
<td>Estimated number of mortgages</td>
<td>...</td>
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<tr>
<td>Average loan size in US$ (mortgage)</td>
<td>8 536</td>
</tr>
<tr>
<td>Average loan size in US$ (non-mortgage/micro lending)</td>
<td>...</td>
</tr>
<tr>
<td>Price To Rent Ratio City Centre**</td>
<td>...</td>
</tr>
<tr>
<td>Gross Rental Yield City Centre**</td>
<td>...</td>
</tr>
<tr>
<td>Estimated number of mortgages</td>
<td>...</td>
</tr>
<tr>
<td>Construction as a % of GDP</td>
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<td>Time (days) to register property</td>
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<tr>
<td>Average Mortgages % of GDP**</td>
<td>...</td>
</tr>
<tr>
<td>Estimated number of mortgages</td>
<td>...</td>
</tr>
<tr>
<td>Average loan size in US$ (mortgage)</td>
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<tr>
<td>Average loan size in US$ (non-mortgage/micro lending)</td>
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</tr>
<tr>
<td>What is the average rental price for a formal unit (in US$/month)#</td>
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<td>What is the minimum plot size for residential property (in m²)##</td>
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<td>Ease of doing business rank</td>
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<tr>
<td>Cost (% of property value) to register property</td>
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* Commit.com The Currency Converter/CAHF survey data
^ World Bank’s World Development Indicators (2016)
° UNDP’s International Human Development Indicators (2014)
** Hofert / World Bank
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Africa Housing Finance Yearbook 2016
is aimed at public, private and informal sector workers. To qualify, the borrower must be a client of BHBF. Borrowers are required to provide a 10 percent deposit, and the maximum loan term is seven years for land and 15 years for an "affordable house." The CAP LaFia provides housing construction and land acquisition loans at a subsidised interest rate of five percent. The bank also provides added services such as an architect to view the plans before a loan is approved. The average mortgage distributed in 2013 according to the UEMOA note on the condition of housing loan in 2014 was 48,745 million cfa, the average bond term was 7.8 years and the average interest rate was 6.73 percent.

By 2016 practically all the commercial banks in Burkina Faso have introduced mortgage finance in their portfolios and so is the Réseau des Caisses Populaires du Burkina (RCPB), the most popular microfinance institution in the country. Currently RCPB offers some housing finance products called "Épargne Spécialisée" that is special savings for financing special projects including housing. With the technical support of Développement International Desjardins (DID), a world leader in the microfinance sector, RCPB developed its first mortgage loan and one of its successful products in 2008. The minimum loan size was CFA Francs 5 million (US$10,000) with a mortgage on property. Borrowers were required to make a 15 percent deposit and the interest rate was fixed at 14 percent over 10 years for wage earners, and over five years for non-wage earners.

Although commercial banks and RCPB offer mortgage products access remains limited because majority of Burkinabes don’t have banks account and the commercial banks dispose of short term deposits while mortgage require long term deposits. The creation of a regional mortgage refinance fund called Caisse Régionale de Refinancement Hypothécaire (CRRH), by UEMOA hopefully will boost access to long term funding.

Affordability

Burkina Faso is a poor country with 46.7 percent of households living under the threshold of poverty and earning CFA Francs 108,454 (US$185) or less a year. Other low income groups are those working in the formal sector earning the minimum wage or Salaires Minima Interprofessionnels Garantis, SMIG of 30,684 fcfa (US$52) a month. For the 14.5 percent of households representing the well-off population, who earn an income of more than CFA Francs 1,8 million (US$3,079) a year, access to property in the main cities is relatively straightforward, with most housing delivery and finance products designed for their needs. However, lower income households struggle and to be eligible for government subsidised housing a person must earn between one to eight times the SMIG. Eligible households enter a raffle and names are drawn for the houses that are available. In July 2013, a draw was held for 1,500 houses delivered as part of the programme. To qualify, the borrower must have an account at the Housing Bank, and must have worked for less than 15 years. Eligible households enter a raffle and names are drawn for the houses that are available. In July 2013, a draw was held for 1,500 houses delivered as part of the programme. As from 2014 the programme has gained large publicity in Cote d’ivoire where there is a sizeable community of Burkinabe nationals (as Burkinabe diaspora is also eligible).

In an effort to improve affordability the new government has initiated a series of projects among which are the construction of 14,000 affordable houses to house about 84,000 people in Bassinoko, a village situated about 15 kilometres from Ouagadougou. Other measures are to accelerate the implementation and completion of the projects initiated by President Compaore most of which did not meet delivery schedule due to political transition. To this end “Centre de gestion des cités, CEGECI” the public institution that implements the government housing objectives is mandated by the new government to take over the control of the management of all the housing projects under the former governments.

Housing supply

Informal settlements have been growing in Burkina Faso’s main cities, illustrating an undersupply in housing, especially for lower income households. The government estimates that housing demand is growing by 8,000 units a year in Ouagadougou and 6,000 units a year in the country’s second largest city, Bobo Dioulasso. An analysis from 2009/2010 shows that only 17 percent of the population live in cement or concrete structures. The majority (65.6 percent) live in earth brick dwellings, and a further 12.4 percent live in baked brick dwellings.

The government has been a key promoter of housing delivery for many decades. The Centre for the Management of Cities (Le Centre de Gestion des Cités, or CEGECI) was originally established in 1987 with a mandate to implement the government’s housing objectives. In 2000, this mandate was extended to include the actual delivery of housing. In 2014 CEGECI has been empowered to effectively control the delivery schedule of the government subsidised houses and other social amenities such as supply of electricity, water health and recreation centres of the government housing program in order to accelerate delivery. The Construction and Real Estate Management Company (Société de Construction et de Gestion Immobilière du Burkina, or SOCOGIB) was also established by government, but was privatised in 2001. SOCOGIB still carries on with its mission to develop land, construct housing, sell and let accommodation and manage properties, and provides technical advice on home improvements. Housing constructed by SOCOGIB can be considered economic and upper standing and comes with a 10-year warranty on the floor, walls and roof.

Since 2008, the government has developed a multi-year social housing programme. The delivery target is 10,000 subsidised houses and the programme involves experimentation with local building materials in an effort to improve affordability while maintaining quality. The programme is funded entirely by the state, with 75 percent of the total delivery cost funded by the Housing Bank and the remaining 25 percent funded by CEGECI. To be eligible, a household must not own a plot or a house, must have an account at the Housing Bank, and must have worked for less than 15 years. Eligible households enter a raffle and names are drawn for the houses that are available. In July 2013, a draw was held for 1,500 houses delivered as part of the programme. As from 2014 the programme has gained large publicity in Cote d’ivoire where there is a sizeable community of Burkinabe nationals (as Burkinabe diaspora is also eligible).
that are late in delivery and to assure the distribution of the completed houses to their beneficiaries.

The new government is accelerating the development of the new urban pole of Bassin-ko, 14,000 houses to be constructed by different private companies among which are, Société Immobilière Wend-Panga who is building 300 units of one to three bedrooms, prices range from 5.5 million fcfa to 7.5 (US$5,389 to 12,804), CGE Immobilier, CGE has a programme of 1,323 units made up of social, economic, medium standing houses ranging from 8.5 million fcfa to 25.5 million fcfa (US$14,511 to 43,533) built on 300 m² each. The Bassin-ko project is the second largest housing project after the “projet de zone commercial et administrative, ZACA” in the heart of city of Ouagadougou, the capital. Eight developers are already implementing the programme among who are P&B Burkina Faso, a subsidiary of P&B Holding Group, a Spanish real estate development company. P&B is producing 1,000 bioclimatic houses that range in prices from the minimum 7.5 million francs cfa (US$12,804) to maximum of 12 million francs cfa (US$20,486). The houses are social and economic houses with land awarded by the government to the developers, water, sewage and electricity connection are also provided by the government. The houses are commercialised through the bank of habitat and participating commercial banks.

Property markets
Law No 014/96/ADP of 23 may 1996 (J.O 1996 NO32) regulates the real estate development business in Burkina Faso. According to the government of Burkina Faso the sector has been growing at a rate of 7.5 percent per year since 2009.

There is not a formal market for real estate. Informal developers dominate the market although there is an emergence of private formal developers. Private developers are in most cases, in partnership with the government to participate in the construction of different on-going housing programmes in the country. The housing programmes concern primarily Burkinabe senior civil servants and those employed by the formal private sector. Houses developed by the formal sector come with a certificate of ownership which ensures security of tenure.

The rental prices market is not regulated in Burkina Faso as result there is a lot of speculation going on especially for the low income zones. A room in a multi room house in the popular zone such as Karpala or Patte d’oe goes for 15,000 – 35,000 fcfa (US$25 – 60). A villa in residential zone costs 350,000 fcfa (US$598) and a luxurious villa costs about 2,000,000 fcfa (US$3,414). There is a strong rental market in Ouagadougou in spite of the fact that Burkinafob prefer to be homeowners, the fact is that purchasing or building a house is not accessible to an average Burkinabe.

Property prices have risen steadily over the past decade especially in Ouagadougou and other urban centres, given an increase in the demand for houses due to growth of non-governmental organisations and other development agencies present in Burkina Faso. The growth in the market is challenged by the social and political situation of the country since the coup d’Etat of 2014 and the transition government. The future of the property market depends on the political stability of the country.

According to the World Bank’s 2016 Doing Business Report, Burkina Faso ranks relatively high. In the Dealing with Construction Permits index, the country ranks 76th out of 189 countries, relatively good score in the WAEMU member states. It takes 67 days and four procedures, costs 12.1 percent (above the Sub-Saharan average of 9.1 percent) of the average income to register a property in Burkina Faso. With stable democratic instutitions, hopefully Burkina Faso property market will continue to grow.

Policy and regulation
Burkina Faso’s policy framework dates from the early 1990s, with the adoption of a new constitution in 1991 and a decentralisation policy in 1995. The national policy framework commonly called (RAF) “reorganisation agraire et fonciere” was created by “la loi du 23 mai 1996” and enacted by national decree on 6 February 1997. Some 49 urban and 350 rural administrative entities were created in this process. In 2009, a national policy on housing and urban development was enacted with a 10-year plan of action, to 2018. The policy puts an urbanisation strategy in the centre of its economic growth plan, and explicitly addresses the potential for real estate development to contribute towards growth. Part Three of the strategy aims to ensure access to comfortable housing for every citizen. The policy aims to raise awareness of the responsibilities of the private sector as well as to assist households in building their own housing.

Opportunities
The establishing of the Department of Housing and Urbanisation, and consequently the Housing Bank of Burkina Faso in 1995, demonstrates the commitment of government to promote the housing sector and to champion housing for low income earners. The country offers immense opportunities for housing development especially for affordable housing given the economic status of the majority of the population. The law 057 of November 2008 which promotes and regulates property development activities is an advantage for developers and a tool for the government to encourage national informal practitioners to formalise and seize the opportunities offered by the government in mass construction of affordable houses. The ambitious program of 50,000 affordable houses to be constructed in the next five years, at a rate of 10,000 a year by the new government and other urban infrastructures are also opportunities for local and foreign investors and developers. This is a positive sign for housing development and housing finance in Burkina Faso.

Despite its status as a heavily indebted country, Burkina Faso has enjoyed strong growth in the past few years, largely as a result of political stability, good macro-economic management and a diversifying economy. Hopefully the country will regain a political stability since it has organised a peaceful and successful presidential and legislative election last year and a new government and other democratic institutions of the country are in place.

With political stability, the country’s housing opportunities are promising for the following reasons, a huge demand of affordable houses to satisfy, an accelerating rate of urbanisation, an increase in middle class revenues and an ambition governmental housing program.

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Overview
Burundi’s prospects of returning to normalcy, particularly in the Capital Bujumbura, are promising, following months of political tensions and uncertainty surrounding the re-election of the incumbent President for a third term in 2015. The re-election was perceived as illegal and unconstitutional, by several civil society organisations, the opposition and some in the ruling party.

A Regional Security Mission, commissioned by the Secretariat of the East Africa Community (EAC), early July 2016, concluded that the security situation in Burundi was now “satisfactory” to host EAC activities. This followed suspension of the activities in the run-up to the highly contested June 2015 elections.

However, uncertainty on the policy direction, created by the now year-long political crisis, had a profound effect on the socio-economic development of the country. The re-election was perceived as illegal and unconstitutional, by several civil society organisations, the opposition and some in the ruling party.

The regression of the weighted average index of industrial production was estimated at -23.9% in 2015. The demand for mortgage finance receded by more than 700 basis points, between 2014 and 2015, compared to an average of 37% in Sub-Saharan Africa. Agriculture, particularly agribusiness, is central to the urban growth strategy of the country, and the overall goal is to support higher agricultural productivity to respond to the growing local demand, and encourage trading of agricultural surpluses to promote non-agricultural activities (for example, tourism) in urban areas.

The structure of the economy remains rural and agrarian, with over 90% of the population engaged mainly in agriculture. The urbanisation rate was estimated at 20.7% in 2015, compared to an average of 37% in Sub-Saharan Africa. Agriculture, particularly agribusiness, is central to the urban growth strategy of the country, and the overall goal is to support higher agricultural productivity to respond to the growing local demand, and encourage trading of agricultural surpluses to promote non-agricultural activities (for example, tourism) in urban areas.

The impact of the political crisis on the capitalisation of the banking sector was insignificant, with an overall solvency ratio of 18.4% at the end of 2015, sufficiently above the regulatory standard of 12%. However, the sector recorded a decline in assets, deposits were modest and credit growth was poor.
Total assets decreased by 7.7%, as a result of slow economic activity. The volume of loans issued decreased at an annual average rate of 3.9%. The volume of deposits increased marginally at 4.5%, from BIF 950 million (US$613,893) at the end of 2014 to BIF 993 million (US$641,680) by December 2015. NPLs increased at an average 46.3% throughout the year. The NPL ratio stood at 15% at the end of 2015.

To ensure liquidity and to maintain stability of the banking sector in Q4 of 2015, the Central Bank of Burundi, implemented an accommodative monetary policy, to ease refinancing conditions and provisioning of bad debts (NPLs) of productive investments in the industrial sector. In 2016, the monetary policy will focus on: (i) increasing frequency and volume of interventions in the money market to provide banks with the liquidity needed to finance the economy and (ii) strengthening macro-prudential supervision to establish financial stability and curb any possible risk.

Access to finance

According to the National Financial Inclusion Strategy (2015 – 2020), whose preparation was informed by updated (2014) statistics from the National Survey on the Status of Financial Inclusion (2012), the level of financial inclusion in Burundi is still low but improving. 25.9% of Burundi’s adult population has a savings account with a formal financial institution. Gender equality in financial inclusion is also improving. Women account for 34.3% of the adult population with an account with a formal financial institution.

Access to financial services, as evidenced by the growing number of institutions in the financial sector is improving. The financial sector comprises ten banks, two financial establishments7, 27 MFIs and the RNP (National Postal Service), compared to nine banks, 22 MFI and the RNP in 2011. In the same period, the number of access points for financial services (branches of financial institutions), increased from 492 to 698. MFIs represent the highest percentage (41%) of access points for financial services, compared to 38% for banks and 20% for the RNP8. The number of ATMs stands at 75.

MFIs account for 65% of all users of financial services and products. This is attributed to the flexible requirements for opening up an account with an MFI, compared to a banks and other financial institutions. The banks and financial institutions require higher minimum deposit amounts than the MFIs. It is possible to open a current account at an MFI with a deposit of BIF 5,000 (US$3.23), while the minimum deposit at a bank is BIF 50,000 (US$32.3). Similarly, account maintenance fees are estimated at BIF 3,000 (US$2) per month in the banks, compared to BIF 200 to 800 (US$1.3 to 0.52) per month in the MFIs.

BFIs, offer loans at interest rates of 16% to 19% per annum, calculated on declining balance. At the MFIs, there is a great variance in interest rates. They range between 6% and 48% per annum9. MFIs account for 65% of all users of financial services and products. This is attributed to the flexible requirements for opening up an account with an MFI, compared to a banks and other financial institutions. The banks and financial institutions require higher minimum deposit amounts than the MFIs. It is possible to open a current account at an MFI with a deposit of BIF 5,000 (US$3.23), while the minimum deposit at a bank is BIF 50,000 (US$32.3). Similarly, account maintenance fees are estimated at BIF 3,000 (US$2) per month in the banks, compared to BIF 200 to 800 (US$1.3 to 0.52) per month in the MFIs.

BFIs, offer loans at interest rates of 16% to 19% per annum, calculated on declining balance. At the MFIs, there is a great variance in interest rates. They range between 6% and 48% per annum9. Outstanding loans, at the end of 2015, were estimated at BIF 828.7 billion (US$535.5 million), compared to BIF 565.8 billion (US$365.6 million) in 2014 and BIF 479.5 billion (US$309.8 million) in 2013. MFIs offer the same loan products as the banks, though they have, over the years, developed more specific products to meet the needs of their clientele. Loan products, offered by both MFIs and BFIs include (i) overdraft and line of credit, (ii) personal and consumer loans, (iii) housing and real estate loans, (iv) agricultural loans, and (v) commercial and business loans.

In 2015, there was a significant decline in housing and real estate loans, receding to 9.6% of the total portfolio of BFIs, compared to 17.5% in 2014. The political crisis contributed to the low demand for housing and real estate loans, among prospective borrowers, and also, banks were reluctant to grant their mortgage portfolio, as part of efforts to halt accumulation of impaired loans, given the high risk of lending in a politically uncertain economy.

Three banks (the Burundi Bank of Commerce and Investment, Eco Bank Burundi and KCB Bank) and the two Financial Institutions (the Fund for the Promotion of Urban Housing and the National Bank for Economic Development), offer housing and real estate loans. Housing and real estate loans range between BIF 500,000 ($323) and BIF 50,000,000 ($US32,100), for a tenor of between 4 and 20 years, at high interest rates of between 16 and 19%. Medium-term mortgages (maturing in two to seven years) account for 61% of the total stock of loans granted by the institutions, up from 63% in 2014. Long-term mortgages (15 to 20 years) increased from 37% in 2014, to 39% in 2015.

In the last six years, the housing finance market has grown at an average rate of about 70% per annum, increasing from BIF 30.5 billion in 2009 to BIF 80 billion in 2014 and BIF 295 billion in 2015. Presently (2016), the number of mortgages issued is estimated at, about 6,000 mortgages compared to 1,600 mortgages in 2014. Though growing, the housing finance sector is still characterised by unmet demand, particularly among lower-middle and low income earners, who constitute over 90% of the population.

The largest housing finance provider is the Fund for the Promotion of Urban Housing (FPHU), and accounts for nearly three-quarters of the market, catering for only middle and high income earners. FPHU was established in 1989, with a share capital of 100 million BIF; to finance housing at affordable conditions. FPHU would provide affordable finance to (i) the SIP (Société Immobilière Publique), a public building society (or a financial institution) charged with implementing and managing all government housing operations, including the improvement or development of urban and peri-urban housing and (ii) the ECOSAT, charged with land development and the construction of houses for civil servants and the private sector with low incomes. This way, prospective homeowners would access an affordable house on the market from ECOSAT, and affordable finance to mortgage it from SIP.

FPHU would mobilise and collect savings, through home saving accounts, supplementary pension funds and deposits, to fund the operations of the SIP and ECOSAT. However, the civil war (1993 to 2005), which forced seven Central and East African countries to place a trade embargo and other economic sanctions on Burundi, as way of initiating peace talks, to end the war10, had a severe impact on the operations of FPHU, particularly, in financing its partner institutions. The embargo and economic sanctions, raised the cost of houses delivered by ECOSAT (following an increase of over 10% on the cost of building materials, most of which were imported). Worse still, several Burundians who had benefited from SIP’s mortgages, to buy houses from ECOSAT, could not comfortably pay them back (their salaries were devalued (by about two-thirds), after the local currency depreciated, and their mortgages were destroyed in the war). Since then, FPHU and its partner institutions, have been operating in a precarious economic situation, unable to mobilise long and affordable funds, to effectively implement their mandates. By and large, the lack of long-term funding schemes within the financial sector has constrained growth and development of the Burundi’s housing finance sector.

Affordability

Like in all East African Countries, affordability of housing is still the most pressing constraint to the growth of the housing finance sector in Burundi. The low affordability is largely a consequence of the low purchasing power of the population. The devaluation of the local currency against the US$ by 30% between June and December 2015 further limited the already fragile purchasing power of households to access housing finance.

The political crisis compounded the situation. Several households lost their jobs (especially in urban areas) narrowing their income opportunities. For example, the significant drop in the turnover of the hospitality industry, estimated at about 80%, forced a good number of hotels to close or lay off staff. Poverty levels, estimated through the proxy indicator of “share of food expenditure from households’ monthly budget”, have been evidently high. According to the World Food Program, 67% of households’ expenditures is presently dedicated to purchasing of food. The other major expenses are related to the acquisition of energy for cooking food (wood or other), medical expenses, clothing, soap and hygiene, among others.

Only 5.3% of Burundians earn between US$2 and US$20 a day. The informal private sector is the principal provider of employment, with a share of more than 75%. In this sector, the average monthly wage is about BIF 160,000 (US$103.4). This is too low for banks to lend against.

Civil servants have a guaranteed monthly salary, and are eligible for housing finance but their salaries are too low for banks. Efforts have been made to revise civil servants’ salaries, and in 2010 the government raised salaries of individuals in...
selected ministries. But the increments are insufficient, because they have not kept up with inflation. For example, an increment in the salary of a civil service from 30 000 BIF in 1993 to 100 000 BIF in 2010, translated into a 233% increase in nominal wage, but a 58% decline in purchasing power, adjusting for inflation.  

Monthly salaries for teachers, the military and the police range between BIF 30 000 (US$19.3) and BIF 175 000 (US$113.1) below the minimum BIF one million required by banks to offer mortgage finance. Judges earn between BIF 115 000 (US$74.3) and BIF 270 000 (US$174.50), also below the minimum. The only government officials whose salaries are eligible for housing finance are ministers and members of parliament who earn between BIF 1.5 million (US$969.3) and BIF 3 million (US$1 938.6).

Housing construction costs in the middle income suburbs of Bujumbura are estimated at BIF 1 84 000 (US$119) per m2. Therefore a house of 120m2 will cost BIF 22 080 000 (US$14 286). Such a house can only be afforded by ministers and members of parliament.

**Housing supply**

Most households live in their own homes, particularly in rural areas. Findings of the 2008 Household Survey showed that 96.2% of households own homes and 3.8% rent, most of these in urban areas. However, the quality of housing is poor. According to the 2008 Survey, 70% of homes are built with adobe brick or wood walls, 30% of the houses are covered with tiles or sheets and nearly 70% with straw or other plant leaves.

In Burundi, however, it is hard to find a medium to large scale real estate developer, capable of constructing more than 1 000 units annually. In Bujumbura City, no housing estates over 300 units are in development. The planned modestly sized housing project, including 200 units for civil servants, is not planned in the short-term, because of the recent tense political environment, following a highly contested presidential election.

In addition to the absence of well-established medium to large private real estate developers, the high cost of construction is expected to further contribute to the lack of affordable housing on the market. Burundi imports almost all construction materials. Imports include cement, bricks, pipes and iron sheet. Nonetheless, local production of cement has been scaled up to respond to the high demand. Burundi Cement Company (BUCECO) is almost reaching its installed capacity of 100 000 tons per year, to meet high local demand. The company doubled its production in its first two years of operations, 10% to 75 500 tons of cement in 2012 compared to 34 500 tons in 2011. On average, a 50-kg bag of BUCECO cement costs US$25, about US$3 less than the imported product.

Presently, the supply side of the housing market is not able to keep up with demand, leading to an annual shortage of 20 000 units. Population projections suggest that the number of households in the main cities of Bujumbura, Gitega, Ngozi and Rumonge are expected to grow significantly in the period 2008 – 2025. This will translate into an annual demand of 10 000 new houses.

Recently, foreign business consulting and project financing companies, such as Biz Planners from Singapore, have expressed interest in delivering affordable housing for lower middle and middle income earners. Biz Planners signed a memorandum of understanding with the government to develop medium sized housing projects of between 1 000 and 5 000 units. However, to date, this project has not been embarked upon, and it is unlikely to start in the short-term, because of the generally uncertain political environment. The few housing projects that have been embarked upon by private developers (notably Aggbib LTD) comprised 27 three bedroom houses, built in the west of Bujumbura City, priced between US$205 000 and US$225 000 each.

Two government programmes on urban development, the villagisation and lotissement projects, are helping address land scarcity, and it is envisaged that they will, in the medium to the long term, gradually help tame the high demand for housing and land in urban areas. Both initiatives, which are implemented by the SIP and ECOSAT, use peri-urban land to promote new residential areas.

The villagisation project targets the poorest households, giving them both land and a house with a water connection and solar panels. The houses don’t have windows and a bathroom, making them generally cheaper to deliver. Once a household acquires one, they are supposed to incrementally build the windows and the bathroom. Each house is 40m2, on 70m2 stands. Hence, there are about 20 houses per km2. This increases spatial expansion and reduces densities.

The lotissement project targets middle-income households. The project uses either public or private land, demarcates it in plots of 400m2, services it (road and water connections), before allocating the plots to the middle income households. When land is public, middle income households, pay for the costs of demarcating and servicing the land.

When the land is private, the project negotiates with owner to service their land in return for a portion of the land. After servicing the land, the owner retains 40%, while the project retains the balance. The land is demarcated into plots of 400m2, before they allocated to middle-income households. Middle-income households are charged a fee for servicing the land. Fees are in the range of BF 5 000 and 7 500 per m2, for a parcel of 400m2.

**Property markets**

Property markets are still underdeveloped, with some activities contracted to real estate agencies in neighbouring countries. There is no evidence of independent local firms offering valuation services. The country lacks professionals in the construction sector. As a result, several houses, including hotels, are of low quality and lack innovation in design.
Government’s policy of encouraging local and foreign investors to invest in the housing sector should lead to the development of the property market. Presently, registering property requires five procedures, takes 64 days and costs 3.2% of the property value. The number of days to transfer property has decreased by from 94 days in 2012 to 24 in 2016 due to the creation of a one-stop shop for property registration.

Nonetheless, the high cost of owning a property (a house costs about US$20,000), has increased the demand for rentals (by about 30%) in Bujumbura, particularly among modest income earners that migrated to urban areas to seek employment. The high demand contributed to an increase in rental fees, from US$300 in 2014 to US$430 in 2015, and yet disposable income of the modest income households stagnated at about US$350 during the last two years.

The demand for rentals targeting the rich, and expatriates, has on the other hand been low, following a significant drop in the number expatriates who were living in the country; after the country showed signs of increasing stability, about a decade ago. Also, the recent political crisis (2015) forced more expatriates out of the country; further stifling the demand for rentals. Owners of apartments that were occupied by expatriates have reduced the rental fees from about US$2,000 per month to about US$500. Despite the low monthly rental fees, these houses are still not appealing to modest income earners, as they prefer to live in less organised and humble suburbs.

Policy and regulation
Since mid-2015, following the finalisation and launch of the long awaited comprehensive study that would inform the formulation of the National Urban Planning and Housing Policy was finalised and launched, minimal efforts or none, have been embarked upon to adopt the recommendations of that study in the development of the National Urban Planning and Housing Policy. The lack of progress was attributed to priority given to stabilising the security situation, stifling development of the National Urban Planning and Housing Policy. The lack of progress was attributed to priority given to stabilising the security situation, stifling development of the National Urban Planning and Housing Policy. The lack of progress was attributed to priority given to stabilising the security situation, stifling development of the National Urban Planning and Housing Policy. The lack of progress was attributed to priority given to stabilising the security situation, stifling development of the National Urban Planning and Housing Policy.

The study, titled, “Strategies for Urbanisation and Economic Competitiveness in Burundi”, recommended the formulation of an urban policy to assist in aligning regulatory and policy frameworks and creating a clear framework for implementation of urban priorities. Other recommendations include (i) enhance spatial management, urban planning and land and property rights management and (ii) strengthen institutional delivery capacity and enforcement.

Opportunities
The main investment opportunities in Burundi’s housing and housing finance sector are (i) increasing access to long-term and affordable finance for construction and mortgage financing and (ii) building medium sized housing estates of about 1,000 units, annually. The pension and insurance sectors, which can mobilise long-term funds for housing, should be reformed. There is a need for more competition in banking. There is a need to attract more organised real estate developers, both local and foreign, to address the housing shortage.

These opportunities are however dependent on the conduciveness of the political economy. The formulation of the policy, and its implementation is still dependent on the stability of the economy.

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Overview
Cameroon is a low to middle income Sub-Saharan African country with a population of 23.93 million, an annual population growth rate of 2.5%. By virtue of its population, position, resource endowments and level of development compared to other countries in the region, Cameroon is the gateway into Central Africa. It is the most significant market in the Economic and Monetary Community of Central Africa (Communauté Économique et Monétaire de l’Afrique Centrale, or CEMAC).

Cameroon’s economy – CEMAC’s engine in terms of agricultural/industrial production and services – has continued to be resilient despite an unfavourable regional environment, a stagnating world economic context attributable to weak recovery in OECD countries and slow growth in emerging economies. This has led to a stable macroeconomic environment. The country achieved a ranking of 172th in the World Bank’s 2016 Doing Business Report for ease of doing business. Growth in 2014 was 5.7%, against 5.6% in 2013 and below 5.9% in 2015. The growth came slightly lower than the projected six percent set in the 2010 – 2020 Growth and Employment Strategy Paper (GESP). Economic growth, increasing local and foreign direct investments and a growing population have created a growing middle class with a strong demand for products and services, including housing.

Modest oil resources and favourable agricultural conditions provide Cameroon with one of the best-endowed primary commodity economies in Sub-Saharan Africa. Cameroon’s primary sector accounted for 22.3% of GDP in 2015. The country has natural resources such as petroleum, gas, diamonds, aluminium, uranium, bauxite, timber, hydropower and iron ore. It produces agricultural products including rubber, cotton, banana, cocoa, coffee, grains, livestock, timber, palm oil. Over the last five years, growth has been driven strongly by the oil and agriculture sectors. Oil remains Cameroon’s main export commodity accounting for 40% of export earnings and 10% to GDP despite falling global oil prices. 70% of the active labour force is engaged in agriculture. The mining industry is experiencing a boom. New deposits are continuously discovered as new exploration and mining licences continue to be issued, with new opportunities for construction and the provision of subsidised, affordable housing.

The secondary sector accounted for 29.9% of GDP a two percent growth compared to the previous year. Industrial production growth rate continues to increase. Major industries include petroleum production and refining, aluminium production, food processing, light consumer goods, textiles, lumber and ship repairs. Huge investments in infrastructure and enhancing the business environment is required to increase this sector’s value. This is currently being addressed by the government with ongoing projects to increase electricity supply through the construction of new hydroelectricity power plants and incentives to encourage private sector investment in specific manufacturing sectors. E.g. the deep sea port in Kribi and the Lom Pangar hydropower project. A natural gas-powered electricity plant is also underway in Kribi and the Lom Pangar hydropower project. A natural gas-powered electricity plant is also underway. 

KEY FIGURES

<table>
<thead>
<tr>
<th>Main Urban Centres</th>
<th>Yaoundé</th>
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<tbody>
<tr>
<td>Exchange Rate: 1 US $</td>
<td>597 Central African CFA</td>
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<tr>
<td>Inflation 2014</td>
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<tr>
<td>2015 (prov.)</td>
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<tr>
<td>2016 (prov.)</td>
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<tr>
<td>Population*</td>
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<tr>
<td>Population growth rate (2013)**</td>
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<tr>
<td>Urban population (% of total)**</td>
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<tr>
<td>Urbanisation rate (% in 2013)**</td>
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<tr>
<td>GDP per capita (current US $)**</td>
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<td>GDP growth rate (annual %)**</td>
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<td>GDP (Current US $)**</td>
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<tr>
<td>GNP per capita, Atlas method (current US $)**</td>
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<tr>
<td>Population below national poverty line*</td>
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<tr>
<td>Unemployment rate (%)*</td>
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<td>Gini co-efficient of year survey**</td>
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<td>Mortgage Interest Rate (%)</td>
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<td>Credit % of GDP**</td>
<td>20%</td>
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<td>Average Mortgages % of GDP**</td>
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<tr>
<td>Estimated number of mortgages</td>
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<td>Average loan size in US$ (non-mortgage/micro lending)</td>
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<td>Price To Rent Ratio City Centre**</td>
<td>Outside City Centre**</td>
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<tr>
<td>Gross Rental Yield City Centre**</td>
<td>Outside City Centre**</td>
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<td>Construction as a % of GDP</td>
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<td>Is there a deeds registry?</td>
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<td>Outstanding home loan (% age 15+)#</td>
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<td>What is the cost of standard 50kg bag of cement (in US$)? #</td>
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<td>What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #</td>
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<td>What is the size of this house (in m²)? #</td>
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<tr>
<td>Cost (% of property value) to register property!</td>
<td>18.80</td>
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</table>

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* From Cameroon The Currency Converter/CAHF survey data
** World Bank’s World Development Indicators (2015)
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~ World Bank Povcalnet: an online poverty analysis tool, various years
^^ The World Bank’s PovCalNet
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• Various: Badev et al. “Housing Finance Across Countries: New Data and Analysis” – Unpublished paper /
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– World Bank’s World Development Indicators
~ Cameroon The Currency Converter/CAHF survey data
# CI Housing Finance Yearbook 2016
º CI Financial System Stability Assessment Report 2016
# World Bank
° Cameroon The Currency Converter/CAHF survey data
! Cameroon The Currency Converter/CAHF survey data
# Cameroon The Currency Converter/CAHF survey data
% Cameroon The Currency Converter/CAHF survey data
* Cameroon The Currency Converter/CAHF survey data
| Africa Housing Finance Yearbook 2016 |
generating plant has been opened to diversify the energy sector. Growth in this sector and the increasing investments in infrastructure will enable the expansion of the residential real estate market.

The tertiary sector accounted for 47.95% of GDP in 2015. It is the most dynamic sector of the economy, and has grown at six percent on average since 2007 due to good performance in business and mobile telecommunications, the recovery of the construction and transport sectors, retail trading, hotel and catering industries and the financial services industry. This sector is projected to grow continuously, employ more people and contribute more to GDP.

The growth of these sectors has contributed to a growing middle class with increased demand for housing. This presents new opportunities for subsidised affordable housing and housing finance given the current inadequate end-user housing finance opportunities.

**Access to finance**

Though Cameroon's financial system is the largest in the CEMAC region, it is still in its infancy. There are 14 commercial banks, 11 non-banking financial establishments, 418 licensed microfinance institutions, many foreign exchange bureaus and the Douala Stock Exchange. Government accounts cover only 10% of the social capital of banks, while the private sector accounts for 90%. The banking sector is highly concentrated and dominated by foreign commercial banks. The top three banks control 50.1% of the loan market and 52.2% of deposits. Microfinance institutions officially account for 15% of total loans granted. All 14 commercial banks provide some form of housing-related finance.

About 15% of the population use banks. According to the World Bank's 2016 Doing Business Report, Cameroon ranked 69th in terms of ease of getting credit. Mobile banking has been identified as one way of increasing financial accessibility. Mobile Telecom companies like MTN are already offering this service.

The Bank of Central African States (Banque des Etats d'Afrique Centrale, or BEAC) regulates the banking and MFI sectors through the Central African Banking Commission (COBAC). Both COBAC and the Ministry of Finance and Budget must licence banks, and there are special regulations for small-scale credit cooperatives. The system is bank-centred, and the commercial banks in the country mainly fulfill traditional banking functions, with a tendency to prefer dealing with large, established companies, government and medium to high net worth individuals. The long-term credit market remains underdeveloped. The distribution of banks is heavily skewed towards the main urban centres, with a significant part of the semi-urban and rural parts of the country denied access to formal banking facilities.

Access to housing finance is low, available mainly to government employees through the government agency Crédit Foncier du Cameroun. Only about five percent of Cameroonians have access to mortgage finance from the formal private banking system. The government has injected more funds into Crédit Foncier and instituted other reforms like providing financial guarantees and broadening assets that can be used as collateral to make it easier to access housing finance. Property developers and private equity funds with money are looking for local partnerships to provide end-user financing for housing. A few partnerships are already in place, like Ecobank and Credit Foncier, which is helping to provide end-user financing to individuals to buy or build houses. Title deeds are attached to only a very small percentage of land because implementing the legal provisions on land ownership has been impeded by jurisdictional disputes. In 2012, the country made amendments to the Organisation for the Harmonisation of Business Law in Africa (OHADA) Uniform Act on Secured Transactions that broadened the range of assets that can be used as collateral. This has made it easier for people to access finance. The World Bank's 2016 Doing Business Report shows improvement on the legal rights of borrowers and lenders, and access to credit.

Microfinance is mainly managed by associations, or savings and credit co-operatives. It has 418 licensed establishments, 1.5 million clients, total savings of US$800 million, and over 1 000 branches across the country. Of these, 187 are independent, while 178 belong to the largest network of MFIs, the Cameroon Cooperative Credit Union League (CAMCUCUL).

It has become increasingly important, but its development has been hampered by a loose regulatory and supervisory framework for MFIs. The conditions to carry out microfinance activities are defined at the sub-regional level by CEMAC.

Liquidity is a problem, many MFIs are only able to satisfy a third of their customers at any time, depending on their credit requirements. To address the liquidity issue and to make more funds available to finance activities, including providing housing finance, the government has established a wholesale fund, financed by the African Development Bank (AIDB). The fund is worth CFA Francs 21 billion (US$40 million) and has helped to usher financial reforms.

The most popular credit institution is called nyong by English speaking people and tonittis by French speaking people. This rotating savings model is usually made up of people of the same social class, same community or same cultural affiliation who have similar incomes or who engage in similar activities. Two types are commonly used for housing purposes, rotating funds, and savings and loans funds.

Rotating funds involve groups of individuals who come together on a regular basis with agreed fixed sums of money that is interest free. At each meeting, a lump sum is given to one of the group members. The member who receives the money is agreed in advance by consensus among the group, and the number of members determines the loan period. A slightly different rotating savings model, made up of individuals with different income brackets, is more flexible. The money collected is auctioned and those who have not yet received a loan may bid for it. The person with the highest bid gets the loan.

Savings and loans funds allow members to contribute more than the agreed regular sum of money into a savings fund that is then loaned to other members in need with Interest of 10 to 15%. The saver may withdraw the money but only after sufficient notification has been given to the association. This money earns interest for the saver.

**Affordability**

The official unemployment rate is high, with underemployment reported to be about 76%, with a poverty rate of 38%. The national Gini-index currently stands at 0.38, down from 0.390 in 2007, 0.416 in 1996 and 0.404 in 2001, suggesting relatively high, though improving levels of inequality. Most people (70%) are employed in the informal sector in subsistence agriculture and in small, micro and medium scale businesses. The formal private sector is not well developed, employing a very small percentage of the population. The government through its agencies and parastatals is the largest formal sector employer. The average monthly income per household in the formal sector is CFA Francs 225 000 (US$386), which is slightly lower than the average income per household in the private sector which is CFA Francs 275 000 (US$472). Average rental prices for a three bedroom accommodation range from CFA Francs 125 000 (US$214) to CFA Francs 60 000 (US$103) in urban and semi-urban areas respectively. Most families receive remittance income from abroad thanks to the growing population in the diaspora.

Building costs are fairly high. It is difficult to build houses with uniform standards at a cost accessible to most people resulting in a discrepancy between production costs and purchasing power. Government has helped to reduce housing production costs to make housing more affordable by establishing agencies like Mautur to encourage the use of local materials and to reduce the price of land and inputs such as cement, sand, and has stepped up funding for government agencies in this sector. Companies like Quality Habitat Corp have set up factories to manufacture building materials, which should reduce cost of inputs. The government has decided to roll out projects to construct affordable housing across the country. Individuals will provide 20% as their equity investment upfront and take a loan for the remaining 80%, which government guarantees. This is improving access to quality housing as individuals in the private and informal sectors are also beneficiaries.

**Housing supply**

With an annual population growth rate of 2.5%, and an annual urbanisation growth rate of four percent, Cameroon is 55% urbanised. The challenge is to provide housing to this growing and urbanising population, almost half of which live in informal dwellings and settlements. The opportunity is to establish partnerships.
CAMEROON

Annual household income US$

<table>
<thead>
<tr>
<th>Income Level</th>
<th>No. of Households (Thousands)</th>
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<tr>
<td>&gt; $40,001</td>
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<tr>
<td>$23,001 – $40,000</td>
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<tr>
<td>$12,001 – $23,000</td>
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<tr>
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<tr>
<td>$801 – $1,600</td>
<td></td>
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<tr>
<td>&lt; $800</td>
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</tr>
</tbody>
</table>

Average income needed for the cheapest newly built house by a formal developer, 2016: $7,914
Average annual urban household income, 2015 (in constant 2005 US$): $2,706

Across the housing value chain to meet the increasing demand for high-end and affordable housing. In 2014, an estimated 53% of households owned their own homes, 30% are tenants and 11% are accommodated free of charge.

Cameroun’s housing backlog is significant. The government is looking to overcome the growing deficit of over 100,000 units a year. A few years ago, the government estimated that up to one million homes needed to be built within a ten-year period to adequately house the growing population. Of these, 300,000 are needed in the main cities of Douala and Yaounde. Demand for housing in the lower and upper ends of the market increases by up to 10% annually. Government is using public-private partnership approaches in projects to build new social housing units country-wide.

The housing market is not well developed. The main players include the state-owned Cameroonian Real Estate Corporation (Société Immobilière du Cameroun, or SIC), founded in October 1952 as a centrally funded company in charge of social housing and developing the real estate market for government. It works in partnership with local and foreign private construction companies to handle large-scale projects and train local workforce. SIC aimed to build 100,000 new houses by 2022. 40,000 have already been built. Crédit Foncier du Cameroun, a building and loan association, is the top mortgage bank and provides funds for social housing to individuals and developers. The National Investment Corporation of Cameroon (Société Nationale d’Investissement du Cameroun) invests government funds in profitable projects in different sectors.

A government agency, Maetur, acquires and develops land, which are sold to willing buyers at affordable prices. Mipromalo, the local material promotion agency, develops local materials for use by construction companies. The number of private developers is increasing. Options for Homes in Cameroona, a local subsidiary of a Canadian Housing company, is involved in a mixed-use development in the coastal city of Limbe aimed at high income earners. Phases I and II, a total of 102 units of its current development is completed and sold out. Phase III of the project is ongoing. Quality Habitat Corp, a Cameroon subsidiary of a US-based company, has a plan to build 2,000 houses annually. Most private developers build and sell houses to the upper middle income and high-end market through the BOT (Build, Operate and Transfer) model. Private developers also partner with municipalities to build affordable housing.

There are institutional problems. Although the country has developed catalytic real estate institutions, they suffer from dwindling public finance and new strategies are urgently needed for the effective functioning of these institutions. Government together with its partners (local councils, energy utility company ENEO, National Water Supply Company of Cameroun, SIC and Crédit Foncier), launched a project in Douala and Yaounde in 2009 to build 10,000 houses for low and middle income earners. The partnership has completed Phase I with 6,000 new low cost houses. Phase II is near completion with 4,000 houses. There are many new housing units built by individuals entering the market for ownership and rental.

Phase I of a city council of Douala project which started in 2012 to build more than 1,000 social, affordable and private houses along with community/commercial, retail and leisure facilities in the Mbanga-Japoma area of the Douala III council, at a cost of CFA Frans 122.23 billion (US$244 million) is complete. It consists of 50 buildings, comprising 300 apartments with one parlour and four bedrooms, and 700 apartments with one sitting room and three bedrooms. The city council of Douala also has a project to deliver 2,500 affordable houses in Bonamatoumbe. Phase I is almost complete.

Government policy has placed more emphasis on home ownership. However a significant proportion of the population is seeking rental housing. There is a huge shortage of rental housing units. Government must recognise the benefits of regulating and supporting rental markets to complement ownership.

The three new cement companies established in 2015 have helped to increase the supply of cement, currently estimated at 3.5 million tonnes a year, short of the required domestic demand estimated at five million tonnes a year.

**Property markets**

The formal real estate market is concentrated in the urban and peri-urban areas, and chums are concentrated in the middle-to-higher value market. 53% own their homes and 30% are tenants. Both housing for ownership and rental is in demand. Despite the focus on ownership, there is increasing opportunities for rental. Because supply lags behind demand, there is a constant minimum 10% year-on-year increase in house prices for ownership and rental. On average, it takes at least one month to find quality accommodation in Douala Yaounde and other main cities. This time is projected to decrease to two weeks in the next few years with the increasing number of new housing units that enter the market for ownership and rental. There is very few real estate companies providing buying/rental services to clients. On average, it costs up to CFA Francs 125,000 (US$214) a month to rent a standard three-bedroom house in Douala and Yaounde. This amount is about 40% cheaper in the smaller cities like Limbe, Bafoussam and Bamenda. It costs up to CFA Francs 100,000 (US$17153) to build a standard three-bedroom house, excluding the cost of land in the main cities like Douala and Yaounde. This cost is about the same and can even be more expensive in the smaller cities due to input costs. The cost of standard inputs increases the further away from Douala as most of the standard inputs are imported or manufactured around the main cities. The cost can be cheaper in the smaller cities depending on the inputs used. On average, the size of a standard three-bedroom house is 300m². The cost of a serviced 300m² piece of land in the urban areas is CFA Frans 5 million (US$8,576). This cost drops to CFA Frans 4 million (US$6,861) in the smaller cities like Buea, Limbe and Bamenda.
In addition, there is a deeds registry but accurate figures on number of deeds is not available. It takes 86 days to register property and cost to register is 19% of property value.

**Policy and regulation**

The national housing policy in Cameroon has evolved through three discernible periods: 1950 – 1976; 1977 – 2003/4 and 2004 to date. During the first phase, emphasis was on direct construction of houses by the government. During the second phase, emphasis and focus shifted from housing as shelter to development and improvement of the total housing environment including provision and improvement of housing services and infrastructure. The current policy phase is focused on reassessing the habitat agenda. Emphasis is on construction of social infrastructural amenities and provision/upgrading of basic services in informal settlements in partnership with local and international private sector partners.

Land tenure is still characterised by the coexistence of a traditional or customary land tenure system, and a modern land tenure system. A land reform programme was introduced in 1974 to unify the legal land systems used. Since then, Ordinance No. 74/1 and 74/2 of 6 July 1974 established rules governing land tenure and state lands respectively and laws and decrees to amend and implement them. Law No. 85/09 of 4 July 1985 relates to expropriation for public purposes and conditions of compensation, and constitutes the regulatory framework for cadastral survey and land management. Decree No. 2005/178 of 27 May 2005 organises the Ministry of State Property and Land Tenure (MINDAF), while Decree 2005/481 of 16 December 2005 amends and supplements some provisions of Decree No. 76/165 of 27 April 1976, which lays down conditions for obtaining land certificates. These constitute the institutional framework for the implementation of land legislation. The delay in implementation of this framework is the main reason for the chaotic nature of land reform and the fact that title deeds are attached to only a small percentage of land.

There is legislation to regulate the establishment and operation of a credit registry database. This has improved the credit information system. Government also passed legislation that requires inspection and notification before construction permits are issued. Government has decentralised the process of obtaining building permits with a time limit of 90 days.

**Opportunities**

Cameroon’s housing sector continues to attract investment as there is a huge need for housing in all segments of the market and housing value chain. Companies like Options for Homes in Africa, Quality Habitat Corporation, Cameroon Property Company are investing in the sector. The government continues to implement reforms recommended by the ADB. Better regulation is making it easier for people to get title deeds for their land, enhancing security of tenure and additional investment. Financial market reforms are continuously being implemented to play an enabling role towards developing the housing sector. These reforms have helped to alleviate the problems related to lack of serviceable land, delays in issuing construction permits and property registration, undeveloped capital markets and an unresponsive banking sector. Government should continue with reforms, including building standards, product innovation and financial stability to help realise the potential of the sector and enable it to play a more significant role in housing finance and housing development.

With economic growth, a huge housing backlog, growing middle and upper classes, increasing capital inflows from Cameroonian diaspora and other international investors, increased local investment and better legislation and reforms, the housing market is destined for sustainable growth. Despite the demand for up-market housing and the current focus of developers on the high-end housing market as a result of affordability and easier access to finance, there are new and emerging developers who are focusing on the middle class and lower income groups, as this presents the biggest opportunity for development and financing now and in the future.

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Overview

Cape Verde, officially since 24th October 2013 also known as Cabo Verde is an archipelago of ten islands and is 570 km off the coast of West Africa. It has a land area of 4,033 km² and became independent since 1975. Praia, the capital city on the largest of the nine inhabited islands, has a population of 130,000, of Cape Verde's total population of 524,832 inhabitants in 2015. One out of four Cape Verdians lives in Praia. The country is well urbanised at 62% in 2010. The country is divided into 22 municipalities.

Annual Cape Verde GDP was estimated at US$3,423 billion in 2015 with a GDP per capita of US$6,500 in 2015. Cape Verde’s sustained economic growth over the last 40 years means that it is one of only two countries in Africa to move since 1975 from least developed to middle income categorisation. GDP average growth was seven percent per year during the decade 1992 – 2002 and six percent from 2008 from least developed to middle income categorisation. GDP average growth was seven percent per year during the decade 1992 – 2002 and six percent from 2008 to 2009. Recent economic growth has been weaker (two percent in 2014, up from 0.7 percent in 2013), as its economy is closely linked to the global economy and vulnerable to external shocks. Cape Verde is a service based economy with 72% of GDP generated by services. Tourism accounts for 25 percent of total GDP.

Remittances from its diaspora, who amount to slightly over Cape Verde’s population, contribute substantially to its GDP (11.7 percent in 2015): 80 percent of remittances are from Europe. Deposits from Cape Verdean diaspora accounts for 37 percent of total deposits in the banking sector and growth regularly for five percent per year. Remittances are stable and a growing financial source for Cape Verde development and is mainly used in consumption and housing investments. Ranked by GDP percentage, Cape Verde is the fifth place among countries remittance recipients in Africa. The provision of housing finance is strongly related to emigrants remittances mainly invested in real estate and construction.

In terms of imports, 40 percent, including most of Cape Verde’s imports, are from Portugal, its former colonial ruler from which it gained independence in 1975. A further 20 percent are the Netherlands, while two thirds of exports are to Spain, Cape Verde is a member of ECOWAS, though the regional block only accounts for two percent of trade. Measures, including reduced levies and taxes for imports, developing infrastructures are set up to encourage trade among ECOWAS countries.

Cape Verde undertook an expansionary fiscal policy, from 2010, to counteract a slowdown. This involved taking advantage of the concessional borrowing rates offered to the government, trying to target investment into infrastructural developments that would help the country overcome some inhibitors of growth. This increased government debt to 116.2 percent of GDP at the end of 2015, rising from 57 percent in 2008. The service of debt (the debt payment annually from the budget) maintains a high budget deficit estimated at –7.1 percent of GDP in 2015. Reforms have been undertaken to increase revenue and tax collection, and social expenditure has been safeguarded from recent austerity measures.

Cape Verde ranks highly on good governance indicators, has in place strong political institutions that regulate government policy and have good relations with donor institutions, most recently securing a US$15.5 million loan from the World Bank ‘to strengthen the country’s macroeconomic resilience to external shocks’.
Access to finance
Cabo Verde has a strong and well-managed financial sector managed by one institution: the Central Bank of Cape Verde. Credit institutions, special credits institutions as saving and credits unions, non-banking institutions, insurance companies and stock exchange are supervised and regulated by the central bank.

Cape Verde created a company managing the fundos de Habitacao de Interesse Social supporting the national strategy of social housing.

CapeVerde has a relatively well developed banking sector with seven of the eight main banks offering mortgages. The four commercial banks operating in the domestic market are members of the stock exchange. The main banks operating in CapeVerde are Banco Comercial do Atlantico, Caixa Economica do CaboVerde, Banco Interatlanntico which are branches of foreign banks and Banco Caboverdiano do Nlogico which have majority local ownership. The two dominant commercial banks account for 90 percent of assets and deposits. These banks are generally risk adverse because of the high rate of non-performing loans.

This has resulted in excess liquidity in the sector with a capital-adequacy ratio of 13 percent in 2014, above the ten percent requirement. Thus, capital has a relatively high cost and credit provided to the private sector which decreased by four percent in 2014.

In terms of government’s ability to counter this trend, African Economic Outlook 2016 argues that Cape Verde’s weak transmission mechanism limits its ability to increase the supply of credit in the market through expansionary monetary policy. Nonetheless, government has pursued this, decreasing the benchmark interest rate to 4.3 percent in 2014, from 5.8 percent, and the discount rate and the rate of their lending facility by the same amount. The generally low inflation rate (which was negative in 2014, resulting in deflation), the reasonable foreign exchange reserves and the pegging of the currency to the Euro has allowed for this expansionary approach as the high rate of debt has restricted the possibility of expansionary fiscal policy. As government is unable to take advantage of the concessionary rates on credit because of Cape Verde’s improved development status, the country is no longer an LDC member; greater sensitivity of the transmission mechanism to monetary policy is important.

Stress tests in 2011 revealed the high concentration of loans in the construction sector. These loans have the highest rate of non-performance in CapeVerde. The predominant use of credit in the construction sector is for the developments for the tourist industry. The NPL rate rose to as high as 20 percent in 2013, two-thirds of which are accounted for by corporates. The remaining NPL stock, though specific rates are not publicly available, are loans by households, the majority for which is accounted for by non-performing mortgages. Banks have begun to slowly write off NPLs in order to avoid shocks to their balance sheets.

Credit to individuals for housing, according to HOFINET, increased from US$54 million in 2000 to just under US$148 million in 2010. As of December 2013, this figure stood at over US$433 million, worth over 22 percent of GDP. Mortgage lending depends on remittances, as 40 percent of deposits held by banks are from the Cape Verduean diaspora and many Cape Verduans depend on remittances to pay off mortgages. In terms of mortgages available, Banco Interatlanntico offers mortgages, to purchase or construct a house, at 90 percent of property value, 100 percent under special circumstances. BCA offers a range of mortgages between CVE 50 000 (US$500) and CVE 30 million (US$300 000), financing between 90 and 100 percent of the value, for terms up to 30 years at an interest rate of 11.5 percent, though higher for lower income households. They generally only lend if repayments are a maximum of 30 percent of household income. Government provides subsidised interest rates on mortgages, with one scheme targeting young home buyers under the age of 30 (on average, if it is a couple). Additionally, the interest portion of mortgage repayments can be deducted from taxes due.

There are 50 000 accounts in the microfinance sector, making the potential size of housing microfinance (HMF) small. And, according to MF4WA, 75 percent of unemployed CapeVerduans were unaware that they could access credit through microfinance. Though not only a microfinance bank, recently launched Novo Banco focuses on providing microcredit and serving low income households. Microfinance is used for rebuilding and rehabilitation of houses owned by vulnerable groups. Mobile banking has potential for more formal finance, 75 percent of the adult population in the archipelago own a mobile phone. Mobile banking drives people to the formal financial system. This can improve deposits to formal sector and could spur private credit. Almost 55 adults in 1 000 have a bank account. In 2015, electronic banks operations account for 78.3 percent of total operations in CapeVerde. The short term funding base needs to be convert to long term finance mobilising pension funds, insurance, long term deposits to feed capital markets. Two major banks targeting housing and real estate were launched in 2014 and 2015. In addition to this, CapeVerde needs sovereign investment funds and private subscription.

Lastly, the CapeVerde bond market is nascent. The CapeVerde capital market is dominated by commercial banks and consequently it depends on external financial flows as development aid, foreign direct investments, and remittances. It is important to develop a capital market for diversifying loan sources and making affordable long term financing work for housing sector.

Affordability
Listings for one bedrooms are for around EUR 25 000 (US$28 000), but go lower. Though, the Global Property Guide states that, on average, the price per m² is US$1 300, there are units available for considerably less. There are units available as small as 25 m², at EUR 800 (US$903) per m². Of housing advertised by estate agents on Santiago, a two bedroom unit costs CVE 6 million (US$60 000) to purchase, while another two bedroom unit was from CVE 20 000 (US$200) a month. Prices go up to, and past, CVE 24 million (US$220 000) at the high income end of the market.

Transactions costs remain high in CapeVerde formal housing market. Around 13.5 percent is distributed between five percent of agent’s commission paid by seller and buyers have to pay three percent of taxes, 2.5 percent of registration fees, and three percent of legal fees.

This is quite high considering CapeVerdean GDP per capita of US$6,500 in 2015. To address this, government has launched the “Casa Para Todos” programme, which is examined below, and it tries to accommodate low income households, with rent set to a ratio. Though, only one third of units are being built will be affordable to low income households, despite them making up 75 percent of the demand.

The biggest affordability issue for housing in CapeVerde remains having to import most of the required building materials. There is no cement manufacturing plant in the country, with most imports coming from Portugal. Cemoper, which is part of InterCement, is the largest company operating in the market, but saw sales of cement drop by seven percent in 2013, selling 176 metric tons in the year. In 2011, the country imported a total EUR 2.15 million in cement, its second largest import. The sales of cement, and other construction materials, are VAT exempt.

Housing Supply
In 2011, according to the IMF the country had a housing deficit of 85 027 housing units, the result of which are the informal settlements around the major cities. Almost 58 percent of housing deficit is in Santiago Island and 25 percent in capital Praia. The United Nations Commissioner for Human Rights issued a press release for a report published in 2016 on housing in CapeVerde.

The CapeVerdean government has undertaken initiatives to increase the supply of housing since 2004, even deeming 2009 as the “Year of Housing”. To mark this year Casa Para Todos was launched. The programme aimed to meet the quantity and quality challenges reducing the housing deficit by 20 percent by 2016 by building 6 010 units and improving or rehabilitating 24 percent representing 15 843 housing units before 2016. A national system for social interest housing is set up and supported by a special financial tool the Fonds National d’Habitat d’Intérêt Social. For this, a EUR 200 million loan from the Portuguese government was granted. In August 2015, an article in the press stated that a delayed disbursement of EUR17 million by Portugal. The suspension, it was claimed, was because CapeVerdean government was not paying ten percent of the costs, as per the agreement. There is confusion over the number of houses completed, and reports state that only 800 are occupied, as a study of the programme has...
not been publicly released. Beyond Case Para Todos, there is Operation Esperanca, launched in 2003, implemented in Cape Verde Solidarity Foundation, which has rehabilitated 3,000 homes. Now, the target is to rehabilitate, expand or rebuild 18,000 houses with about 50,000 persons as beneficiaries. Rehabilitation is a main challenge; it is allowed to improve both housing stocks and new constructions. Improvements of old and precarious houses could spur the property markets, expanding it to poor and vulnerable people.

Property Markets
There are a number of established estate agents, offering rentals and properties at a wide variety of price points. They are relatively formal and operate on Cape Verde’s larger islands. Many realtors cater to the international market, particularly potential expats or Europeans looking for a holiday home. This suggests the strong performance of the upper end of the market. Banking sector continues to expand and non-performing loans decreased (www.heritage.org).

Property is subject to a three percent property tax, 2.5 percent registration fee and a three percent legal fee, all payable by the buyer. Real estate agents generally charge five percent of the property value, which is paid by the seller. This is according to the Global Property Guide. The World Bank Doing Business Indicators 2015 state that the cost of registering a property is 3.7 percent of its value, perhaps lower because of reforms in 2012. Registering property takes 22 days and involves six procedures.

Confidence in the construction sector worsened in 2014, according to the BCV and has constantly remained lower than other sectors. At the same time, imports of building materials was up in the first half of 2014, increasing on average of 16 percent month-on-month after two consecutive years of decline. Cement imports have also improved, from March to July 2014, but not to the same levels. 22 days and involves six procedures.

Policy and Regulation
The microfinance sector is regulated by the BCV, under specialised microfinance introduction in 2010. This legislation should be updated this year; allowing MFIs to take deposits, increasing transparency of the sector and encouraging foreign investment into the sector.

The rental market is regulated, allowing for a maximum increase of 8.3 percent a year. The tenant has the right to reject a suggested rental increase, and terminate the rental agreement with one month notice if this happens. In addition, if the contract does not explicitly stipulate future possible rental increases, the landlord may not raise rentals for a period of five years. Landlords are not allowed to demand more than a month’s rental upfront; and can only evict a tenant with permission from a court. The rental legislation is Decree-Law 47.344 of 25 November 1966, as amended by Decree-Law 12-C/97, of 30 June 1997.

Other important policies and regulations that should be noted is the requirement of tax clearance to purchase property, as the municipality will only transfer the deed once property taxes are paid. All transfers involve site inspections by municipalities. In 2013, Cape Verde introduced tax incentives for large investments, and in 2014, it commented digitisation of its deeds registry. The National Urban Policy is currently under elaboration, a national housing policy is currently being drawn up and there are plans to establish a National Habitat Committee, all by the Ministry of Environment, Housing and Territorial Planning, with the assistance of UN Habitat.

Opportunities
Cape Verde has a relatively well-developed housing and housing finance market. However, as the global economy continues to slow down, and the country growth plateaus, there will be increasing demand for more affordable housing. At the same time, a significant portion of the housing stock will be in need of refurbishment in the coming years, while the housing backlog continues to be substantial, considering the size of the population. If efforts to increase trade with West Africa are effective, it’ll open up Cape Verde to new markets, hopefully decreasing the costs of construction in the country. Overall, a stable exchange rate, an expansionary monetary policy, flexible taxation for investments and a relatively sophisticated mortgage market provides many opportunities for housing development.

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**Overview**

The Central African Republic (CAR) is a landlocked country at the heart of the African continent. The country has just under five million inhabitants and has a relatively low population density. Besides abundant land, CAR is well endowed with natural resources such as timber, gold and diamonds. Since 2008 until 2013, 61 percent of the population was rural with 39 percent living in urban areas. 80 percent of CAR’s population lives of subsistence farming and livestock.

Since the end of 2012, CAR has been facing an increasingly complex political and humanitarian crisis. Intensified armed opposition to the central government by a coalition of armed movements called Séléka resulted in a coup d’état in March 2013, which was accompanied by numerous human rights violations. Subsequent armed resistance to the Séléka regime and revenge-motivated violence, often of an inter-communal nature, led to more violations of human rights and displacement. By the end of 2013, one fifth of the population (one million persons) was displaced. Despite the signing of a cease-fire agreement in July 2014 and the deployment of United Nations peacekeepers, the prospects for peace remain grim. However, the country is undergoing an internationally supervised transition involving several constitutional referendum as well as presidential and parliamentary elections.

During the first nine months of the 2015 year, the upturn in CAR economic activity that began in 2014 was confirmed; however, according to the IMF in 2016, its dynamics was interrupted by the resurgence of cross-community violence at the end of September 2015. This worsening security environment held back the real GDP growth to 4.1 percent in 2015, compared to the initial target of 5.5 percent. Even if the country’s suspension from the Kimberley Process impacted negatively the export sector, most other sectors accelerated in 2014. Indeed, in spite of this difficult economic climate, the substantial efforts undertaken by the CAR transition authorities and the international technical and financial partners’ support resulted to a significant improvement in the management of public finances. This is assumed to be the main reasons why the CAR economy grew faster than in 2014, when a relative bad performance of growth (one percent) was recorded. Inflation, which was 11.6 in 2014, is expected to gradually ease from an average of 5.6 percent in 2015 to around 4.7 percent in 2016. Even if we expect continuously good performance, there is a lot to do if we consider the 2.1 percent global inflation rate for the Central Africa sub-region. CAR is member of the regional central bank, Banque des états de l’Afrique Centrale (BEAC), which lowered its benchmark interest rate by 50 basis points to an all-time low of 2.45 percent in 2015. It is likely that this looser monetary policy will eventually be transmitted to the country’s financial institutions. Indeed, interest rates in CAR averaged 3.7 percent from 2009 until 2015, reaching its highest level of 4.25 percent in July 2015. It is likely that this looser monetary policy will eventually be transmitted to the country’s financial institutions. Indeed, interest rates in CAR averaged 3.7 percent from 2009 until 2015, reaching its highest level of 4.25 percent in July 2015.

**Access to finance**

There is almost no housing finance instrument available in the country. The housing finance landscape remains underdeveloped, offering many opportunities for developing this sub-sector. A few banks, such as Ecobank Centrafrique and the Sahelo-Saharan Bank for Investment and Commerce, offer housing credit (over a maximum fifteen-years term) and credit for equipment (for a maximum of three years) to individuals at between 8.5 percent and 17 percent interest rate a year, plus value-added tax (VAT), for up to CFA Fracs 50 million (US$85 280 for credit...
for equipment and without maximum amount for housing credit. These loans are secured by first order mortgages on the concerned properties and are in general supplied to public and private administration workers. Additionally according to the World Bank data base on housing finance provided by Badev et al. (2014), the minimum income required for a prudent mortgage in CAR is US$13,894 and only 0.5 percent of the population can afford this; the access to mortgage market is therefore challenging for almost all of the population.

In 2011 and 2012, government officials from the Ministry of Urban Development and Housing undertook several exchange visits to Senegal and Morocco to learn from these countries in view of the creation of a housing bank. Plans to create a housing bank named the Central African Housing Bank (Banque de l’Habitat de la Centrafrique), and a housing promotion agency (Agence Centrafricaine de Promotion de l’Habitat). The Central African Housing Promotion Agency was launched in 2011 and the Housing Promotion Agency was created in 2009 and fully staffed in 2011. However, the creation of the Central African Housing Bank never passed the stage of signing into law. Additionally, all of these plans are continuously compromised with the outbreak of violence that followed the March 2013 coup d’état with the reduction of economic and investment opportunities and the dysfunction of the government.

As part of the Central African Economic and Monetary Community (CEMAC), CAR shares a common currency with other member states and delegates monetary policy to the BEAC. The financial sector is regulated by two regional regulatory authorities named COSUMAF (Commission de Surveillance du Marché Financier de l’Afrique Centrale) to regulate financial institutions and COBAC (Commission Bancaire d’Afrique Centrale) to administer, regulate, and supervise countries member banks; additionally, there is a Division of Financial Control at the Ministry of Finance and Budget which work as national authority for financial institutions. CAR had made progress in providing access to finance until the last political crisis again disrupted efforts. CAR’s financial sector is the smallest in the CEMAC region and accounts only for 17.5 percent of GDP today; it is thus largely underdeveloped and plays only a limited role in supporting economic growth. In addition to the BEAC National Office, the system currently comprises four commercial banks, holding approximately 93 percent of the total financial system’s asset; two microfinance institutions (MFIs), two post office banks; three insurance companies, and a social security fund. Other financial institutions are largely absent from the country’s financial system, and their development remains hampered by weak market infrastructure as well as the lack of the necessary legal, judicial, prudential, and regulatory frameworks. While the sector has seen some moderate expansion in recent years, financial intermediation levels are amongst the lowest in the world, and credit to the economy represents only 15 percent of GDP in 2014; additionally the main sectors benefitting from bank loans are in the same year trade (20 percent), transport and communications (16 percent), forestry (12 percent) and other services (28 percent).

Access to housing related financial product remains a major challenge. Due to economic and security concerns, financial institutions, and particularly banks and microfinance institutions (MFIs), have largely consolidated their business in Bangui, the capital of the country. Bank branches and ATMs are mostly concentrated in three towns, with 71 percent of total branches located in Bangui. Coverage of banking services as measured by the number of branches per 100,000 adults was only 0.96 percent in 2013. In other words, there were fewer than 35 bank branches in the country in 2013. Ecobank Centrafrique is the most extended banking company, with branches in each of the main urban centers. Ecobank has 12 branches all over the country, although eight of these are located in Bangui. The post office is in charge of the postal savings bank, primarily serving as a channel for salary payments to civil servants, a minimal percentage of which hold a savings account. According to the latest Getting Credit indicator of the World Bank’s Doing Business Report, CAR was ranked 133rd out of 189 countries. About 5.7 percent of the population holds a bank account and only 0.5 percent has outstanding loans, while only one percent has access to MFI. Low levels of mobile penetration also dampen the potential expansion of access to financial services through mobile technology.

A pension fund called the National Social Security Fund (Caissse Nationale de Sécurité Sociale) exists, but has the same structural problems as other public agencies in the country. Besides this there are only three insurance companies for the whole country; with a presence almost only in Bangui.

Political and social instability has weakened the social fabric, reduced saving and investment among the population, and lessened the number of donors involved in the microfinance sector. Between 2007 and 2011 UNCDF UNDP the Central African Government and various players of the microfinance sector launched a four-year US$4 million programme named Programme d’Appui à l’Emergence d’un Secteur Financier Inclusif en République Centrafricaine (PAESFI) to support the emergence of an inclusive financial sector in the CAR in order to give the poor and low-income population access to sustainable financial products and services provided by microfinance institutions operating in a sustainable legal and institutional framework. At the beginning of 2010 there were only five licensed microfinance institutions comprising 31 branches and 32,000 clients. Crédit Mutuel de Centrafrique (CMCA) is the most important MFI network in the CAR, with a gross loan portfolio of US$3.5 million shared by 6100 accounts owners, and deposits amounting to US$8.8 million in 2013. The Société Financière Centrafricaine de Crédit (SOFIA), another microfinance institution, began operations in March 2009, and by end 2014 had 330 borrowers with total loans of US$0.24 million; however during the same year; the SOFIA deposits amount was very higher (US$3.25 million) and thus highlights the issue of financial access in CAR.

Affordability

Affordability is of great concern in the CAR housing sector. The high cost of building materials, the low incomes of Central Africans, and the general political and economic volatility make owning a house a mere dream for the average citizen. In 2014, a simple one-bedroom housing unit with a modern toilet costs on average CFA Francs 139 million (US$214,000). Compared to the average monthly income of only CFA Francs 20,844 (US$34), the cost of a one-bedroom house represents 576 times the monthly revenue. It is obvious that only a tiny proportion of the Central African population can access formal housing.

This crisis is expected to continue. The urbanisation rate, which was 35.5 percent thirteen years ago (1985), was 40.4 percent in 2015 (with a forecast of 61.6 percent in 2050). This increasing housing demand on one hand combined with the very small proportion of the CAR population which can access formal housing in other hand; highlights the issue of housing affordability and the urgent need of a clear policy to solve the issue.

A large number of Internally Displaced Persons (IDPs) occupy rental units (estimates are around 70 percent). Unsurprisingly, the main challenge for this group of IDPs has been the inability to pay rent, having lost their livelihoods. In Carnot and Sibut the monthly rent varied between CFA 2,895 to 5,790 (US$5 – US$10) while in Bangui this could be anything between CFA 52,110 to 579,000 (US$90 – US$1,000), depending on the size of the house and the main purpose of renting.

In 2015 a standard 50kg bag of cement costs as much as CFA 10,000 (US$17). Other building materials such as a standard iron bar and a sheet of corrugated iron cost between CFA 2,000 (US$3.45) and CFA 8,500 (US$14.68), and CFA 5,000 (US$8.63) and CFA 20,000 (US$34.54), respectively. A major development in the housing sector in 2012 was the completion of the only cement manufacturing plant in the country, realised with Indian investment. It was expected that the price of a standard 50kg bag of cement bag could drop to CFA Francs 7,500 (US$12). However, the CAR’s energy problems will have to be solved first, and given the recent political crisis, it is not clear when this plant will help achieve the previous expectation.

Housing supply

The state of affairs in the CAR’s urban areas has been strongly affected by the recent political and security crisis, which particularly damaged prospects and ambition for the development of good standardised towns and cities. A government project is underway to redesign urban/housing development and planning in Bangui, with the main aim of bringing structure to its breakneck urbanisation and establishing a sustainable healthy housing environment. Since the emergence of the crisis, a large portion of CAR’s housing stock has been pillaged,
b burnt or destroyed. The UNHRC estimates that at least 170 houses in Bangui’s 8th district and 900 in the 5th district have been partially or completely destroyed since December 2013. In Begoua, just north of Bangui, an estimated 800 houses have been partially or completely destroyed. It is estimated that 100 houses were partially or completely destroyed in Sibut town.

Even though the CAR Ministry of Housing has initiated and/or is implementing several projects, the recurring crises that the country has experienced, seriously inhibited many international companies willingness to build housing in CAR. For example, in 2011, the Ministry of Housing received funding from Celtel –Africa, a housing finance structure based in Nairobi, Kenya, to build 300 housing on two sites (one in the neighbourhood Boy-Rabe (Bangui) and the other in the village on the road Kozobilo Boali); unfortunately, this last project has not been completed due to the recent crisis faced by the country.

**Property markets**

The 1964 Land Code classifies land as being either within the public or the private domain of the state. The public domain is defined as all natural and artificial resources that, by their very nature, should be publicly managed for the benefit of the population. They are inalienable and cannot be traded commercially, for instance waterways, classified parks, lakes and railways. The private domain of the state is defined as all unregistered land, landholdings acquired by the state and the exercise of eminent domain. Obtaining ownership rights over land in the private domain of the state is possible. This requires it, however; to be registered (and in most cases developed). The process for registering private property, culminating in the attaining of a title deed, is considered costly and time consuming. According to the World Bank’s 2016 Doing Business Report, it takes 75 days and five procedures, and costs on average 11.1 percent of the property value to register a property. This, as well as the government’s weak land administration and management capacity in most parts of the country explains the fact that only 0.1 percent of land has been registered. Between 1899, when the title deed was introduced, and July 2012 only 8 579 title deeds had been issued according to the land registry at the Ministry of Finance, the majority of which were for properties in Bangui and other urban areas. Homeowners in rural areas frequently only entered into verbal agreements regarding their ownership, often with involvement of a chief. The inclusion of unregistered land in the private domain of the state is therefore a very significant feature of CAR’s land tenure system. Ownership of registered property can be transferred via purchase, inheritance and lease.

The real estate market in the Central African Republic is almost non-existent, as there are no real estate operators in the country. As most houses are self-built, when owners want to sell, they advertise in the newspapers or announce their intention informally within their social networks.

**Policy and regulation**

CAR’s legal system is based on the French civil law system. As with other branches of government in CAR, the judiciary suffered from decades of insecurity and poor governance. Prior to the current crisis, several key legislative documents, such as the Family Law (Code de la Famille) and the 1964 Land Code were under revision. Due to the events of late 2012 and early 2013 until today, these review processes have not been concluded and other housing strategies and plans have been side lined.

The recent inauguration of the new government in 2014 saw the splitting of the Ministry of the Reconstruction of Public Infrastructure, Urbanism and Housing into the Ministry of Urbanism and Public Infrastructure (hereafter the Ministry of Urbanism) and the Ministry of Accommodation and Housing (hereafter the Ministry of Housing). This split has added further complexity to the housing procedure since it is now managed by two different authorities.

The decree explaining the organisation and functioning of the Ministry of Housing stipulates the construction, management and promotion of administrative housing as its main mission. However, having only become a separate ministry in 2014, several of its officials explained that their mandate would soon be revised to cover all accommodation and housing issues. Other officials indicated that the focus on housing provided for civil servants would remain.

The Ministry of Urbanism allocates and manages CAR’s land. It allocates land to, for instance, private parties but also to bigger projects such as housing schemes. The ministry also manages the country’s cadastre, a department which provides technical expertise to assess and demarcate land, determines criteria for the development of land and issues construction permits and title deeds.

The technical aspect of the cadastre is complemented by the Ministry of Finance and Budget, which takes care of the financial side of land registration. It also houses the land registration office (known as the Office of Domains). This means that once the land registration office has issued a title deed, the related files are transferred to and stored at the Ministry of Finance and Budget. The main policy and regulation frameworks governing the housing sector include:

- Constitution of the Central African Republic (2004): Provides that all persons have a right to property, and the state and citizens have an obligation to protect those rights.
- CAR’s Law No. 63 of 1964 (Loi no. 63-41 du 09 janvier 1964 relative au domaine national): Abrogated the prior and Law No. 60/76, which allowed individuals to obtain occupancy rights to land identified by the state for habitation. Law No. 63 of 1964.
- Law No. 139 of 27 May 1960: Governs land tenure.
Opportunities

Due to prevalence of expensive building materials there is a huge requirement for cost-effective housing at a faster speed and larger scale. Developers with cheaper and unconventional construction materials have significant advantages over competitors. At the same time, with the completion of the new cement plant, which is expected to lower the price of cement, the effective demand for housing should increase over the coming decade, while affordability will grow too.

Housing finance markets are destined for growth at virtually all income levels, but particularly within the lower to middle income ranges. The conjunction of all these events comes with many opportunities to invest in the housing sector, both for businesses and households in the near future.

Until the country stabilises, it is unlikely that the housing sector will improve and expand. However, when investors are able to safely return to the country, there will be a significant need for the development and reconstruction of housing (of all types) as well as its supporting infrastructure. Additionally, in a recent econometrical investigation, Nguena et al. (2015) found that reconstruction after years of conflict that has devastated infrastructure is a key determinant of housing finance. As most of the housing units available in the country, especially outside of Bangui are traditional housing units, investments to renew such housing are expected to create many job opportunities.

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Overview

Chad is a land-locked country in central Africa that is bordered by Libya to the north; Sudan to the east; Central African Republic (CAR) to the south; and Cameroon, Niger and Nigeria to the west. Since gaining independence from France in 1960, the country has been plagued by religious and ethnic instability and conflict. President Idriss Deby and his party, the Patriotic Salvation Movement, have dominated politics since 1990, and he was recently re-elected as president in April this year.

Chad holds substantial oil reserves which account for around 60 percent of fiscal revenue. However, the recent collapse in oil prices since 2014, rainfall deficits and the deterioration in the security situation have severely affected the Chadian economy, and caused a slowdown in the construction and services sector. Growth has slowed from 7.3 percent in 2014 to 2.6 percent in 2015, and is likely to be between two percent at the end of 2016.

The Plan national de développement for 2013 – 2015 has provided the framework for the country’s economic policy. The government is currently working on a 2030 National Development Plan that is expected to address issues of boosting productive capacity, increasing job creation, reducing poverty and strengthening governance. The country’s external debt burden is also likely to fall significantly from 2016 onwards due to the debt relief it has received from the IMF and World Bank. While this should, in theory, allow for additional resources for investment and poverty reduction, securing socioeconomic development will be difficult given the current oil prices.

Chad is one of the ten least developed countries in the world. 60.5 percent of the population lives below the poverty line of US$2 per day. According to statistics from a UNICEF study released in 2015, 78 percent of young people and adults 15 years and older are illiterate and 68 percent of the population of 15 – 24 years are not enrolled in any educational institution. Only two percent of the population have access to electricity. The Gini coefficient of 43.3 demonstrates an unequal distribution of income despite high levels of oil revenues. 77.66 percent of households (just over two million) are rural, with only 9.17 percent (just under a quarter of a million) living in major urban areas. According to UN Habitat, Chad’s average household size has consistently been around eight for the past two decades, though it is gradually decreasing and is expected to be 7.5 in 2025. Urban households bring down this average, with an average size just above five.

Access to finance

Chad is a member of Central African Economic and Monetary Community (CEMAC), which has a regional central bank – the Bank of Central African States (BEAC). All banks in Chad are subject to oversight by the Central Africa Banking Commission (COBAC), which is part of BEAC. Monetary policy is managed by BEAC, which prioritises controlling inflation and maintaining the CFA franc’s peg to the euro. The BEAC is expected to continue to broadly track European Central
Bank policy, given the region’s economic and currency ties to the EU. At the BEAC’s latest meeting in March 2016, the Central Bank’s key lending rate was left unchanged at 2.45 percent.

Chad’s financial system is amongst the least developed in the CEMAC region and is characterised by limited depth and low monetisation. Access to financial services remains a major issue for the vast majority of Chadians, with banking services almost non-existent outside of urban areas. With less than one branch per 1,000 km², Chad has the least dense banking network in the region. Only 12 percent of the population has formal bank accounts, just 30 percent of the richest 20 percent; and only 2.4 percent of the adult population has access to credit. Mobile phone subscriptions are also limited and below the regional average.

There are eight commercial banks, two insurance companies, two pension funds and over 200 microfinance institutions. Despite the impacts of the economic downturn on the banking sector as a whole, at the end of July 2015 total assets of banks amounted to CFAF 824 billion (US$1.38 billion), an increase of 6.8 percent year-on-year. Over the same period, deposits also increased by six percent. However, the credit portfolio has suffered with non-performing loans increasing at 14.2 percent of gross loans in July 2015, from 12.7 percent a year earlier.

According to Findex 2011, 7.3 percent of adults had an outstanding loan to purchase a house. Data from Findex 2014 shows that 4.5 percent of adults have an outstanding mortgage (note that these numbers are not directly comparable). At 5.9 percent, a greater percentage of adults in rural areas had a mortgage than those in urban areas. Some of the banks do provide mortgage and rates are set at between 12 – 17 percent (2011). Orbank offer a mortgage for a loan repayment term between five and 10 years, at an average rate of nine percent to over 200 microfinance institutions. BSIC also offers property loans.

The microfinance sector plays a marginal role in the financial sector – estimated at only three percent of the banking system lending. While this sector is largely unsupervised, authorities have taken steps to strengthen the system and improve credit access.

Affordability

According to Numbeo, the rental cost of a formal one-bedroom apartment in urban Chad is CFAF 498 712 (US$837) a month. In contrast, the average annual general expenditure per capita, in 2011, was CFAF 231 190 (US$388), ranging from CFAF 66 321 (US$111) for the poorest households to CFAF 617 292 (US$1046) a month. In contrast, the average annual expenditure per capita was CFAF 171 787 (US$279) and over 200 microfinance institutions. Still, the average annual urban household income in Chad was CFAF 171 787 (US$279) and over 200 microfinance institutions.

Typical of low income countries with dominant oil sectors, N’Djamena is ranked as the ninth most expensive city to live in for expatriates by Mercer’s Cost of Living Survey, in its worldwide assessment of 209 cities in 2016, up from tenth position in 2015.

The World Bank claims that the inadequate and informal nature of housing is because of the extremely high cost of building materials, stating that this is the reason that the rental market is predominantly informal. While there have been initiatives to decrease the cost of imports, such as road paving funded by the World Bank, the remoteness of N’Djamena and the lack of initiatives to provide affordable housing – marked by the fact that none of the loans provided by international donors have been for housing – means that the high cost of formal housing is likely to remain.

For the resale market, the World Bank’s Doing Business 2016 report states that the standard price of property was CFAF 24 855 899 (US$41 740). There is still little data available on the cost of constructing a house but what there is suggests that it continues to be high. An example of this is demonstrated by Chad having the most expensive cost per a classroom in Africa; the average construction costs for a school, according to the World Bank, was US$57 229 in 2009, compared to a continental average of US$6 740. At this cost, US$741 per m², a 40m² house would cost US$30 000 to build; though it is likely cheaper to build a classroom than a house. In terms of developments, 405 houses were constructed by Lutheran World Federation (LWF) for refugees at a cost of US$45 500 a house in 2013; in 2014, LWF report that it was able to build more houses at a cost of US$25 000. The lack of supply of adequate and affordable housing means that data on the cost of construction is scarce.

Housing supply

With over 90 percent of its urban inhabitants living in informal settlements, according to UN-Habitat, Chad suffers from a severe affordable housing shortage. While there is little information available on the actual supply of housing in Chad, it appears that improvements in affordable housing have been slow; 77.5 percent of urban housing was inadequate in 2003, decreasing to 73.1 percent in 2011. Supply of housing in Chad is predominantly provided informally. Its remote, land-locked location drastically increases the price of imported building materials, while local manufacturing in the local economy is limited. Chadians tend to construct incrementally, accessing financing through family and informal sources, both in urban and rural areas, predominantly with traditional building materials.

Since 1998 the government has made numerous efforts to improve urban development and housing conditions in the country. In 2003, the government officially declared it would provide all citizens with decent homes, which at the time, reflected the willingness to use a significant part of the country’s oil revenues to improve the living and housing conditions of the poor. Under its 2013 – 2015 National Development Plan, the government aimed to increase access to decent housing among the poor and underprivileged to improve the living and housing conditions of the poor.

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Average income needed for the cheapest newly built house by a formal developer, 2016
Average annual urban household income, 2015 (in constant 2005 US$)
housing to 32 percent, from 28 percent in 2011). More recently, the government has stated that it foresees the construction of 125,000 new housing units by 2025. In 2014, the Chadian government announced the construction of 14,000 social housing units, to be constructed by Morocco, but it is not clear what progress has been made with this initiative.

While the oil boom has increased demand for formal housing at the top of the market it has done little to increase the supply in the affordable market. Most new formal construction happens at the high-end of the market, with the government constructing 60 deluxe houses for an African Union summit in 2015. In the mid-market, there are plans for thousands of units close to the new Toukra University, which is currently under construction.

**Property markets**

Property rights are adequately defined by law, with formal law (including Islamic law) and customary law, recognising public and private land rights in Chad. As with many African countries, the state holds all private and public land. This means that all land that is considered vacant or unoccupied is the property of the state. However, individuals and entities can obtain private ownership of state-held and other private land, through land grants, concessions and land purchases. The land laws require land purchases to register the land with the Land Registry and obtain a titre foncier, a land title. Leaseholds are also recognised under formal law, though the extent to which it is formally present is uncertain. Traditionally, most land held under customary tenure could not be sold as land was considered to be held by the lineage rather than the individual. However, land is increasingly being considered a commodity and informal land markets are emerging.

In Chad, property rights are not adequately enforced and there is a great deal of insecurity relating to ownership rights. According to Human Rights Watch, in 2008, the government forcibly evicted an estimated 10,000 residents from the capital, N'Djamena and demolished some 1,798 homes in order to make improvements to the city. There was reportedly no recourse or due process and neither compensation nor resettlement assistance was offered to those affected.

The World Bank’s Doing Business Index 2016 reveals some of the factors that inhibit the development of Chad’s property markets: registering property involves 6 procedures, taking 44 days and at a cost of 12.7 percent – down from 15.2 percent from 2015 – of the price of the property. This means that Chad is ranked as the 155th country in the world in terms of ease of registering a property.

**Policy and regulation**

Chad has a National Housing Strategy (SNL), which is implemented through the Ministry of Urban Development and Housing and was adopted in 1998/1999. The most recent policy document for housing is the 2013 – 2015 National Development Plan (PND), which states that, as an emerging regional power by 2025, supported by diversified and sustainable sources of growth that create added value and employment and assure every Chadian adequate access to basic social services [and] decent housing. As part of the PND, Chad has allocated CFAF 12.05 billion (US$20.2 million) to housing and provided the Ministry of Urban Development and Housing with a budget CFAF 6.29 billion (US$105 million) for the period 2013 – 2015.

Furthermore, the government has undertaken the following initiatives: it intends to clarify the laws governing property and land ownership, modernise the land-registry services, and launch property surveys in N'Djamena. Additionally, according to the World Bank, ‘in N'Djamena and a few other cities and towns, 4,082 lots have been established by subdividing land’ A Land and Real Estate Promotion Corporation (SOPROFIM) was recently established, and the Corporation intends to set up the Housing Mortgage Bank. However, it seems that the Bank will largely be concerned with the upper-end of the market.

**Opportunities**

While Chad will face significant economic and political challenges in the short to medium term, the country offers an interesting market to work in, and one in desperate need of affordable housing developments. The high cost of formal construction provides developers with the opportunity to gain substantial market share by manufacturing building materials locally and/or innovating in the affordable segment of the market. Furthermore, there are enormous opportunities for both the public and private sectors to strengthen the development and supply of financial services to the broader population – in particular housing finance products.

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Overview

The Comoros Islands are an archipelago of four islands and several islets located in the western Indian Ocean, about ten to 12 degrees south of the Equator and less than 200 miles off the East African coast. They lie approximately halfway between the island of Madagascar and northern Mozambique at the northern end of the Mozambique Channel. The archipelago is the result of volcanic action along a fissure in the seabed running west-northwest to east-southeast. The total area of the four islands is 2,034 km². The population of Comoros was estimated at 798,051 in 2015 (an increase of 2.41 percent over 2014).

The Comoros Archipelago is divided between the Union of the Comoros, a sovereign nation formed by the three islands of Grande Comore, Anjouan and Mohéli, and an Overseas Department of the French Republic (département d’outre-mer), which was established in 2011 on the fourth island, Mayotte. This island is claimed by the Union of the Comoros (which considers it to form part of its territory according to Article 1 of its Constitution), but it has chosen to remain French in numerous referenda that France has held. Since independence in 1975, the Comoros experienced more than 20 coups or attempted coups. Controversial elections in 2007 led to military intervention by the African Union in March 2008. Political stability has since improved following a referendum on constitutional amendments in May 2009 and the formation of a consensus national unity cabinet in May 2010.

According to the African Economic Outlook 2015, despite average growth of around three percent since 2011, the economy has not managed to achieve structural transformation, mainly because of the country’s weak institutional capacities. The country is therefore struggling to lay the foundations for sustainable economic growth that will create jobs. Unemployment among youth and graduates in particular was estimated at over 50 percent in 2014. Youth employment is seen as vital to reduce poverty. Comoros is undergoing an energy crisis which is impacting the regional economy resulting in moderate growth. This has resulted in increased production costs for large businesses that choose to operate with power generators. Agriculture constitutes 40 percent of the country’s gross domestic product (GDP) with 80 percent of the population employed in the subsistence agriculture and fishing sector. Although the Comoros has many natural resources for tourism, such as its beaches and marine environment, it does not have as strong a tourist industry as its regional competitors Réunion, Mauritius, and Seychelles. Its weak tourist industry is mainly because of its insecure political climate, with many political upheavals over the past three decades. Tourists in the Comoros are mainly wealthy Americans and Europeans, while much of the investment in hotels has come from South Africa. The per capita income is US$880. The country lacks the infrastructure necessary for sustained development.

In its 2014 Annual Report, the Comoros Central Bank indicated that economic growth for the year which was estimated at 3.5 percent was only 2.1 percent. The inflation rate had come down to 1.4 percent from 6 percent in 2012. However, budget deficit had worsened to 10.5 percent of GDP in 2014, compared to 8.6 percent in 2013. The current account deficit improved to 8.2 percent of GDP.
in 2014 from 9.6 percent in 2013, reflecting a contraction in imports of investment goods and lower fuel import prices, as well as higher remittances. While public debt slightly improved to 25.4 percent in 2014, compared to 26.3 percent in 2013.

The World Bank’s 2016 Doing Business Report ranks Comoros as 163rd out of 189 countries surveyed in terms of starting a business.

Access to finance
Comoros has a relatively small and underdeveloped financial sector. Financial intermediation and credit to the private sector, while still low, have been expanding in recent years following the entry of two foreign commercial banks. However, the further development of credit markets remains constrained by poorly defined land ownership rights and weak enforcement of collateral guarantees. At present, the country’s financial system comprises seven lending institutions, of which the four commercial banks finance around 60 percent of the economy. A development bank, a National Savings Fund, a postal savings bank, and two networks of microfinance institutions (MFIs) also operate, together with three foreign currency exchange/money transfer agencies. Under current regulatory frameworks, financial institutions can independently set their own credit and lending policies, though commercial bank interest rates and loans to consumers and businesses are partly regulated, with upper and lower limits set at fourteen percent and seven percent respectively. 110 ATMs are found around the country. As at end 2014, 35 percent of the population had a bank account, an increase of two percent over 2013.

In its Annual Report of 2013, the Central Bank indicates that the credit granted to the private sector during the year was FC30 722 billion (US$68.89 million) out of total credit of FC59 233 billion (US$132.83 million) granted in 2014. Moreover, total credit granted to individuals increased from FC22 731 billion (US$50.97 million) in 2013 to FC26 126 billion (US$58.59 million) in 2014, that is a fourteen percent increase. Out of this, only 1.7 percent were long term loans granted to individuals compared to four percent in 2013.

In addition to these traditional banking institutions, networks of mutual savings banks (Meck) and credit (Sanduk) have been developed. These funds provide local banking services for rural and urban unbanked population. The Meck (Mutual Savings and Credit of the Comoros) are the Savings and Credit component of the country’s financial system comprises seven lending institutions, of which the four commercial banks finance around 60 percent of the economy. A development bank, a National Savings Fund, a postal savings bank, and two networks of microfinance institutions (MFIs) also operate, together with three foreign currency exchange/money transfer agencies. Under current regulatory frameworks, financial institutions can independently set their own credit and lending policies, though commercial bank interest rates and loans to consumers and businesses are partly regulated, with upper and lower limits set at fourteen percent and seven percent respectively. 110 ATMs are found around the country. As at end 2014, 35 percent of the population had a bank account, an increase of two percent over 2013.

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Financial inclusion remains an issue with very low penetration rates. Compared to the regional average, even mobile phone subscription is extremely low, at 14 percent.

The Central Bank of Comoros continues implementing recommendations from the 2010 safeguards report and strengthening banking supervision with IMF and “Banque de France” assistance. The Central Bank of Comoros (BCC) started on-site inspections of financial institutions in 2012, and is working towards the establishment of a credit bureau too.

In 2015, the BCC has, in collaboration with the IMF, brought new laws aiming at improving the regulation and performance of the banking system. These laws relate to prudential ratios and risk management in general. The World Bank’s 2016 Doing Business Report ranks Comoros as 109th for getting a credit (from 168 in 2011) and 189th in respect of resolving insolvency.

Affordability
According to the World Bank’s Worldwide Governance Indicators, the Comoros is regularly ranked in the group of countries whose performance is inadequate in terms accountability, political stability, absence of violence, government effectiveness, regulatory quality, rule of law and control of corruption.

The Comorian economy is structurally dominated by the public sector. This is reflected in the size of the wage bill of the civil service or similar services, which annually absorbs most of the central government budget and leaves little leeway for public investment. The main feature of the public sector in the economy is the predominance of government shareholding in the country’s main strategic enterprises such as the communications, water and electricity, and the Hydrocarbons Company of Comoros. Thus, government spending for social housing is quite limited. Moreover, given that the banking sector lacks dynamism, private lending for private construction for the middle and low income groups is also limited.

Housing supply
Approximately 65 percent of all housing units in the Comoros are made of straw with roofs made from cocoa leaves and are privately owned about 25 percent were made of durable materials including stone, brick, or concrete. Of all housing units, nearly 90 percent were owned, three percent rented, and three percent

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### COMOROS

#### Annual household income US$

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<tr>
<th>Income Range</th>
<th>Rural Sales</th>
<th>Urban Sales</th>
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<tr>
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<td>$501 – $1 000</td>
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#### Average income needed for the cheapest newly built house by a formal developer: 2016

- $801 – $1 600

#### Average annual urban household income, 2015 (in constant 2005 US$)

- $4 510

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occupied rent free. Around 98 percent of the population had access to improved sanitation systems and safe water.

Housing in Comoros varies from two-room structures covered with palm leaves to multi-level buildings made of stone and coral. The part of the house at street level often serves as a shop or warehouse, but in earlier times that level housed slaves or servants. Some Western-style houses, with indoor bathrooms and kitchens, also exist. Because of the practice of “matrilocality” – a societal custom where the offspring of a family reside with their mother – females often remain part of their mother’s household, even after marriage. This is owing in part to the practice of polygamy, as well as the traditional need for Comorian men to travel away from their communities in search of work. The family home can be expanded, or a separate structure can be built for a woman to inhabit with her children.

There is a big scope for eventual further credits facilities from private banks/financial institutions to improve on those houses. In the absence of affordable dwellings supplied by the market, a consortium from Iran has proposed to construct 5,000 housing units throughout the three islands over a period of four years.

**Property market**

While poverty remains pervasive in Comoros and the housing standard is elementary, on the other hand, the market for Comoros up market properties has been growing in recent years.

The growth in residential and commercial property ownership is the result of several trends including international aid, increased tourism and the nation’s relationship with France. Investors and business owners who want property in Comoros need to keep these trends in mind before taking the plunge. The purchase price of a three bedroom semi-detached house in Comoros can range from US$131,000 to US$700,000. Rental of a three bedroom apartment, if available, is between US$1,000 and US$1,500 per month. The Comoros’s Economic Citizenship Act, passed in 2008 allows the country to grant nationality to foreigners who make a substantial amount of investment in the country. This adds to the speculative strategies on the part of the few property developers who operate on the market. Although most of the housing units in Comoros are rudimentary, they are privately owned.


**Policy and regulation**

The Ministry of Territorial Management, Urbanisation, Housing & Energy has the responsibility of overall administration of housing and related issues. However, given the shortage of affordable houses and the high demand, the market is quite ineffective.

Despite the fact that the credit market is at a basic stage, the Central bank of Comoros has put in place prudential norms. In its report of 2014, the Central Bank reports that compliance to Bank Prudential Ratios were also well respected by the financial institutions.

In recent years, authorities have undertaken several measures to enhance financial intermediation and strengthen the country’s banking and financial sectors. Such efforts include the facilitation of entry for foreign banks, reforms to the investment code in 2007 and the establishment of a National Agency for Investment Promotion. The country’s authorities have, in collaboration with the Central Bank of Tanzania, the Central African Banking Commission (COBAC), the French Prudential supervisory authority and IMF strengthened regulatory and supervisory frameworks so as to expand the scope of prudential regulations, and increase the effectiveness of control procedures.

**Opportunities**

The IMF indicates that the political context of the Comoros has continued to improve and program ownership has further strengthened since 2012. Since May 2011, the government has shown unwavering commitment to IMF-supported policies; and programme ownership is strong not only in government, but also among trade unions, the private sector, and wider civil society. There is a broad national consensus on the need to stay the course for achieving the completion point and continuing satisfactory implementation of the IMF-supported programme over the medium term.

Moreover, efforts have been made to improve business relationships with major international corporations and to forge relations with companies such as Ernst & Young for business development, auditing and studies. Through bankers such as HSBC, Al Ahli Bank of Kuwait, Gulf Bank, Al Mawared bank and other partners, the country is securing financing for its major projects.

There is huge potential for development of infrastructure and other services. Accordingly, as the economy progresses, there might be enormous scope for housing and housing financing with a particular emphasis on social housing.

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Côte d’Ivoire

Overview
The Republic of Côte d’Ivoire is in West Africa and bordered by Liberia, Guinea, Mali, Burkina Faso, Ghana and the Atlantic Ocean. The country has a population of 22.7 million, and is the world’s largest cocoa producer. The economy grew strongly for the fourth year in 2015 with booming agriculture, a better business climate and returning foreign investors. According to the African Development Bank economic growth was estimated at 8.8 percent in 2015 and projected to continue in 2016 at 8.3 per cent despite international uncertainty. The government intends to continue with its efforts after the success of 2012 – 2015 National Development Plan (PND) to make Côte d’Ivoire an emerging country by 2020 and see growth as more inclusive.

As a result of the government efforts in improving business climate, political and social reconciliation, Côte d’Ivoire is witnessing a huge direct foreign investment from European Union countries, China, Morocco and the traditional partner France with new firms setting up and old ones that have fled the country returning. Abidjan is the main beneficiary of foreign investment for lack of adequate infrastructures in other urban centres.

Côte d’Ivoire remains the largest economy in the West African Economic and Monetary Union (WAEMU/UEMOA) and accounted for 35 percent of the region’s total GDP in 2015. The rate of urbanisation is among the highest of the union. According to the National Censuses of 2014, 49.7 percent of the population live in towns and cities including 19.4 percent in Abidjan where most economic activities are located. The government expects to change this situation with three ongoing projects: investment to double electricity by 2020, an urban plan for the districts within Abidjan, and upgrading the road between Bamako and San Pedro.

Access to finance
Côte d’Ivoire represents the largest financial market of the UEMOA countries, with 35.3 percent of the union GDP and 33.3 percent of the union banking assets. According to the Central Bank of the union (BCEAO), the country’s financial industry has sustained double digit growth since emerging from the national political crisis, with aggregate assets of CFA Francs 600.6 billion (US$11.26095752) in November 2014. To date there are 27 banks, 3 insurance companies, 80 microfinance structures (MFIs) and two financial institutions. In spite of its weight in the UEMOA region, access to finance is limited and majority of the banks activities are concentrated in Abidjan and bank lending remained low at 18 percent of GDP in November 2014. According to World Bank financial inclusion data, Global Findex only 34 % of adults 15 and above have bank accounts, nine percent have savings and two percent have borrowed from formal financial institutions.

In 2016, there were 41 MFIs listed on Mix Market, with US$195 million worth of loans dispersed to 110,000 borrowers, 276 million deposits and 635,000 depositors. UNACOOPEC-CI, the savings and credit co-operative network of Côte d’Ivoire, remains the largest MFI with 448,740 depositors, US$179.4 million in deposits, 53,293 borrowers and US$65.7 million in loans dispersed in 2012. They also have a product called ‘Prêt Habitat’ which enables borrowers to buy land, build or purchase a house. The MFI also has a product called ‘Coopec Diaspora’ targeted

<table>
<thead>
<tr>
<th>Key Figures</th>
<th>Value</th>
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<td>Construction as a % of GDP</td>
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</table>

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** Numbeo Online User-Contributed Database
* World Bank’s PovcalNet: an online poverty analysis tool, various years
# Global Financial Inclusion Database (FINDEX)
δ CAHF Annual Survey Data (August 2016)
! World Bank’s Doing Business Survey Data (2016)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^ World Bank’s World Development Indicators (2015)
+ The World Bank’s PostCrisis
** The World Bank’s PostCrisis
* African Economic Outlook
^ World Bank’s World Development Indicators (2015)
** UNDP’s International Human Development Indicators (2016)
+ The World Bank’s PostCrisis
## Global Financial Inclusion Database (FINDEX)
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* African Economic Outlook
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at Ivorians in the diasporas. Clients pay a 10 percent deposit and then make arrangements to pay either directly in instalments, or over 15 years via a co-operating bank. UNACOOPEC-CI has entered into a partnership arrangement with The Central Real Estate Company, which builds the houses that the Coopec Diaspora clients then buy on specification.

Broadly, four institutions are involved in the financing of housing. These are the Caisse Autonome d’Amortissement, which later became the National Investment Bank, BNI; the Support Fund for Housing (Fonds de Soutien à l’Habitat, FSH); the Urban Land Account (Compte des Terrains Urbains) and the Housing Mobilisation Account (Compte de Mobilisation pour l’Habitat, CDMH). The Compte de Mobilisation pour l’Habitat was created to give financial assistance and tax incentives to stimulate the delivery of affordable housing for low income buyers.

Access to housing finance remains a challenge in Côte d’Ivoire. Commercial banks including the Housing Bank created in 1994 with a mission to finance social housing and real estate activities; in spite of the huge liquidity at their disposal, they cannot take the risk of financing mass produced houses for any category of the population because the banks’ resources are short term.

In order to facilitate access to housing finance, and especially to translate president Alassane Ouattara’s programme of constructing 60 000 houses between 2010 and 2015 into reality, the government has come up with a series of initiatives. Among these are the negotiation of favourable conditions with commercial banks to decrease interest rates on housing loans to 5.5 percent as opposed to 9.5 to 12 percent formerly; extending the reimbursement up to 25 years; effective application of the Social Fund for Housing, (Fonds de soutien de l’habitat, FSH) and the creation of a mutualist guarantee fund for prospective homeowners (Fond de cautionnement mutuel pour tous les demandeurs de lodgements sociaux).

Access to financing is not only a challenge in Côte d’Ivoire but a real challenge for all UEMOA states. In order to address this, a regional mortgage institution, the Caisse Régional de Refinancement Hypothecaire-UEMOA (CRRH-UEMOA), was created in July 2010, with headquarters in Lomé, Togo. The mission of the new institution is to promote easy access to long-term financing for its member banks to enable them to finance housing loans. The initial capital of the CRRH-UEMOA is CFA Francs 3 426 million (US$5.8 million), 60 percent of which belongs to financial institutions of the region, 15 percent to Shelter Afrique and 25 percent to the Banque Ouest Africaine de Développement, BOAD. It is expected that CRRH activities will reinforce the capacity of commercial banks, unleash construction activities and foster housing development. The institution as expected is generating investments, and employment opportunities as currently illustrated by the number of members’ banks (46 shareholders), and has been successful in the regional stock exchange and the projects financed.

Providing decent, affordable housing has become a key legislative component of the government of Côte d’Ivoire, especially the need to strengthen the financing options for homebuyers and real estate developers. The government has prioritised housing development through supporting housing projects. The government also provides a mortgage insurance product for mortgage loans provided through banks.

The World Bank’s 2016 Doing Business Report ranks Côte d’Ivoire in 180th place out of 189 countries in terms of deals with construction with 23 procedures, and 347 days making it one of the highest in the region. Côte d’Ivoire has however improved its score in registration of property from 120 positions in 2015 to 109 in 2016 by digitising its land registry system and lowering the property registration tax. The cost of registration at 7.5 percent of property value has really been improved and currently among the lowest in the region but the registration cost however is still above by the world standard (4.2%).

**Affordability**

In 2016 access to adequate and affordable houses remains a challenge in Ivory Coast in spite of the economic growth and the different initiatives to promote affordable houses. As a matter of fact at the end of 2015 out of 60 000 houses promised in 2010 by President Alassane Ouattara to be delivered between 2011 and 2015 only 3 000 were delivered. Rapid urbanisation, low minimum salary, and the inequalities in social infrastructures have accelerated urban poverty and slums in the cities especially in Abidjan where 19.4 percent of the population live, according to the 2014 census. Abidjan also housed majority of the country’s economic activities and bidonvilles due to the influx of immigrants from the rural zones in quest of opportunities in Abidjan.

In spite of the economic growth and the different housing programme, affordable houses is a challenge to an average Ivorian who earns less than 60 000 fcf (US$101) a month the minimum salary since 2013. The minimum salary concerns only those people working for the government and the formal private sector and they barely represent 18 percent of the labour force. The majority of the population works in the agricultural sector and the informal sector. They live in shanty houses in the popular streets such as Kumasi where there are little or no urban infrastructures. Rents in the slums are speculative and range between 35 000 fcf to 50 000 fcf (US$60 to 85) for a room. Rents in the popular residential zone (Cocody) where the majority of expatriates live range between 1 200 000 fcf to 1 500 000 fcf (US$2 049 to 2 561) for a villa to 3 500 000 fcf (US$5 975) for a very luxurious villa.

To boost affordability the government has initiated a series of programme since 2010 including the promotion of mortgage activities and a diversified housing development programme among which are the modulated homes of 5 000 000 fcf (US$8 536) (LEM, Logements a équipement modéré) i.e only the residential zone (Cocody) where the majority of expatriates live range between 1 200 000 fcf to 1 500 000 fcf (US$2 049 to 2 561) for a villa to 3 500 000 fcf (US$5 975) for a very luxurious villa.

**CÔTE D’IVOIRE**

**Annual household income US$**

<table>
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<th>No. of households (thousands)</th>
<th>Rural</th>
<th>Urban</th>
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<tr>
<td>&lt;$8 000</td>
<td></td>
<td></td>
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<tr>
<td>$8 001 – $12 000</td>
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<td>$12 001 – $23 000</td>
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<td>$23 001 – $40 000</td>
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<tr>
<td>&gt;$40 001</td>
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</tbody>
</table>

- - - Average income needed for the cheapest newly built house by a formal developer, 2016
- - - Average annual urban household income, 2015 (in constant 2005 US$)
According to the ministry in charge of housing there is a deficit of 400,000 houses in the country including 200,000 for Abidjan. To bridge the gap and satisfy the need of the nation, housing is among the priority of the government’s agenda. An International forum was organised in June 2016, “Le Forum International du lodgement social, economic et standing, Filoses” to promote knowledge sharing on housing and housing finance and share experience of those countries who have accomplished success in the sector. The Ivorian minister in charge of housing who acknowledged the fact that the policies to promote affordable houses are not satisfactory and as such the country needs the contribution of the different stakeholders to come up with feasible solutions to the deficit and meet the new goal of producing 250,000 houses between now and 2020.

### Housing supply

Majority of houses in Côte d’Ivoire are self-built but the government through its economic development policies contributed a lot into housing development between 1970 and 1980 especially in the former capital city Abidjan. SOGEPHIA and SICOGI are the two public companies in charge of housing development and property management. Between the two companies 24,254 housing units were constructed in Youpougon, 10,770 in Cocody and 6,938 in Port Bouet during those years. The houses are individual villas, duplexes and one to two storey buildings with apartments and studio built with adequate construction material and in well planned urban communities with amenities. SOGEPHIA and SICOGI produced housing in relatively mass scale but other actors in the market include the informal enterprises that produce the majority of the stock of houses in the country. As from 1995 the government stopped subsidising housing and this has contributed to an acute deficit in housing even before the civil war. Currently the government is focusing on investing in mass produced affordable houses through different mechanism to bridge the gap between supply and demand as a result of which a lot of shanty houses commonly called (bidonville) has erupted in the cities especially Abidjan, even Cocody – one of the prime property area is not spared from Bidonville.

Côte d’Ivoire housing deficit in 2015 was estimated to be over 600,000 units, with the need being most prevalent in cities. The government estimates the annual housing deficit in the country to be 400,000, and in Abidjan alone to be 200,000. Housing supply in the capital is less than 3,000 a year and most people are renters (75 percent of the population of Abidjan were renters in 2014). Rents for a studio i.e. a minimum unit, range from CFA 100,000 to 150,000 (US$171 – 256) in a middle income zone. The housing deficit is a source of rent speculation and other consumers’ complaints. To protect the population, the ministry in charge of housing (Le Ministère de la Construction, du lodgement, de l’assainissement et de l’urbanisme) introduced in 2015 a code of urban properties, (Le code du foncier urbain) to regulate rents and minimise rental guarantees and other rental miscellaneous funds.

Construction of decent affordable homes was among the electoral promises of President Alassane Ouattara in 2010. The president was re-elected in 2015 and housing is still one of the priorities of the new government. The former government did not meet the goal of 60,000 houses programmed in spite of considerable efforts due to a number of factors among which are difficulties in acquiring land all over the country and especially in Abidjan, the difficulties in mobilising funds for compensating the traditional owners and elaborating the feasibility studies. Other reasons are the underestimation of the cost of the cheapest housing unit (5 million fcfa) US$8 536 and the slow pace of execution of contracts by local developers.

The current government recognises the limit of the country’s housing policy as illustrated by the gap between supply and demand for homes in spite of considerable efforts. To this end the minister in charge of housing has proposed a tax on the importation of construction material such as cement and clinker. He also proposed a housing tax on salary to constitute a special fund which will serve as a guarantee for banks. According to the minister in charge of housing, no commercial banks will fund a housing project without having long term deposit, as such the tax will constitute a special fund that will serve as guarantee and encourage commercial banks to participate actively in funding housing developers.

### Property markets

The residential property market data is difficult to come by but the different surveys carried out by the ministry responsible for housing indicates a range of CFA 100,000 to 150,000 (US$171 – 256) for a “studio” in Abidjan that is the average rent for the middle income population. There is a huge gap between rents depending on the geographical situation of the property. According to a 2015 report by real estate consultancy Frank Knight, rents range for a good villa at Cococody and zone 4, a prime location between 1.2 million fcfa and 1.5 million fcfa (US$2 049 to 2 560) and can go as high as 3.5 million fcfa (US$5 975) a month. Knight Frank goes on to report that demand for retail space is very high with prime rental rates of US$32 per square metre per month in Abidjan. According to local market information rents are very speculative in the low income areas, on the average prices range between 30,000 fcfa to 50,000 fcfa (US$51 to 85) for a room in a multi room building in popular zones.

For prices of property, only government data is available and ranges between 5 million fcfa for the cheapest, 5 – 10 million fcfa (US$8 536 – 17 072) for economic, 10 – 15 million fcfa (US$17 072 – 25 608) for average middle class, 20 – 25 million fcfa (US$34 144 – 42 680) for middle class and over 25 million fcfa (US$42 680) for the upper class. Ivory Coast has really improved its rank in doing business as far as registration of property is concerned from 120 in 2015 to 109 in 2016 as a result of major reforms introduced by the government and the cost of registration has reduced to 7.5 percent which is still very high by international standard. The registration process of 30 days though unaffordable to the majority of the population, is among the lowest in the region.

The different government economic development programmes, the country’s housing programme for 250,000 affordable houses between 2016 and 2020, the improvement in the doing business environment and the returning of the headquarters of African Development Bank to Abidjan with a staff of over 500, are all already boosting the property market and growth is expected to continue.

### Policy and regulation

Before 1998 and according to customary law, women in Côte d’Ivoire were not allowed to own land nor inherit it. Law No. 98 – 75, the rural land law, permits women to own land; however, this tends to be less so in rural areas where men are still the main beneficiaries of land. Although government agencies are responsible for land registration a law (N°2013 – 481) was passed in July 2013 called Arrêté de Consession Definitive (Adc), as the sole document for urban land registration. According to the housing minister, this law is to facilitate the process of land acquisition and protect the right to property.

Still, the most recent municipal land registration and building code was drawn up in 1996. The minimum house size that can be built in Abidjan is 100m² and the maximum height is four storeys; however, in some municipalities this can be more.

Côte d’Ivoire has improved the strength of its legal rights through amendments in 2012 to the OHADA Uniform Act on Secured Transactions, which broaden the range of assets that can be used as collateral (including future assets), extend the security interest to the proceeds of the original asset and introduce the possibility of out-of-court enforcement.

### Opportunities

Côte d’Ivoire has come through a difficult period due to the post electoral conflict which has threatened national unity and undermined urban infrastructure including housing. The country’s progress since the election in 2011 and the recent election of 2015, however, has been impressive: with a stabilising governance framework, opportunities for investors are promising. The economic recovery that began in 2012 was confirmed by 8.8 percent growth rate of the GDP in 2015 and expected to remain robust in 2016(8.6%) and 2017 (8.3%). Many projects are in the pipeline which have threatened national unity and undermined urban infrastructure including housing. The government is focusing on investing in mass produced affordable houses through different mechanism to bridge the gap between supply and demand as a result of which a lot of shanty houses commonly called (bidonville) has erupted in the cities especially Abidjan, even Cocody – one of the prime property area is not spared from Bidonville.

Côte d’Ivoire’s peaceful election of 2015, the ambitious National Development Plan, the reform in property registration, various government development
programmes and the efforts of the government in improving business environments are indicators of opportunities for the housing finance and housing development sectors.

The different economic and social reforms of Côte d’Ivoire have a positive effect in the business climate the results of which can be measured by the position of the country in the World Bank’s 2015 and 2016 Doing Business Report.

Although the government’s efforts in ameliorating the business environment and sourcing foreign investment to develop urban infrastructure and housing is paying off as illustrated by the number of stakeholders involved and the improvement of the rank of Côte d’Ivoire in doing business since 2015, still there is a need to innovate housing finance to bridge the gap between demand and supply of adequate and affordable houses.

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Overview
The Democratic Republic of Congo covers an area of 2,344,858 km² for a population of about 77.27 million. The country's fragile economy is re-emerging from years of conflict and instability. Strong economic and social challenges remain, with 87.7% percent of the population living in poverty, unemployment rates exceeding 45 percent and weak public institutions.

Economic growth has slowed down in 2015 due to the fall of commodity prices. Mining sector activities are the driving force for growth, with public sector investment, agriculture, and manufacturing broadening the economic base. The country's mineral resources are: Diamonds, Gold, Tantalite (vital material for mobile phones), Copper, Cobalt, Tin, Manganese, Lead and Zinc, Coal uranium and Oil. It is the world's first producer of cobalt and ranked fifth producer of copper in the world. However, the agricultural sector employs more than 70% of the population.

The DRC has a highly dollarised economy, where almost all prices are indexed to the dollar. In 2015 the number of administrative provinces was increased from 11 to 26 with the objectives to improve urban infrastructure development and poverty alleviation in the country.

Access to finance
The Congolese financial sector is made up of 20 licensed commercial banks, 117 micro finance institutions and cooperatives, 2 insurance institutions, i.e. a state insurance company (SONAs), and the National Social Security Institute (INSS); 59 transfer institutions; and 16 foreign exchange bureaus; all operating under the control of the Central Bank (BCC). There is neither a stock market nor a debt capital market.

Financial sector improvement is showing positive results. Rawbank recorded one billion US$ turnover in the 2015 performance report, with focus on small and medium enterprises (SMEs). Rawbank also holds 30% of Congolese exchange market. General public access to private loans and credit is still very low in the country. Most of the private commercial bank's products are designed for established business entities such as mining companies and SMEs.

In partnership with Equity Group Holding Limited, Procredit plans to improve its current services to existing core sector made of SME but also to develop and launch attractive products for retail market based on technology banking. Financial inclusion in DRC has remained poor in contrast to other Southern African Development Community (SADC) nations. According to the International Monetary Fund Report (2015) low income earners are the most financially excluded especially those operating in the farming sector. In addition, 43 percent of enterprises operating in the DRC do not hold a cheque and/or savings account, with 90 percent of enterprises suffering to get a loan or a line of credit. Nonetheless there has been improvement of electronic transfer and unsecured lending, which is a national campaign to educate communities about the needs and advantages of financial inclusion systems, increasing from 3.5% in 2012 to 7.5% in 2016. In 2015 the government approved a Fund for the Financial Inclusion scheme with the aim to refinance banks, micro finance institutions and cooperatives. In addition, there is a national campaign to educate communities about the needs and advantages to access the financial system.

Key Figures

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<td><strong>Main Urban Centres</strong></td>
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<td><strong>2017 (proj.):</strong></td>
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<td><strong>Population below national poverty line:</strong></td>
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<td><strong>Unemployment rate (%):</strong></td>
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<td><strong>Gini co-efficient (year of survey)</strong></td>
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<td><strong>Average Mortgages % of GDP:</strong></td>
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<td><strong>Estimated number of mortgages:</strong></td>
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<tr>
<td><strong>Cost (% of property value) to register property:</strong></td>
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</tbody>
</table>

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* African Economic Outlook
* World Bank's Doing Business Survey Data (2016)
* World Bank's PovCalNet
* UNDP's International Human Development Indicators (2014)
* UNDP's Human Development Report (2014)
* The World Bank's PovCalNet
** UNDP 2015
*** Coinmill.com The Currency Converter/CAHF survey data

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* World Bank's Doing Business Survey Data (2016)
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* African Economic Outlook
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* The World Bank's PovCalNet
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** UNDP 2015
*** Coinmill.com The Currency Converter/CAHF survey data
Total commercial bank asset deposit is estimated at US$4 billion, with 5 million people connected to the financial system. Banks' funding is dominated by deposit collection. Credit has been increasing fast but remains scarce, expensive, short-term, and highly concentrated. Between 2006 and 2013, domestic credit tripled but rose only to an estimated 11 percent of GDP. In 2011, only two percent of adults had obtained a bank loan and only four percent of adults held an account at a formal financial institution. In 2012, short-term credit represented 68 percent of all credit, and medium-term credit represented 21 percent, an increase in the share from 16 percent. Furthermore, the banks' profitability and earnings are weak and deteriorating, reflecting high operational and foreign exchange costs. Fees are a main source of banks' revenue. Operating in U.S. dollars is highly costly, especially for some banks, given foreign currency settlements are done via correspondence.

The sole public non-life insurance companies, SONAS, and the INSS are both in precarious financial situations and unable to satisfy the majority of their clients.

The microfinance sector is rapidly growing but remains underdeveloped with a US$222 million balance sheet in 2013. With over a million accounts opened, 60 percent belong to savings and loans cooperatives. Between end-2009 and June 2013 deposits and loans more than doubled, US$144 million in deposits and US$113 million in loans, a similar trend to that of banks.

Rawbank indicated that they received US$10.6 million from Shelter Afrique in March 2015 to launch a real estate credit offer for the country's emerging middle class. Very few Congolese have an outstanding loan to purchase a home. 0.5 percent of the top 60 percent of income earners and 0.3 percent of the bottom 40 percent of income earners. Loans for home construction were slightly more prevalent, with 2.9 percent of the top 60 percent of income earners and 0.5 percent of the bottom 40 percent of income earners having home construction loans currently outstanding.

The economy has a score of zero on the Depth of Credit Information Index and a score of six on the Strength of Legal Rights Index – higher scores indicate more credit information and stronger legal rights for borrowers and lenders. Globally, DRC stands at 131 in the ranking of 189 economies on the ease of getting credit.

Affordability
The country is ranked 176 on the UN Human Development Index. The Congolese economic growth decelerated in 2015 from 9.2% in 2014 to 7.7%. This decline is predicted to continue throughout 2016, but recovery is expected to take off in 2017 if the current political instabilities and international demand for commodities improve. The cost of health care in DRC is very high, poor communities and low income earners cannot access nor afford decent hospitals. The country suffers from government inability to plan and finance urban development for poverty alleviation, improve quality of life, and capitalise on many opportunities that urbanisation has to offer. Access to affordable and sustainable housing is almost impossible by low income earners for lack of low cost housing supply and low wages.

Poverty is pervasive, and despite the significance of agriculture to the DRC's economy, three-quarters of the population do not have enough for basic needs. Poverty is pervasive, and despite the significance of agriculture to the DRC's economy, three-quarters of the population do not have enough for basic needs. Poverty is pervasive, and despite the significance of agriculture to the DRC's economy, three-quarters of the population do not have enough for basic needs. Poverty is pervasive, and despite the significance of agriculture to the DRC's economy, three-quarters of the population do not have enough for basic needs.

The construction and public works sector grew by 13 percent in 2012, contributing 6.7 percent to GDP growth in that year. This was achieved despite a 17.7 percent decrease in cement production. The supply of cement in the DRC is not sufficient, thus some it is imported – to support the construction sector. Furthermore, the government lifted taxes on cement imports which have resulted in the decline of its price. However, due to limited supply of locally produced cement, the price of local and imported cement remains high regardless of taxes incentives.

Housing and offices built mainly by Congolese, Lebanese and Chinese companies are largely too expensive for locals. For example in Kinshasa, high price of properties is pushing middle class and poorer people farther away from Kinshasa's business city centre. In less central areas like Route de l'Aéroport, rental price varies between US$400 – US$500 per month, but yet this price is expensive for many Congolese, as civil servants monthly salary is about US$100.

The average rental price for an apartment in Gombe, a rich suburb of Kinshasa varies between US$1 200 and US$ 5 000 per month, while to rent a villa in the same area can cost between US$2 500 to US$10 000 per month. The purchasing price of an apartment varies between US$300 000 and US$450 000, depending on the size of the unit.

Housing supply
Housing demand in DRC outweighs housing supply, and the backlog is estimated at 3 945 555 million houses country-wide that is, 263 039 houses to be built per year. Kinshasa alone has a housing deficit estimated at 54.4% of the overall national deficit. As a result of improved socio-economic conditions, population growth, urbanisation and internal migration housing demand will keep increasing in the city.

The majority of housing in the DRC is developed by household's themselves. The planned districts represent 22.9 percent, while self-built districts represent 77.1 percent. Most of private housing developments especially low cost housing is characterised by non-compliance to local development master plans and municipal building standards. Almost 70 percent of urban fabric extensions are unlawful and over 70% of urban population live in slums, of which 50 percent do not have access to water, clean sanitation system and waste disposal.

Housing sector is characterised by limited number of developers and access to finance, as a result of this situations housing supply is very limited in the case when there is supply, it is limited and afforded by the minority elites. The majority of households use locally sourced materials such as trees, mud and sticks to build houses for themselves.

There are some private sector developments underway, spurred primarily by the economic growth as well as labour migration in mining areas. In 2009, a Chinese company, China Machinery and Equipment Import and Export Corporation, announced a plan to build 2.5 million social houses. The project was expected to start construction in 2015, but has since been delayed. The project will be undertaken in four phases and is expected to be affordable to all income levels.

In 2011, the DRC government launched a housing project, namely “Kin-Oasis” which allowed the building of 1 000 social houses in Kinshasa by the Chinese company Zhen Gwei Technique Congo (STZC). This project has now been completed, however, local communities complained about the affordability and high price of houses in this area.

In 2012, a catholic NGO “Action pour la Solidarité et le Développement (ASODEV)” announced a plan to build 3 080 social houses in Kinshasa, this project...
is also currently underway. The project "UnToit pour Tous" consisting of 3,000 units started construction effectively in 2012 and is expected to be completed in 2016. House prices will vary between US$28,000 and US$80,000 payable in 15 years.

Housing development in the capital city of Kinshasa has increased with an ambitious, 400-hectare development in Kinshasa, La Cité du Fleuve, involves the reclamation of land in the Congo River; thus creating a new is land. However this project has been challenged with contested title deeds, a common problem in the DRC. Marketed as a lifestyle development with public space, social and economic amenities, the development is being undertaken by Harkwood Properties, a specialist fund manager. Harkwood’s majority shareholder, Mukwa Investment, is an African specialised investment fund based in Lusaka, Zambia run by a group of international managers. From August 2013, the project which is now completed has offered 18,150 m² apartments for sale, at a price of US$195,000 each.

In Lubumbashi, a US$1.4 billion housing development called Luano city launched in 2010, is currently underway. Located 15 minutes drive from the city centre and 5 minutes from the Lubumbashi international airport. The development is taking place on 220 hectares of prime litigation free land. Luano city is a mixed-used development project comprising of 2 and 3 bedroom houses, office park, retails space in the form of a shopping mall and industrial park. Stage one of the project has been completed.

The "Maison au prix d’une voiture" project is being launched in January 2016 which is a partnership between Baeff Architecture and MoladSA. This project aims to build social housing and low cost housing throughout the extent of the DRC. The project consists of four bedroom units with a garage on a land size of 300 m², the average house sizes is 117 m² and costs US$45,000.

Most of housing development projects in the country are located in the capital city of Kinshasa, however there are sporadic housing developments currently in the pipeline in other areas such as Fungurume a mining district of the newly created province of Lwalala.

In the past 5 years, there have been a slightly increase in housing supply and private housing development. However, most of the houses put on the market do not target low-income earner and are not affordable.

Property markets
The property market in DRC is underdeveloped and not accessible to the majority of populations countrywide. Limited accesses to finances pose problems as the majority of the local population do not have access to the financial systems, and foreign investment in this sector is very slow. In addition, in urban areas such as Kinshasa, Lubumbashi and Goma, the cost of land, title deed registration process and building materials are slowing down the development of the property market.

The city of Kinshasha is ranked the third fastest growing city in Africa with urban population growth expected to reach 71.8% by 2025. Urban growth offers opportunities for economic growth; however the property financial scheme has taken on different forms in the country and characterised by private partnerships, off plan sales, land swap, and flexible instalments in some cases. Therefore, in order to stimulate property market in the country, the constitution of 2006 introduced innovations that guarantee the right of private property ownership and encourages foreign property development in the country.

Property prices are high and generally aimed at the high end of the market. According to Knight Frank, in 2014 the industrial property market surpassed the retail property market in prime yields compared to 2012 figures. The industrial property yields made up 14 percent at US$8 per m² a month, followed by retail, which made up 12 percent at US$40 per m² a month, and office space at 11 percent with a prime rate of US$35 per m² a month. The residential market yields were at nine percent, down from 10 percent in 2012, with rentals of US$800 a month for a four-bedroom executive house in a prime area.

Dealing with construction permits requires 11 procedures, takes 60 days and costs approximately three percent of the property value. Globally, DRC is ranked 131 out of 189 economies on the ease of dealing with construction permits.

Beyond the limited, high-end market, a clash between statutory and customary land laws undermines property developments and achieving legal titles. Land administration systems are lacking. As a result, where land titling does exist, the price is high (US$800 to US$1,000 per hectare). In Kinshasa, land values are even higher – an estimated US$100,000 per hectare in well-serviced residential areas.

Policy and regulation
Historically, the DRC’s banking system has struggled with financial and organisational imbalances – however, there are solutions in place that the central bank is working towards. Since President Joseph Kabila came to power in 2002, the central bank was restructured as an independent body, setting interest rates and implementing the country's monetary policy to ensure that the price level is stabilised and performing all central banking tasks. A special ministry, created in 2000, dedicated to microfinance, which was seen as being important for post-conflict reconstruction. Progress has been made to strengthen the legal framework for the financial sector such as monetary improvement, financial sector improvement and central bank restructuring. In 2002, the government passed new laws to improve the central bank’s role as regulatory and supervisory authority and increase its independence.

To facilitate mass banking and the establishment of a sound financial system inclusion, the Central Bank also defined a specific legal framework for microfinance. This Act 11/020 of 15 September 2011 defines rules relating to the activity of microfinance. DRC is committed to improve domestic revenue mobilisation.
through VAT performance, reduce business procedure and administration. Structural reform of the financial sector is also taking place to boost intermediation and financial inclusion of the country.

In 2011, the country adopted the ‘bancarisation’ policy system, consisting of paying civil servant salaries through bank. In March 2016, a new insurance legislation No 15/005 of 17 March 2015 was adopted with the objectives to liberalise the insurance sector and attract private insurance companies.

The government’s housing policy is based on four main areas: (1) The reorganisation of the housing sector (institutional reform and capacity building); (2) Improved habitat (land development policy and supervision of real estate); (3) Resource mobilisation for housing (funding); and (4) The reversal of urban poverty areas (emergency action). This policy was first introduced in 1973 and has been amended a number of times with the last one that took place in 2004.

Land regulation is based on the Land law No 73 - 021 of 20 July 1973, it regulates the purchase, sales and leasing of land. It is the general regime of property, land tenure, property and collateral regime. The ministerial order No cab/MINA/TUHITPR/007/2013 of 26 June 2013 regulates the process and regulations of granting building permits in the Democratic Republic of Congo. The transfer period of land and property right is done in accordance with the Royal Decree of 20 June 1957, supplemented by order number 013/CAB/MIN.URB.HAB/2005 of 6 May 2005 amending order number CAB/CAB/URB-HAB/012/88 of 22 October 1988 regulating the issuance of the authorisation to build.

Opportunities
DRC has many rich sources of natural minerals, and the mining sector mainly attracts many international companies – which makes it one of the biggest areas of economic activity. In 2009 the biggest deal in Africa was made between the DRC and China, in which China agreed to invest US$9 billion in extensive construction and other rehabilitation projects over a period of approximately 10 years in return for mining and timber concessions. In addition to Kinshasa, important cities offering opportunities include the mining centre of Lubumbashi, Matabi (on the banks of the Congo River), and the eastern city of Goma. New roads and transport initiatives in Kinshasa are making access easier. The affordable housing sector is still relatively underdeveloped and offers significant potential for growth.

DRC is still economically attractive with business opportunities that offer good returns on investment. The country has gained 3 places in the global ranking of doing business. Progress has been made in facilitating and simplifying the establishment process of new companies and granting of building permits through the creation of “guichet unique” system. The government has put in place urban land reform strategies (RAT), which consists of construction in specialised economic zones (SEZs), and agricultural-industrial parks across the country. Through land reform, the government want to achieve equitable and reasonable urban space planning that promote equitable resource distribution between regions and production sector as well as streamline urban development without neglecting rural development. The first SEZ was lunch in Maluku, Kinshasa to host a variety of private business operators and an agro industrial centre in Bukanga Lonzo. However, much effort and investment is still needed in the energy sector to improve the country’s energy supply deficit. The government has also put in place customs and tax benefits system to support real estate projects approved under the Investment Code. Tax benefits for real estate project include: import duty, gear, equipment, hardware and building materials, exemption from land tax and income tax).

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The Republic of Djibouti, independent from France since June 27, 1977, is a small country in the Horn of Africa, located on the west coast of the southern outlet of the Red Sea. It is surrounded by Somalia, Ethiopia, Eritrea and Yemen. Djibouti is also the name of its main city and capital. As per the latest estimates from National Department of Statistics and Population Studies (DISED), Djibouti has 939,298 inhabitants in 2014 with a population growth rate of 2.8%1. A feature of the Djiboutian population is that it is largely urban (85%) and the capital, Djibouti City, concentrate over 65% of the total population. The official languages are French and Arabic.

Considered as a hub in the Horn of Africa due to its geostrategic position between Europe and Asia through the Red Sea and Africa to the Gulf countries in the Indian Ocean, Djibouti attracts significant investment in tertiary sector (TIC, Ports). Besides the presence of a French military base, Djibouti also hosts several other military bases, including the only military base of the United States in Africa (AFRICOM).

The Djiboutian economy recorded a slight increase in its GDP growth estimated at 6.5% in 2015 compared to previous year’s estimated at 6% in 2014 and 5% in 20132. GDP is driven by investment and Djiboutian economy is expected to grow further in 2016. Inflation has decreased in 2015 to 2% against 3% in 2014 thanks to lower oil prices and government measures on kerosene that affected consumption. The Djiboutian economy is dominated by the service sector given its contribution to the creation of employment and its ripple effects on many income-generating activities. The investment volume of the building sector into the economy has reached in 2014 more than 38 billion Djibouti francs (US$215 million) against 33 billion in 2013 (US$186 million), representing an increase of 15%. This trend is expected to continue in 2016 with the ongoing number of construction projects whose outcome will upgrade significantly the urban landscape of Djibouti city.

Taking advantage of its geo-strategic position, Djibouti hopes to accelerate its regional integration process with the development of its infrastructures (roads, railways and telecommunications and oil pipelines) mainly with Ethiopia and beyond (South Sudan). Besides the upcoming inauguration (end of 2016) of the new electric Railway connecting Djibouti to Addis Ababa, another railway is planned to connect Djibouti to northern Ethiopia to export its potash production. Beyond (South Sudan). Besides the upcoming inauguration (end of 2016) of the new electric Railway connecting Djibouti to Addis Ababa, another railway is planned to connect Djibouti to northern Ethiopia to export its potash production. Djibouti plans to construct 6 new ports including 4 new ports which the construction started since 2014 (the ports of Tadjourah and Goubet the multipurpose Doraleh port and port livestock Damergo). Djibouti also seeks to

**Overview**

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create a large Commercial and Industrial Free Trade Zone in order to become a transhipment hub and a redistribution platform of products and raw materials between East Africa and the world.

Access to finance

The positive trend of the economy experienced in recent years confirms the good performance of the banking sector in Djibouti. Indeed, the banking sector continued its development by supporting the financing of economic activity and national growth. While the first two banks in the market (BCIMR and BOAMR) dominated the banking sector for many years, the arrival of new banks from 2006 helped streamline the sector and increase banking products. By 2014, there are 10 financial institutions (7 commercial banks and 3 Islamic banks) registered and approved by the Central Bank of Djibouti. In accordance with Law No. 119 adopted in 2011, all authorised financial institutions increased their minimum capital to one billion francs (US$5.65 million) instead of 300 million franc initially (US$1.7 million). Islamic financing is not left apart with three local banks (Saba Islamic Bank, Islamic Bank Salam Bank and East Africa) offering Islamic banking products. Microfinance activities are provided by the People’s Savings and Djibouti Credit (CPEC) with its 3 branches (Djibouti, Tadjourah and Ali Sabieh).

The financial sector includes also exchange offices and transfer payment agencies. There were 17 entities in 2014. According to data from the Central Bank of Djibouti, the integrated banking system balance sheet has closed higher (+ 12.3%) at the end of the year 2014 which stood at 298 billion francs (US$1.7 billion) against 265 million franc (US$1.5 billion) recorded December 2013\(^5\). Furthermore, the bank loans granted by financial institutions accounted for 29.33% of GDP in 2014 against 29.6% in 2013. The volume of loans granted in 2014 was approximated 82 billion Djibouti franc (US$463 million)\(^6\). Despite the new requirement introduced in 2009 stating that all monthly salaries over 40 000 franc (US$226) should be transferred into bank account; the rate of bank penetration was estimated at 21% in 2015 compared of 20.9% in 2014 and 17.8% in 2013.

The loans granted by financial institutions "called conventional" (non-Islamic) represent 88% of total bank loans estimated at 72 billion Djibouti franc (US$407 million) against a volume of credits granted by Islamic banks representing 12% of total credits amounting to 10 billion Djibouti franc (US$56 million)\(^9\). However, we have noted a rapid growth of loans granted by Islamic banks between 2013 and 2014 (+25%) against a 6% increase in loans from traditional banks. With Djibouti’s banking customer base still largely underdeveloped and due to the religious Islamic background of the population, growing Islamic products in various Djibouti’s banking customer base still largely underdeveloped and due to the religious Islamic background of the population, growing Islamic products in various Djibouti’s banking customer base still largely underdeveloped and due to the religious Islamic background of the population, growing Islamic products in various Djibouti’s banking customer base still largely underdeveloped and due to the religious Islamic background of the population, growing Islamic products in various ranges (mortgage, investment loans, vehicles loans etc..) offer by Islamic banking is expected to attract more customers and consequently increase the access to finance\(^6\).

The NPL ratio has increased (+36%) from 12 billion Djibouti franc (US$68 million) in 2013 to 16 billion Djibouti franc (US$90 million) and represents 14.5% of total bank loans in 2014. Short-term credits have increased by 4% estimated in 2014 at 50 billion franc (US$283) against 48 billion franc (US$271 million) in 2013 meanwhile medium-term loans decreased by 1% estimated at 13.3 billion Djibouti franc (US$75 million) in 2014 against 13.4 billion Djibouti franc (US$76 million) in 2013. However, long-term loans had experienced a net increase of 33% from 14 billion franc (US$79 million) in 2013 to 19 billion franc (US$107 million) in 2014. According to Central Bank’s officer; most of long-terms loans are oriented to mortgage financing.

The volume of credit allocated to mortgage loans is estimated at 17 billion Djibouti franc (US$96 million) in 2014 against 14 billion Djibouti franc (US$79 million) in 2013, an increase of 20%. Given the dynamic construction sector in the economy, the volume of credit to housing is expected to increase in 2015 reaching a volume of 23 billion Djibouti franc (US$130 million), according to Central Bank figures. Finally, the housing loans granted in 2014 represented 20.8% of total bank loans granted by credit institutions in Djibouti.

In terms of interest rates, the lowest credit rates (all types of loans) granted was 6.82% while the highest rate was 18%. The Central Bank of Djibouti has noted a slight decline in the interest rates for mortgage loans in 2014 compared to 2013.

Affordability

Djiboutian population is predominantly urban and because of high urbanisation rates, neither the private nor the public sectors are able to meet the growing housing needs. Most households who aspire to own private properties have difficulties finding affordable decent houses. The unemployment rate is relatively high in the country. The rate across the country turns around 26% and if we do not take into account the condition of "job search" the unemployment rate is estimated at 48.4%. Most workers are employed in the Administration / Public service as the state is the largest employer in Djibouti (41.3%) followed by private companies that employ 25.9% of workers\(^9\).

At the end of 2013, the National Department of Statistics and Population Studies (DISED) undertook a comprehensive review and update of its methodology for measuring poverty in collaboration with the African Development Bank. Thus, on the basis of a new methodology, the incidence of extreme poverty at the national level stood at 23% in 2013 compared to 46.7% in 2002. A slight decrease was observed in relative poverty coming from 46.7% in 2002 to 40.9% in 2013\(^10\).

Although extreme poverty is declining, incomes of most urban households remain low and do not allow them to access adequate housing facilities and bank financing. According to the Doing Business report published by the World Bank, Djibouti is ranked 181st out of 189 countries in 2016 for its credit access\(^11\). There are mainly three types of habitats that characterise the housing sector: Durable Housing (mainly built with durable materials) representing 10.2%; Intermediate Housing

![Djibouti Average Annual Household Income](image)

**Djibouti**

**Annual household income US$**

<table>
<thead>
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<th>No. of households (thousands)</th>
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<tr>
<td>&lt; $800</td>
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**Average income needed for the cheapest newly built house by a formal developer, 2016**

$28 718

**Average annual urban household income, 2015 (in constant 2005 US$)**

$9 644

**Average annual urban household income, 2016**

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(made of durable materials and lightweight materials) representing 58.1%; Precarious Housing (essentially made of lightweight materials and used materials) representing 31.7%. Hence, the majority of residents occupy the 2nd and 3rd type of habitat and only 24.3% are owners with land titles and 30.3% are owners with temporary occupation license.

Access to decent housing and land by the population remain difficult and complex due to several factors that raise up the construction cost: strict construction standards because Djibouti is exposed to seismic risk; non-availability of many suppliers of raw materials; the lack competitiveness and limited skills of local contractors; a scarcity of land available for construction; difficulties to meet the financial sector requirements for housing loans.

**Housing supply**

The analysis of the housing sector in Djibouti has revealed a gap between supply and demand in housing. Housing needs are mainly driven by the rate of population growth and the rapid urbanisation. Due to the lack of proper official figures, new housing needs are estimated at 3,000 units per year. Considering the large deficit accumulated in the past years, Djibouti has to realise more than 10,000 houses to catch the imbalance between supply and demand.

Real estate development in Djibouti remains low compared to other African countries such as Senegal or Morocco. Private property developers cater to the high income bracket and they are totally absent from the other segments. This trend has been developed in the early 2000s with the economic development that increased the demand for high income houses. The number of Djiboutian property developers who are able to complete the whole chain of land development, marketing, construction is small. For example Al Neima, a private real estate developer, realised in 2012 – 2013 37 duplex villas (6 rooms) for approximately 38 and 42 million Djibouti franc (US$121 – 237 thousand) each or another private developer, EDC, which is currently implementing a program of 100 villas whose value is around 25 to 30 million Djibouti franc (US$841 – 1,69 thousand) in Gabode area. The financial model proposed by the developer is as follows: 30% upon signing the reservation contract, 50% to be paid when the main structures are over, and 20% when the house is completely finished.

Public housing promotion is undertaken by the two public operators: Real Estate of Djibouti (SID) and the Housing Fund (FDH). The SID is the old public institution whose primary mission is the realisation of housing and managing land with infrastructures for upper-middle and high income groups. As for the Housing Fund (FDH), its main priority is to provide social housing units and land with basic infrastructures to the low income groups. These two state companies produced 1,979 plots of land and provided 1,814 housing units during the period of 2009 – 2014 which represent on average about 330 parcels per year and 300 housing units per year.

Besides, it has been recorded 378 building permits in 2015 compared to 309 building permits in 2014. The Doing Business 2016 report has confirmed the progress made by Djibouti back in 2015 in reducing the process and the delay for obtaining a building permit (Djibouti ranks in 124th position out of 199 countries in the field of registering property. Indeed, the process of obtaining the final title is costly and sometimes too long for individuals. There are three different ways to proceed with the land registration for temporary occupation certificate holders (TOP), regularisation of land is done through the Housing Fund (FDH) with the payment of an advance of 20,000,000 Djibouti franc (US$113), 4% of the sale value for name change, 10% of the sale value for the registration and 16,000,000 Djibouti franc (US$90) for stamp duty; Individuals buying land directly from the Department of Land and Property Titles Conservation of the Ministry of Budget pay 4% of the sale value for the name change, 10% for the registration and 16,000,000 Djibouti franc (US$90) for stamp duty; finally, the regularisation of land obtained through the sale from one person to another individual is done through a notary by paying the same ratios (4% and 10% + 16,000,000 Djibouti franc stamps) and by adding notarial fees ranging from 100,000,000 Djibouti franc to 250,000,000 Djibouti franc (US$52 – 141 thousand). In addition, if the purchaser is buying his first land then he must pay transfer duty (name change) which corresponds to 9% of the sale value (7% tax and 2% mutation). Otherwise, the rate increased from 9% to 12% (10% tax and 2% mutation). Any investor or private developer can obtain the allocation of land once its real estate project is approved by the Minister Delegate for Housing.

The Chamber of Commerce of Djibouti has registered 3,186 businesses in 2015 against 3,021 companies in 2014. The service companies account for nearly 77.6% of legally constituted companies followed by the construction sector (21.1%) and industry (11.1%) and agriculture (0.2%). In 2015, the Chamber has recorded the registration of 673 construction companies compared to 666 in 2014, a slight increase of 1%. The construction sector employed 9,144 people in 2014 compared to 8,410 in 2013 and 6,909 in 2012.

**Policy and regulation**

In 2011, it is set up within the Ministry of Housing, Urban Development and Environment a State Secretary for Housing to promote the housing sector and find lasting solutions to the deficit in housing. Given its importance in the institutional platform, the department was renamed in 2016 “Delegate Ministry for Housing.”

From 2011, the department has developed and implemented a necessary regulatory and policy framework to develop this sector. In addition to several strategic studies undertaken in order to promote the housing sector, the Department for Housing has implemented a series of legislative and regulatory texts to encourage potential investors and private developers to invest in the real estate sector. The public operators have seen a redefinition of their roles to adapt their status (real estate development, land management, financial institution), to improve their response and management capacity and to refocus their activities on clear and well-defined missions.

Real estate developers from the private sector are also an important part of the housing production chain that has been lagging so far in Djibouti. Apart from the social housing program that requires involvement of the State, the private sector must play its role and should cover effectively the other segments of demand and especially the middle class whose net monthly revenues are around 250,000 – 350,000,000 Djibouti franc (US$1,413 – 1,979). The department responsible for housing has implemented the Law No. 13AN/137/éme, fixing rules governing property development business in Djibouti. The law has been completed with two decrees:

- Obtaining approval of real estate developer and conditions of realisation of real estate projects;
- Disposal of conditions and procedures for real estate;
A National Housing Strategy that is being finalised with the assistance of the World Bank plans a major investment program to develop the real estate sector in Djibouti through the implementation of four areas: 1) increasing the supply of affordable plots of land for the majority of households, 2) developing the production of affordable housing units 3) stimulating the housing rehabilitation program in precarious existing neighbourhoods 4) developing further banking mechanisms and microfinance system for the low income groups. The investment amount required for the realisation of the housing sector’s development strategy is estimated at more than 52 billion Djibouti franc (US$294 million).

The government has launched in 2015 a new project targeting low income people called “Self Construction Program”. The government has provided to lower income household plot of land of 90m² and has given raw material to build their homes. Assistance is brought by the Housing Funds Operator and repayment will not exceed 5 000 Djibouti francs (US$28) over 20 – 25 years.

**Opportunities**

The real estate sector in Djibouti suffers from a deficit of around 10 000 affordable housing units for the lower and middle income groups. While the state, through the two public operators (SID and FDH) targets its housing policy for helping to provide decent houses for low income groups, the potential to provide housing for middle income class remains to be developed by the private sector. The regulatory policies put in place by the state on real estate activities provide tax advantages and import duty exemptions for any private developer who is willing to operate in the real estate sector.

Relying on its geoeconomic advantage and the development of railway infrastructures, Djibouti intends to accelerate its economic development and growth that will create jobs. The expected economic growth will improve the purchasing power of the local population and enable them to afford decent houses.

The real estate sector in Djibouti is expected to experience a considerable expansion in the future especially with the construction of a 1 500 social houses funded by the Saudi Fund for Development (US$35 million). Another project funded by the Arab Fund for Economic and Social Development (US$30 million) is also expected to produce 1 000 houses. In addition, Djibouti has submitted a request of financing to the Saudi Fund for Development and the Islamic Development Bank (IDB) for the construction of 3 000 houses.

Several international private promoters from different backgrounds have submitted real estate projects feasibility studies for approval. In the perspective of creating a new economic pole in the capital, negotiations are also underway with a Moroccan company for the realisation of basic infrastructures developments (water supply, roads, electricity) on a plot of 480 hectares in the south of Balbala for an estimation cost of US$110 million.

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Egypt

Overview

Egypt is a populous nation, part of the Magreb Region. Its capital, Cairo, is one of the continent’s megacities, with a current population of 9.114 million. Its economy has improved since the presidential election in July 2014. GDP is showing continuous and sustainable growth, registering 5.1 percent growth during the first quarter of fiscal year 2015/2016. This is compared to 5.6 percent growth during the same period of the previous year. By May 2016 Egypt's budget deficit reached LE111 billion (US$35.34 billion), compared to a deficit of LE261 898 billion (US$29.76 billion) during the same period in the previous year. Unemployment decreased to 12.7 percent in Q1 2016, from 13.3 percent over the same period last year. About 26.3 percent of Egyptians live in poverty (2012/2013 estimate), while 49 percent of upper Egypt cannot provide for their most basic food needs. The state budget for the financial year 2015/2016 saw an increased budget for social protection programs to improve Egyptians’ standard of living. Furthermore, the government is keen on improving the slum areas and public services, as well as boosting investments in infrastructure. Total government debt (domestic and external) reached LE2545 billion (91.8 percent of GDP) at end of December 2015.

With the increased confidence of international institutions in the Egyptian economy, by December, Fitch Ratings has affirmed Egypt’s long-term foreign and local currency Issuer Default Ratings (IDR) at ‘B’; with a Stable Outlook. The Country Ceiling has been affirmed at ‘B’ and the Short-term foreign currency IDR at ‘B’. Egypt is suffering from growing fiscal deficit and high debt/GDP ratio, low foreign reserves coverage of imports accompanied with low external debt and slow progress in implementing economic reform programme.

An increase in FDI is also materialising, fostered by the Egypt Economic Development Conference (EEDC) held in March 2015, which resulted in pledged investment worth LE443.8 billion (US$38.4 billion). In October 2015, the new cabinet adopted a comprehensive macroeconomic programme that focuses on fiscal consolidation, the business environment, the energy sector, and transformational infrastructure investments such as the new Suez Canal and Leather City in Robelki, among others. According to the International Monetary Fund (IMF), if reforms continue, real growth, could accelerate to five percent by 2018/19.

Access to finance

In 2015/2016, the Global Competitiveness report ranked Egypt 119 of 140 in financial market development indicator compared to 125 of 144 countries in the 2014/2015 report. With regard to ease of access to loans, Egypt ranked 128 of 140 countries. Risks to Egypt’s public finances have increased significantly during 2014/2015 report. With regard to ease of access to loans, Egypt ranked 128 of 140 countries. Risks to Egypt’s public finances have increased significantly during the political transition, and authorities continue to adopt an accommodative fiscal policy stance amidst low tax revenues.

The main challenge facing small- and medium-sized enterprises (SME) in Egypt is obtaining required financing. SMEs in Egypt account for more than 90 percent of the workforce. Long considered as the largest SME hub in the Middle East, as per operating density and pure numbers, Egypt’s current economic challenge is forcing it to rebuild and reinforce this vital base. Considering the dire need to promote SMEs, the Central...
Bank is focused on transforming the SME finance market. To this effect, it plans to provide a US$25 billion stimulus package to fund over 350 000 SMEs over the next four years5.

In January 2016, European Bank for Reconstruction and Development (EBRD) committed to provide LE2 billion (US$260 million) in direct debt or equity financing to Egyptian SMEs. In addition to these loans, EBRD, in partnership with NBE, have developed two innovative new credit lines to be on-lend to SMEs, said ter Woort (country Manager for Egypt at EBRD). The credit lines comprise a US$20 million loan focussed on women-led businesses and the second, a US$30 million loan to energy efficiency investments in SMEs.

As at the end of April 2016, mortgage finance grown by 23 percent. The volume of mortgages granted amounted to LE136 million (US$41.4 million) compared to LE96 million (US$33.6 million) during the same period of 2015. The Egyptian Mortgage Refinance Company (EMRC) held operations which amounted to 55 million pounds.

The portfolios purchased from real estate development companies reached 60 percent of the total value of contracts within this period and the rest for contracts by clients who deal directly with the companies and clients of the Mortgage Finance Fund (MFF). Additionally, 179 real estate appraisers were listed at EFSA as at end April 2016, compared to 214 in the same period in 2015.

Regarding factoring, the volume of factored securities amounted to 1.46 billion pounds in the first four months of 2016, compared to 1.28 billion pounds in 2015, an increase of 14 percent in 2016. Financing accounts of the seven licensed companies estimated by LE2.4 billion (US$0.27 billion) by the end of April 2016, representing an increase by 73 percent.

Financial Leasing experienced an 8.8 percent decline as at the end of April 2016. The value of financial leasing contracts was LE7.01 billion (US$0.795 billion) this year compared to LE7.8 billion (US$0.886 billion) last year. Additionally, the number of financial leasing contracts declined from 910 to 836. And, the number of financial leasing companies listed at EFSA as at end April 2016, compared to 214 in the same period in 2015.

Real estate activity was very high recording five billion pounds by 71 percent of the total activity followed by contracts of heavy equipment recording 711 million pounds by 10 percent and in the third place, comes Truck Leasing and Financing with a value of 609 million EGP by nine percent of the total value of the contracts during this period4.

**Affordability**

The World Bank classifies Egypt as a low-middle income nation, with a per capita GDP of less than LE12 000 (US$1 600). The Central Agency for Public Mobilisation and Statistics (CAPMAS) maintains that the average Egyptian income was around LE3 000 (US$400) by December 2015. In contrast, by the World Bank’s calculations, the gross national income per capita was LE1 960 (US$261) per month in 2013. Housing affordability is limited despite government policy efforts. Just over one-fifth of Egyptians have incomes lower than US$2 per person per day, with northern Egypt being the most impoverished.

According to Oxford Business Group, Egypt’s housing gap is nearing three million units. “Private developers collectively provide about 20 000 units per year, but this barely scratches the surface.”

According to forecasts from Colliers, a real estate services company, an extra 90 000 to 100 000 units will be needed per year through to 2020 to meet current demand. This is well above the annual average of 45 000 units that have come on-line in recent four years.

Most developers focus on delivering housing for the high income segment of Egyptians accounting for around 20 percent of the population. This generates more profit than housing that is primarily targeted at poor and low middle income groups.

The majority of Cairenes, i.e. 52 percent, are able to afford units in the US$26 000 to US$35 000 range. However, there is little to no supply offered by the private sector at this price6. it is only provided by the government for a 70 – 90 square meter flat.

House prices in Egypt relative to income are more expensive than in Western Europe, double most Gulf countries, and four times more expensive than the USA.

Real estate prices inched upward as the economy picked up steam. Coupled with corruption and real estate tax, fixed-price plots intended to spur affordable development and alleviate crowding in the capital were often bought and simply flipped at a profit a few years later, undeveloped.

**Housing supply**

Egypt’s population has tripled in the last half century, and now has a population of to 89.4 million; and the vast majority of its citizens continue to live on just five percent of the country’s land in the Nile Valley. While the private sector has produced a glut of luxury apartments and upscale developments, there are only a few options for ordinary working people. Seeking to address Cairo’s chronic shortage of affordable housing, the government has recently announced several mega-developments like the new capital project which is supposed to be include a huge number of units and projects. In particular, these projects are targeted at medium-income (earns LE36 000 per year) Egyptians who earn too much to qualify for state-subsidised developments but can’t afford to pay market-rate real estate prices. The vice president of the housing ministry’s New Urban Communities Authority identifies that there is a massive gap in the middle-income segment. The private sector has been moving more upmarket and demanding

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**EGYPT**

**Annual household income US$**

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<th>No. of households (thousands)</th>
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<th>Urban</th>
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Average income needed for the cheapest newly built house by a formal developer, 2016

Average annual urban household income, 2015 (in constant 2005 US$)

108
increasingly high prices, while the public sector is trying to establish more units which fit the low level income.

The Egyptian government plans to build 150,000 affordable homes in the fiscal year of 2016/17. This will lead to greater economic activity and stimulate growth in the wider infrastructure sector, including power and transportation sectors. It has also pledged to provide all utilities in newly developed areas where houses are located in close proximity to strong transport networks.

In April 2016, Egypt’s housing ministry opened its doors to applicants, registering for what it described as the country’s largest-ever offering of low-income housing, with more than 500,000 state-subsidised units available. The qualifying salary must not exceed LE3,000 per month.

A government fund was established in 2015 for the purpose of financing the construction of affordable housing. The fund is currently worth LE61 billion (US$6.87 billion), for the first fiscal year starting July 2016, it comprises loans from the World Bank and profit from property and land sales. That is enough to complete nearly 400,000 units still needed to meet a target of 656,000 units set by Mr. Sisi for end of April 2017 said Housing Ministry spokesman Hany Younis.

According to ministry officials, Egypt needs between 300,000 to 600,000 homes annually, of which almost 70 percent should cater to the poor. With a population of more than 90 million and nearly 600,000 new marriages each year, Egypt’s need for residential units is staggering. Over 60 percent of the population is below the age of 30, and as they enter the workforce and get married, they will require homes of their own.

Recently, the Egyptian president Abdel Fattah Al-Sisi had also announced that Tahya Masr (Long Live Egypt) Fund would earmark US$1,277 million for the social housing scheme tailored for the youth.

In addition, the Informal Settlement Development Fund (ISDF) is planning to develop 83 shanty towns across 18 governorates next year. The government has announced a spate of new projects to address increasing demand for housing, including the development of a US$45 billion new capital in the southeast of Cairo. The 30,000-hectare development will comprise 21 residential districts, 25 “dedicated districts”, 663 hospitals and clinics, and 1.1 million homes capable of housing around five million residents.

The Ministry of Housing hopes to attract new investment in the real estate sector by promoting various investment projects in Arab countries, and by expanding its proposal for new projects in partnership with the private sector. Some of these projects were proposed by the ministry in the Sharm El-Sheikh Economic Summit – aimed at attracting investments.

During the Saudi-Egyptian Coordination Council’s meetings, the ministry proposed 22 new projects to Saudi Arabian investors. The projects will be located in the New Administrative Capital and eight new cities affiliated to the New Urban Communities Authority (NUCA). Moreover, a new Emirati project will be launched in Egypt with investments worth LE40 billion.

Property market

Egypt’s property tax law was amended in 2014. President Abdel Fattah Al-Sisi issued Presidential Decree 117/2014, amending the 1967/2008 Property Tax Law to modify the tax-exempt tranche so that it includes those owning a single residential unit valued at up to LE2 million. Hotels, clubs, hospitals, medical centres and clinics affiliated to the armed forces are exempted from paying taxes. Residential properties with annual rental values less than LE24,000 and commercial units with annual rental values less than LE100 are also exempted.

Egypt’s property market is generally unregulated, consequently a vast majority of Egyptians cannot afford to buy a proper accommodation in most Egyptian cities which fits the number of the family members. The extremely high inflation has led to the growth of informal settlements, with poor infrastructure and quality of living.

There is a huge gap between average incomes and residential property prices, with the average house price to income ratio in Cairo being 11 to 1; one of the highest in the Middle East.

Generally, rich Egyptians buy properties purely for investment purposes and to safeguard their savings instead of putting money into banks or investing in the stock market.

Over the past year, there has been a substantial shift in investor confidence in Cairo’s real estate sector. The infrastructure and real estate megaprojects, driven by the government and international investors, have had a positive impact on overall sentiment, although this varies across different sectors. Egypt’s currency devaluation is anticipated to boost the property sector. Investors would look to diversify their risk by investing in land and property; property is likely to become more popular for Egyptians “who want to hedge against inflation”.

Egypt has announced a new mortgage law early this year (2016) could have major impact on the market. The law will lower mortgage interest rates to five percent for people earning up to LE1,400 per month. Additionally, individuals earning LE15,000 per month or families earning LE20,000 per month will be eligible for mortgages with 10 percent annual interest under the scheme. This new reform will require freeing up the mortgage market.

Real estate reforms are crucial to attracting investors Egypt is ranked 111th out of 189 countries in registering property, according to the World Bank’s latest Doing Business report. It takes 63 days and eight procedures to register a property in the country, compared to less than 30 days and 5.7 procedures in other MENA countries.

Housing developments, notwithstanding, the persistent inefficiencies in property registration and the unfettered competition from developer finance, further hamper the development of an efficient mortgage market and consequently the down-market affordability of houses.

While the registration fee ranges from LE525 (US$75) to LE2,000 (US$300), the Global Property Guide suggests that the actual, full costs of a transaction can be as much as 10.85 percent to 12.3 percent of the property value, of which about a third is paid by the buyer and two thirds by the seller.

It is against the law for a property to be formally traded within five years of purchase. To get around this, property buyers often use a ‘signature validity court verdict’ method, which allows resales whenever necessary and without approvals.

Other factors that hinder the advancement of the housing sector include high vacancy rates, rent control and informality. Almost 3.7 million urban housing units are either vacant or closed, and an estimated 42 percent of the housing stock in Greater Cairo is frozen under rent control. The high vacancy rate is associated with past rent control in older areas and poor location of new housing. The lack of market mobility has led to stagnating neighbourhoods that should have undergone change as part of urban and employment transformation (such as the downtown area of Cairo). The relatively low housing production levels, high vacancies, and low incomes relative to housing costs have resulted in a rapid growth in informal housing production, estimated at half of all housing production, and sometimes more.

Policy and regulation

The new investment law; Law 17/2015 ratified by President Abdel Fattah el-Sisi allows the government to directly assign, for free, state-owned land to the private sector as part of public-private partnership schemes. Additionally, the minister of housing in the second half of 2015 announced that based on its land ownership, the government will hold a 24 percent equity share in the new capital project.

Despite the mortgage size growing by 30 percent during the first quarter of 2016, chairperson of the Egyptian Financial Supervisory Authority (EFSA) Sherif Samy believes this is not enough, saying that problems with registration remain the main challenge. It is illegal for companies to finance unregistered real estate units, which currently account for 90 percent of all residential properties.
Egypt’s housing policy framework has been assertive in addressing the challenges of supply and affordability, but its efforts have been criticised as insignificant. Recent political and social instability has further undermined these efforts and highlighted the need for a new approach. A shift from supply-side housing subsidies to mechanisms stimulating private sector involvement in the mortgage market promised to promote the rapid growth of Egypt’s housing sector; stimulating broader economic growth in turn.

EFSA’s board of directors published decision no. 64 of 2015 regarding the conditions and requirements that must be met for granting a license to practice mortgage finance and refinance activity. Among the conditions to be met in the mortgage finance company that its issued capital shall not be less than fifty million pounds. Upon its establishment, the company shall pay the quarter of this amount. The company is committed to disburse the entire amount within one year from the date of being listed at the commercial register.

The capital of a Mortgage Refinance Company shall not be less than two hundred and fifty million pounds. Upon its establishment, the company shall pay no less than half of the amount in cash. The company is committed to complete it in three years at the most.

Opportunities

All sectors of the Cairo real estate market have witnessed a positive performance and improved sentiment during the first three months of 2015 due to stronger confidence and investment appetite created by increased economic and political stability. The recent announcement of the mega real estate project Cairo Capital will serve as an extension for New Cairo and will draw the centre of gravity further to the East of the existing city. And, is expected to increase confidence in the Egyptian market.

The positive economic outlook arising from the Economic Summit is expected to result in additional investment in the residential sector; strengthening the market further in 2015. According to international real estate firm, “JLL”, residential sale prices have continued to increase across Cairo in the first quarter of the year with office rents increasing in New Cairo and retail rents edging further upwards over the past quarter. The hotel sector has also recorded improved performance with tourist numbers and hotel occupancy rates improving.

There is a general optimism that home financing will gain an increasing foothold in the market in the medium term. In a clear signal of this optimism, in May 2015 Egyptian investment bank Beltone Financial announced plans to open a mortgage-financing subsidiary with a paid-up capital of LE50 million (US$6.9 million). The move will bring the total number of dedicated mortgage providers to 14, a substantial number for an undeveloped sector.

The provision of home financing is critical in making home ownership a realistic target for Egypt’s citizens. The introduction of the mortgage law in the early part of the last decade has facilitated the growth of the market in Egypt. The recent amendment allowing foreign companies to offer home financing as well as the Central Bank initiative to provide long term financing to institutions offering mortgage products for low cost housing will contribute to the continued growth of the sector.

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Equatorial Guinea

Overview
Equatorial Guinea is one of the smallest countries on the African continent, with a population of 845,000. It is located in the central region of Africa, bordering the Bight of Biafra, between Cameroon and Gabon, occupying 28,015 km² of land. The country is made up of a mainland territory called Rio Muni, and five islands. The capital city of Equatorial Guinea is Malabo, which is located in Bioko, and which houses most of the population. The city reflects the Spanish colonial influence in its architecture. There are shantytowns as well as upper-class neighbourhoods, often in close proximity to each other. Luba, with a population of one thousand, is the second-largest town in Bioko.

The country gained independence from Spanish rule in 1968. The president of the country, who has ruled since 1979, has been reelected again in 2016. Following the discovery of a large oil reserve, Equatorial Guinea was amongst the fastest economic growing countries on the African continent. Exploitation of oil and gas production has been the driving force behind the economic growth of the country, and as a result it became Sub-Saharan Africa's third largest oil exporter. This allowed the country to make vast structural developments over the past 15 years – specifically implementing a housing policy for new homes and better access to service infrastructure. Growth in the non-resource sector was driven by the large infrastructure spending programme. The government aims to target development and structural transformation under its National Development Plan, Horizonte 2020. Under the first phase of this plan infrastructure was upgraded throughout the country with high quality roads, international ports, and airports and service infrastructure such as electricity and water.

Equatorial Guinea’s strong dependence on the oil and gas industry (making up 90 percent of GDP; 89 percent of exports and 87 percent of fiscal revenues), has meant that it has been particularly vulnerable to the drop in international oil prices and declining oil and gas production. The economy dropped by 10.2 percent in 2015 and is projected to drop further eight percent in 2016 (AEC, 2016). High infrastructural expenditure and a lack of economic diversification has contributed to the country’s economic problems, which in turn has affected public investment, and explicitly, government spending on housing and infrastructure.

Equatorial Guinea falls in the middle income country category, with a GDP of about US$9.3 billion in 2015, according to the World Bank’s World Development Indicators. The GDP per capita was US$11,211 in 2015 (WDI, 2015). Despite this high figure, according to the UN Human Development Index, Equatorial Guinea’s HDI for 2014 was 0.587, which put the country in the medium human development category, positioning it at 138 out of 188 countries. It is however, above the average for countries in Sub-Saharan Africa. The HDI value had increased by 11.5 percent between 2000 and 2014.

Access to finance
The financial system of Equatorial Guinea is generally sound, but small and underdeveloped. As a result, access to finance is limited, consumer credit is low and entrepreneurial activities are hindered by high costs of financing according to Making Finance Work for Africa. There are currently four banks in the country.

In 2011, 259 out of every 1,000 adults were depositors in a commercial bank and 39 out of every 1,000 were borrowers.
According to MFW4A, the spread between lending and deposit rates remains relatively high, although bank real lending rates have come down in recent years reflecting a more competitive environment. The lending interest rate as reported by the World Bank in 2015, was 15 percent in 2007 and the deposit interest rate was 4.3 percent – of course this may have changed but no more recent data is available. MFW4A reports that credit in Equatorial Guinea tends to be concentrated in short-term lending to government contractors and public infrastructure projects, creating a potential source of vulnerability. The World Bank’s 2016 Doing Business indicators scores Equatorial Guinea at 119 out of 189 countries globally in terms of ease of getting credit.

The insurance sector is small, consisting of three insurance companies and one reinsurance company and is regulated and supervised by a regional body, the Inter-African Conference on Insurance Markets (CIMA). As Equatorial Guinea forms part of the Central African Economic and Monetary Community (CEMAC), it shares a common currency with other member states and the central bank is Bank of Central African States (French: Banque des États de I’Afrique Centrale (BEAC). The banking activities in Equatorial Guinea are supervised by COBAC – the CEMAC region Banking Commission.

Since 2011, Equatorial Guinea has not received long-term debt ratings by any of the three major credit rating agencies. In 2007, non-performing loans stood at 10.8 percent down from 14.3 in 2006. The current account deficit has progressively increased to around 10 percent of GDP by 2014 as a result of lower exports from maturing hydrocarbon fields, combined with high import levels associated with the public infrastructure program. The consumer price inflation (CPI) has averaged about four percent in recent years, above the three percent regional convergence ceiling set by CEMAC.

Affordability

The majority of people in Equatorial Guinea are involved in the informal sector. The GNI per capita is US$7 790. The employment to population ratio is 79.8 percent and the labour force participation rate is 86.7 percent according to the UN HDI report, 2015. Only 18.9 percent of the population uses the internet and 66.4 percent are mobile phone subscribers. 19.3 percent of the working population are mobile phone subscribers. 19.3 percent of the working population are mobile phone subscribers.

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Housing Supply

Sixty percent of Equatorial Guineans live in rural areas. The country as a whole has a variety of housing types. In the north, houses are made from wooden planks or palm thatch. Many houses have shutters. On the mainland, there are different kinds of houses, which are self-built using natural materials, small houses are made of cane and mud walls with tin or thatch roofs. People of Budi society are divided by function: farmers, hunters, fishers, and palm-wine collectors. On the other hand, there are high rise apartment buildings in cities.

Equatorial Guinea is allocating resources to its development and infrastructure projects at a fast pace. Social housing is a clear example of the efforts the President of Equatorial Guinea, Obiang Nguema Mbasogo, is undertaking.

The government of Equatorial Guinea has funded a series of public housing blocks, in Bioko Norte, for low-income people. The houses will be offered at affordable prices to Equatoguineans. Over 1 000 houses were built on Sampa, a small town north of Malabo. This is another effort from the government to improve the living standard in the country.

The public investment programme as outlined by the IMF (2015), planned to spend CFAS 1.492 billion on social housing. By mid-2014, CFAS 394 billion (US$670 million or 26 percent) had been spent and by 2015 CFAS 113 billion (US$192 million). An additional CFAS 5 995 billion (US$10 million) was planned for urban development. Some declared that social spending such as social housing (constructing apartments), is not well-targeted as most of it is inaccessible to the poorest segments of the population.

As reported by Cemnet, 2016, the Cameroon-based Common Savings and Investment Fund (CCEI) granted the Equatorial government US$69 million to build a cement plant. This will hopefully lower costs of construction and contribute to governments plan to prioritise the non-hydrocarbon sector.

Property Markets

The country ranked 156 out of 189 countries in terms of registering property – it saw a drop in three positions since 2015. The country however improved by three places since last year in terms of dealing with construction permits. According to the World Bank’s Doing Business Indicators for 2016, there are six procedures to register property which is on par with the Sub-Saharan African region. Registering property takes on average 23 days – this is 34.5 days less than the Sub-Saharan African average. The cost to register property is 12.5 percent of the property value.

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According to the Doing Business Indicators for 2016, dealing with construction permits to build a warehouse in Equatorial Guinea requires 13 procedures, takes 144 days and costs 4.1 percent of the value of the warehouse. While not directly to residential property, this provides a rough indication of the formalities undertaken to construct in Equatorial Guinea, indicative costs, timeframes and steps to follow, including legal implications.

**Policy and Regulation**

According to the IMF (2015), the government’s development agenda is guided by a medium-term strategy: the National Economic Development Plan: Horizon 2020, which targets economic diversification and poverty reduction. The first phase of Horizon 2020, focusing on infrastructure development, was concluded in 2012. The second phase will focus on economic diversification, targeting strategic new sectors such as fisheries, agriculture, tourism, and finance. This need to focus on developing new economic sectors was driven by the drop in oil prices and hence decline of the historically dominant sector.

The new city of Djibloho, in the centre of mainland Equatorial Guinea, will be created under the framework of the policy of regrouping the populations of the main cities – Malabo, Bata, Mongomo, Ebebiyin, Evinayong and Luba. A complementary approach was taken in drafting the master plans for roads, housing and social infrastructure in order to improve the quality of urban life through economies of scale as reported by the African Economic Outlook, 2016.

After consultation with Equatorial Guinea in 2015, the IMF advised a structural reform agenda to boost competitiveness and attract potential investors, including:

- Accelerating reforms to improve the business climate, in partnership with the World Bank;
- Supporting human capital development by promoting education, especially fully equipping and staffing newly built schools;
- Advocating for lower trade barriers among regional partners in the Economic Community of Central African States (CEMAC) and between CEMAC and other countries; and
- Seeking to partner with international financial institutions on investment opportunities.

With support from the World Bank, Equatorial Guinea has established a statistics office which aims to better inform policy makers indicating that the country is cognisant to the fact that quality of data influences informed policy.

**Opportunities**

As reported in 2015 by the IMF, authorities, in cooperation with the banking sector, have made significant efforts to strengthen financial sector development and improve access to financing in the past few years. The IMF indicates that enacted measures include the introduction of a real-time interbank clearance mechanism and the placement of ATMs at the bank branch level, as well as significant investments towards laying a fiber-optics cable to the mainland. Plans are also underway to develop nation-wide ATM and credit card networks, while authorities are considering proposals for the creation of a credit fund and the development of a government debt market.

Going forward, the country’s commitment to the Agenda 2030 and the Sustainable Development Goals (SDGs), is underpinned in the national development plan, with 15 major programs that centre on socio-economic development. The plan addresses food security, health, education, housing for all, water, electricity, people centered administration, development statistics, employment for all, transforming the country into an energy power house, a regional financial hub, and environmental sustainability\(^7\) (UNDP, 2016).

In addition to this, the new cement plant will decrease the cost of construction and increase accessibility to local build materials. Firm commitment by government to create an enabling business and investor environment further indicates a solid foundation for growth in other economic sectors. An enabling business environment is created through the provision of infrastructure as part of government policy as well as the renewed focus on the sectors other than hydrocarbon which indicates increased government spend in social and economic facilities.

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Eritrea remains one of the poorest countries in the world. The unlimited term national service requirement, which has been in place for 12 years, has forced the majority of the adult population to serve as recruits for extremely low wages. Therefore the poverty rate is very high and a large number of Eritreans depend on the support of relatives in the diaspora for survival. Eritreans make up the third largest group of migrants to Europe, which is significant given the country’s small population of just 6.7 million. No census has been carried out in Eritrea to date and official statistics on the prevalence of poverty in the country are limited. Based on anecdotal evidence, poverty is still widespread (up to 69 percent) and 80 percent of the population depend on subsistence agriculture for their livelihoods. Consequently, a large portion of the population is vulnerable and food insecurity is high, and according to the Global Hunger Index, more than 60 percent of the population is undernourished. Eritrea’s Human Development Index rank was 181 out of 186 countries indicating a very low level of socioeconomic development. School enrolment rates are relatively low at 42.5 percent at the primary level, 29.8 percent at secondary school level and just two percent at tertiary level.

The diversion of resources to the military and negligible foreign investment (beyond the mining sector) means that Eritrea’s economic performance will remain below potential. Nevertheless, annual real GDP growth is expected to increase from an estimated 2.2 percent in 2015 to 4.8 percent in 2016 as new mines are opened. Furthermore, growth is unlikely to be affected by UN sanctions, which are not stringent enough to affect output or investment in the mining sector. Agriculture will continue to only have a minor impact on economic growth, owing to persistent low levels of value addition and poor productivity. However, the government’s decision to utilise US$17 million of the African Development Bank’s Drought resilience and Sustainable Livelihoods Programme 2015 – 2021 enables the country to mitigate the effects of recurring drought and create opportunities for a significant number of Eritreans to participate in generating broad based growth. The World Bank’s 2016 Doing Business Report ranks Eritrea as the most difficult country in which to do business (last out of 189 countries).

Despite these challenges and setbacks, according to the UNDP, the government has endeavoured to protect the most vulnerable segments of the population and to implement its long-term development policies. The government has focused its investing in three priority areas namely: food security and agricultural production, infrastructure development and human resources development. These priorities are part of the country’s five year National Indicative Development Plan (NIDP), which aims to create the necessary conditions for the emergence of a modern, technologically advanced and internationally competitive economy. Furthermore,
the NIDP’s policy on housing aims at improving the livelihood of the entire population by ensuring that all households have access to adequate and affordable housing.

Access to finance

According to the US Department of State (2015), the health of the Eritrean banking sector is unknown. The financial system is considered to be significantly underdeveloped with a limited supply of financial services, which fall far short of demand. Eritrea’s banking sector remains controlled by the state, with lending directed towards other state-owned or state-controlled entities. This indicates that financial sector is shallow. There are currently six financial institutions comprising the financial sector: the Central Bank (Bank of Eritrea); the Commercial Bank of Eritrea (CBE), a state-owned bank with nearly twenty branches in the country; the Housing and Commerce Bank of Eritrea (HCBE), a private bank, specialising in commercial and residential mortgage loans; the Development and Investment Bank, a state-owned bank specialising in long-term industrial and agricultural loans; an insurance company; and Himbo, a government owned and operated exchange and remittance service, which it hopes will help narrow the gap between the exchange rate being offered by the banks and the black market. Currently, commercial banks are required to set aside 20 percent of their deposits as reserves. None of the banks publish financial statements.

According to the World Bank’s 2016 Doing Business Report, in the ‘ease of getting credit category, Eritrea was ranked 185th out of 189 countries. As a result of the shallow financial system, the average level of credit extended to the private sector is quite low and the government pursues administered interest rates, which discourages private savings and increases the cost of borrowing. The cost of borrowing still remains prohibitively high, with real interest rates around seven to 12 percent. If not subsidised, the interest rates could be as high as 30 percent depending on the use of the money being borrowed. The low level of financial sector development in Eritrea has continued to limit investment opportunities.

Although the government enacted the comprehensive Bank and Financial Institutions Act, permitting the licensing of private financial institutions, including foreign banks, no other local or foreign private financial institution has been allowed to work in Eritrea (except the foreign exchange bureau). Money and capital markets are non-existent; so open-market operations are not possible in monetary policy management.

HCBE offers savings and current accounts in the local currency (Nakfa), US Dollars and Euros, as well as US Dollar denominated Certificates of Deposit. According to the Bank’s website, its main product offerings include: medium and long-term loans for the construction of houses and businesses, as well as various types of medium- and long-term loans for the construction of buildings, stores, community centers, and so on. The bank’s other product offerings include loans for purposes of purchase of existing buildings and homes repairs, maintenance, modifications and extensions; as well as commercial, consumer and personal loans. The bank also has a large scale housing construction programme that it financed, to deliver stock for sale to the public.

Data on mortgage lending is not available and does not appear to be collected by the Central Bank – it is therefore not possible to determine the size of the mortgage market. However, it is likely to be small. The country’s collateral markets are underdeveloped making it difficult for citizens to obtain mortgage loans. For example, undeveloped land, no matter the tenure form, cannot be used as collateral and this denies landholders the opportunity to borrow for house construction.

Affordability

In 2012, Eritrea had an average annual per capita income of US$507. Although the level of urbanisation is low by global standards (around 25 percent of the national population live in towns), access to housing and urban infrastructure services is severely constrained. Eritrea’s lack of major exports, limited hard currency, and its deadlock with Ethiopia has resulted in a rising cost of living which places further strain on already impoverished citizens.

While some households are able to make use of bank loans, the vast majority of people live below the poverty line and therefore, a significant percentage of houses are either self-financed, or built with remittances from Eritreans living abroad. In many instances, dwelling homes are built over years and cost the entire life savings of those who invested in them. Given the tough economic condition and in order to alleviate their housing problems, many individuals have resorted to “selling” part of the land allocated to them for development purposes. The main purpose of these sales by the owners is to use the proceeds to build their own houses on a portion of their land. This practice has become widespread over the past 20 years despite the fact that the government considers this practice to be an “illegal sale of land”.

For the minority that can afford mortgages, the banks, usually HCBE, require a 25 percent deposit, and then an installment to income ratio of no more than a third of the borrower’s income over a maximum tenor of 25 years. According to local news sources, a 16 m² room in Asmara and in villages in the vicinity goes for 1,000 Nakfa (around US$63) per month and the median average salary of a government employee in the country is 800 Nakfa (US$51) per month. It becomes quickly apparent that only higher income households can afford the affordable housing stock in Eritrea.

In 2013, the government launched a major housing project in Asmara. According to the official website, apartments and houses will range from 30 – 120 m² and 125 – 200 m² respectively. Apartment prices range from EUR18,007 (US$19,775) for a 30 m² unit to EUR66,471 (US$72,998) for a 120 m² unit. House prices vary from EUR71,323 (US$78,327) for a 125 m² home all the way up to EUR113,006 (US$124,103) for a 200 m² unit. As stipulated on HCBE’s website, only nationals who have fulfilled their national obligations and who make a 25 percent deposit payment for the house or business shops they select are qualified for the purchase. The costs of these types of units are prohibitively expensive for the vast majority of Eritreans.

Housing supply

The availability of adequate and affordable social housing continues to be problematic in Eritrea. According to a 2005 Housing and Urban Development study, the majority of households own their homes (69 percent), ranging from 82 percent in villages to 63 percent in the primary cities. However, it is not clear if these households have formal title or are able to use their land rights to mobilise finance. The remaining 31 percent is composed of renters, including private renters (20 percent), sharers (6 percent) and government renting (4 percent). The formal and informal rental housing sector appears to offer viable housing solutions for many families in Eritrea.

In Asmara, over half of the households in the city were tenants. In the rest of the country, this proportion is lower; ranging from around 17 percent in small towns and 22 percent in the medium-sized towns. According to a 2014 law, annual rent must be paid with the sole exception of rural housing. Regarding “house sharers” they tend to mostly be immediate or extended family members who are either unable to pay for their rents or cannot find a house to rent. The large ratio of sharers reflects the serious housing problem in the country. The majority of urban residents in Eritrea live in overcrowded housing with limited access to affordable water and safe sanitation.

According to the Human Rights Council (HRC), over the years, the successive movement of refugees and internally displaced persons has caused severe housing shortages. In recent years, the Eritrean authorities have resorted to evictions and demolitions of houses that were built outside of local planning permissions. The HRC has received information concerning the recent demolitions of approximately 800 houses in Asmara and several other villages in the vicinity of the capital city, as well as other towns such as Adi Keyh, in the southern part of the country. An estimated 3,000 people have been made homeless as a result of these demolitions. Many evictees have, in turn, sought refuge with friends and family which has further exacerbated the overcrowded housing problem and further limited access to affordable water and safe sanitation. According to the HRC, by resorting to these types of actions, the Eritrean authorities have demonstrated that they are reluctant to create the necessary conditions to expand access to adequate social housing.

It is not clear what the government’s current housing delivery rate is, but recent reports suggest many of the newer developments are targeted and the medium to high end of the property market. According to local news sources, in 2014
Eritrea has been quietly building a number of multimillion dollar infrastructure projects. From luxury resorts to colleges to modern homes and dams, Eritrea is witnessing an unprecedented development boom. Examples of this high-end boom include the Asmara Housing Project which was launched in 2013 and developed in the Sembel, Halibet and Space 2001 districts of the city. The project consists of 1,680 homes and shops, and is the largest modern housing infrastructure project in the Horn of Africa. There is also the US$115 million Dahalak Master Pan and several high-end resorts in Rai Harab and Halibay. It also appears as though the government is constructing residential properties that will be sold to Eritreans in the diaspora who can afford to pay in foreign currency. In an interview with state media in February 2014, President Isaias Afwerki said, “The pilot housing project in Asmara is a precursor of a comprehensive urban and rural national housing scheme for the years to come”. Therefore it is suggested that urban areas such as Mendefera, Teseney, Assab, Dekemhare and Keren should expect to see housing development projects of their own.

The private sector has also been involved in delivering housing units in the country. The US$300 million Massawa project appears to be a mix of luxurious resorts, hotels and residential buildings. Currently construction of the project has been postponed, presumably, due to the Asmara pilot project taking a priority. Although little information has been provided on this massive project, observation of the tenders provided by the government seems to indicate the models were designed by Piccini, an Italian based engineering and machinery producing company. Another Italian company, Gruppo Italiano Costruzioni, is reportedly constructing 1,680 housing units in the capital city, Asmara, as well as several housing projects and a resort in Massawa.

**Property markets**

Under the 1994 Land Proclamation Act, land ownership is vested in the state, with individuals, both Eritreans and foreign investors alike, granted users’ rights under a lease arrangement, renewable, for 10 – 60 years. Women have equal rights to men under the Land Proclamation Act. Two legal instruments drafted in the 1990s gave every Eritrean the right to land for housing in urban areas and ancestral villages, subject to meeting certain allocation criteria. There are two distinct forms of land tenure for housing: “Tessa” and lease land. “Tessa” land refers to allotted village land. Lease land is allocated in urban areas and houses built on it may be sold, donated, inherited, transferred or mortgaged.

The property market in Eritrea is challenging. According to the World Bank’s 2016 Doing Business Report, registering property in Eritrea requires 11 procedures, takes 78 days and costs 9.1 percent of the property value.

**Opportunities**

Analysts agree that Eritrea’s growth prospects are potentially favourable in the medium term due to the potential of additional mineral resources (copper and zinc) as well as recovering commodity prices. Eritrea clearly has a great need for affordable housing delivery and there are significant opportunities for both the public and private sectors to strengthen the development of housing finance, as well as increase its supply. Possible initiatives include expanding tailored housing loan products to low income groups; providing technical assistance to banks to enable them originate and manage loans for low income housing; and introducing innovative and competitive housing solutions and products for the poor. Furthermore, substantial remittances from the diaspora provide a useful source of housing finance (when it is not subjected to tax) that could be harnessed for both mortgage and microfinance lending.

Beyond mortgage finance, there is a significant need for cheaper building materials, which provides potential investors with the opportunity to gain substantial market share by manufacturing some building materials locally.
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Overview

Over the past decade, economic growth in Ethiopia averaged 10.8 percent exceeding its regional peers and other developing and emerging market countries, as recorded by the IMF (2015). Rapid economic growth driven by large public investment and growing services has halved the proportion of people living below the national poverty line from 48 percent in 1990 to 29.8 percent in 2011. Poverty levels are expected to further decline to 23.4 percent in 2015, which is below the MDG target of 24 percent. Furthermore, with a Gini coefficient of 30, Ethiopia remains one of the most egalitarian countries in the world.

Ethiopia is the second most populous country in Africa after Nigeria with an estimated 90 million citizens. Agriculture is the foundation of the economy (followed by the services and industrial sectors) accounting for almost 40 percent of GDP and 80 percent of country’s employment. The country is currently facing its worst drought in 50 years due to the El Niño weather system. As a result, analysts predict economic growth will slow to between four and seven percent this year.

Ethiopia is one of the poorest countries in the world, and according to the UN’s Human Development Report (2015) the country has a very low human development ranking of 174th out of 188 countries. Despite having one of the lowest rates of urbanisation at only 19 percent (well below the sub-Saharan average of 37 percent), Ethiopia is now one of the most rapidly urbanising countries in the world. According to the World Bank, the urban population will reach 30 percent by 2028 and be tripled by 2034. The main drivers of urbanisation include: natural growth; migration to urban centres and the reclassification of villages into towns; and the expansion of urban centres.

The combination of high population and urban growth rates, coupled with a high prevalence of urban poverty has placed enormous strain on Ethiopian cities. To accommodate the rising levels of urbanisation, significant investment in basic infrastructure such as health, education, housing, roads, water and sanitation and recreational facilities are required. Since 2004/05, the government has focused more on developing housing, upgrading slums, providing infrastructure and promoting small urban enterprises. The Growth and Transformation Plan (GTP2) for 2015 to 2020 will continue to target infrastructural development with the view of the country being classified as a “middle income” by 2025.

Access to finance

Ethiopia’s financial sector includes banks, microfinance institutions, insurance companies and pension funds. Banks dominate the financial sector. There are 19 banks – 16 of which are privately owned. The total capital of the banking system reached ETB 31.5 billion (US$14 billion) with private banks accounting for 56.5 percent of that figure. The largest bank is the government-owned Commercial Bank of Ethiopia (CBE) which accounts for 34 percent of the total capital of the banking system. According to the IMF, the NBE regularly monitors adherence to Basel I capital adequacy requirements; and in 2015 the system-wide capital of the banking system reached ETB 31.5 billion (US$14 billion) with private banks accounting for 56.5 percent of that figure. The largest bank is the government-owned Commercial Bank of Ethiopia (CBE) which accounts for 34 percent of the total capital of the banking system. According to the IMF, the NBE regularly monitors adherence to Basel I capital adequacy requirements; and in 2015 the system-wide capital of the banking system reached ETB 31.5 billion (US$14 billion) with private banks accounting for 56.5 percent of that figure. The largest bank is the government-owned Commercial Bank of Ethiopia (CBE) which accounts for 34 percent of the total capital of the banking system. According to the IMF, the NBE regularly monitors adherence to Basel I capital adequacy requirements; and in 2015 the system-wide capital of the banking system reached ETB 31.5 billion (US$14 billion) with private banks accounting for 56.5 percent of that figure. The largest bank is the government-owned Commercial Bank of Ethiopia (CBE) which accounts for 34 percent of the total capital of the banking system. According to the IMF, the NBE regularly monitors adherence to Basel I capital adequacy requirements; and in 2015 the system-wide capital of the banking system reached ETB 31.5 billion (US$14 billion) with private banks accounting for 56.5 percent of that figure.

KEY FIGURES

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<td>What is the average rental price for a formal unit (in US$/month)? #</td>
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</tr>
<tr>
<td>Outside of Centre: US$134 **</td>
<td>---</td>
</tr>
<tr>
<td>Ease of doing business rank</td>
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</tr>
<tr>
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</tr>
<tr>
<td>Time (days) to register property</td>
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</tr>
<tr>
<td>Cost (% of property value) to register property</td>
<td>6.10</td>
</tr>
</tbody>
</table>

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** Ibeh and Ubend [1].
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Access to finance

Ethiopia’s financial sector includes banks, microfinance institutions, insurance companies and pension funds. Banks dominate the financial sector. There are 19 banks – 16 of which are privately owned. The total capital of the banking system reached ETB 31.5 billion (US$14 billion) with private banks accounting for 56.5 percent of that figure. The largest bank is the government-owned Commercial Bank of Ethiopia (CBE) which accounts for 34 percent of the total capital of the banking system. According to the IMF, the NBE regularly monitors adherence to Basel I capital adequacy requirements; and in 2015 the system-wide capital adequacy ratio was 1.66 percent (double the minimum requirement). Returns on assets and equity showed solid performance, at three and 45 percent, respectively. The non-performing loan ratio was a low 2.4 percent. Total savings have increased to about 19 percent of GDP, reflecting a solid growth in private
Ethiopia's banking sector is shallow, offering a limited range of products and services. The sector remains closed to foreign investors, and formal capital markets are non-existent. There is no stock market and treasury bills are the only active primary securities. Ethiopia lacks a public credit registry or private credit bureau, making it hard for financial institutions to assess the creditworthiness of borrowers. Lending is therefore mainly collateral-based thereby excluding the vast majority of small businesses and households. The World Bank's 2016 Doing Business Report showed that almost 93,671 individuals and 6,778 firms were recorded on the public credit registry (an increase from the previous year), but representing just 0.2 percent of the population. As a result, Ethiopia continues to underperform with respect to getting credit and is ranked 167th out of 189 countries.

According to the latest figures from the IMF, in March 2015, there were only 24 Microfinance Institutions (MFIs) providing financial services; and their penetration ratio is still low, with less than four percent of the population being served. Although deposit taking MFIs are growing in number, their coverage is insignificant relative to the size of the unbanked population.

Historically, lending for housing (both development and mortgage finance) was carried out by a specialist lender; the Housing and Savings Bank (HSB). HSB granted long-term loans at a subsidised rate for residential housing and commercial building construction, purchase and renovation, time deposits and long-term borrowings. It was succeeded by the Construction and Business Bank (CBB), a wholly government owned public enterprise which has the additional mandate of universal banking. A loan by the CBB requires a deposit of 30 percent up front, with generally only a five year tenor. Another major player in the mortgage market is CBE which has grown since the introduction of the Integrated Housing Development Programme's current project in Addis Ababa, in which it plays an important role in the provision of mortgage finance. Mortgage rates for the company's 40/60 programme are estimated at 14% over a ten year period with a 40 percent down payment.

Affordability

A key challenge to housing affordability is the absence of a diversified and flexible housing finance sector. Approximately 90 to 95 percent of the working population is employed in the informal sector; making the vast majority ineligible for formal finance. As a result, only upper income groups and members of the diaspora can afford newly constructed housing built by the private sector. Although mortgage lending is growing, cash is the predominant form for purchasing formal housing. Houses tend to be constructed progressively on an instalment basis. Savings. However, given the investment target is 40 percent of GDP, more resources are needed. In general, access to financial services has been improving and the total number of bank branches reached 2,693 in 2015 – 36 percent of which are located in Addis Ababa. This increase has brought down the ratio of bank branches-to-population from 39,834 to 33,482.

According to Delz (2014), the government's Integrated Housing Development Programme (IHDP) has compounded the housing affordability issues for lower income residents. Compliance to financial provisions of the banks has resulted in a housing typology that does not offer incremental stages of construction nor the use of alternative building materials. This dependence on specific materials has contributed to rising construction costs and steadily increasing housing price units. In June this year, the Commercial Bank of Ethiopia and Ministry of Urban Planning and Housing, revealed that the new 40/60 condos are with an additional ETB 100 (US$96) per square meter from their current price. This price increase is due to rising construction and labour costs which have forced the Addis Ababa Savings & Houses Development Enterprise to re-evaluate their prices, taking into account the current market, land, water, electricity and building design prices. If the revised prices are reviewed then the cost of one-, two- and three-bedroom condos (currently valued at ETB 162,000 (US$7,397), ETB 250,000 (US$11,416) and ETB 386,000 (US$17,626) respectively) will increase accordingly by the square meterage of the apartments. The apartments are 55, 75 or 100 m² in size. The increased costs of construction, and thus the down payments as well as mortgages have placed additional financial burdens on the poor. As a result, many beneficiaries from low-income groups have rent out their units to more affluent citizens. In turn, the unit owners tend to stay in their original substandard dwellings or have returned to another precarious housing type.

Housing supply

The existing housing stock, particularly in Addis Ababa, is generally of poor quality, with many settlements congested and unplanned. Using the UN-HABITAT slum definition, 80 percent of Addis Ababa is a slum with 70 percent of this comprising government-owned rental housing. Only 30 percent of total housing stock is in good condition, while the remaining 70 percent is in need of total replacement or significant upgrading. Ethiopia's housing deficit is between 900,000 and one million units in urban areas, and about 300,000 housing units are required in Addis Ababa alone every year in order to meet the projected demand of 1.5 million new homes by 2023.

There are four categories of new residential developments taking place in the housing sector: (a) government-initiated condominium buildings; (b) residential neighbourhoods initiated by developers; (c) owner-built housing dwellings; and (d) new home activity driven by housing cooperatives. In addition, there are two other major categories of housing units in Addis Ababa: kebele-rental housing (very old stock), mainly for those on low incomes, and informal settlements.

1. Government-built Condominiums: Since 2005 Ethiopia has been implementing the Integrated Housing Development Programme, an ambitious government-led low and middle income housing programme. This programme

### ETHIOPIA

**Annual household income US$**

<table>
<thead>
<tr>
<th>No. of households (thousands)</th>
<th>&gt; $40,001</th>
<th>$23,001 – $40,000</th>
<th>$12,001 – $23,000</th>
<th>$8,001 – $12,000</th>
<th>$5,001 – $8,000</th>
<th>$3,601 – $5,000</th>
<th>$2,401 – $3,600</th>
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<tr>
<td>Average income needed for the cheapest newly built house by a formal developer, 2016</td>
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<tr>
<td>Average annual urban household income, 2015 (in constant 2005 US$)</td>
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<td></td>
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</tbody>
</table>
was implemented in Addis Ababa and 55 other cities. The first phase of the IHDP has been successful in many respects and has built 171,000 housing units. There were, however, a number of unanticipated challenges facing the program that are supposed to be addressed in a new and enhanced second phase of the IHDP which was launched in 2011.

This second phase involves a new condominium housing project in Addis Ababa divided into three different categories to accommodate monthly earnings ranging from US$23 to US$138. The payment allows the buyer to make a down payment equaling 10, 20 or 40 percent of the unit cost, and then to pay off the balance through a mortgage.

Currently there are 38,790 condominium units that are under construction at 13 sites. The new condominium houses that are being built will be 18 storey buildings. According to the latest figures available, 18,000 of the 160,000 people registered under the scheme are saving money each month toward acquiring a home. Out of these, 11,800 have paid the full amount and around 29,000 have paid 40 percent of the total cost. The ones who have paid in full will have priority when the condominium units are handed over to the home owners.

2. Residential neighbourhoods initiated by Real Estate Developers: There are approximately 50 private real estate companies operating in Ethiopia that are almost exclusively focused on high income groups. These higher end units tend to be located within estates approximately 20km from Addis Ababa or in the Kazanchis business district in the heart of the city. It is estimated that Ethiopia now has 2.7 millionaires, reflecting an increase of 108 percent between 2007 and 2013 – the fastest growth rate in Africa.

3. Owner-built housing construction: Self-built housing was by far the most common type of housing delivery approach before the introduction of the IHDP. Though relatively limited now, this building approach is still active in older residential neighbourhoods. Costs for owner-built construction are generally higher and this segment of the market tends to include the full range of housing units from modest homes constructed over extended periods to large and luxurious homes often built by razing or replacing older properties.

4. Home construction by Housing Cooperatives: Cooperative housing developments, organised by groups that share a common employer or membership, have been a long-standing feature of the residential real estate market. The city administration has registered more than 500 housing cooperatives. The minimum membership in a housing cooperative is 14 while the maximum is 24. Many cooperatives members are middle-income, based on employer associations such as Ethiopian Airlines or other state-owned companies.

Property markets

In the World Bank’s 2016 Doing Business Report, registering a property requires seven procedures, takes 52 days and costs 6.1 percent of the property value; for this, Ethiopia ranks 141st globally. This is still cheaper and quicker compared to the rest of the region. However, key obstacles remain, including land policies, the scarcity and cost of construction material, the lack of basic supporting infrastructure and the lack of long-term financing.

All land is owned by the state and foreigners are barred from owning property in Ethiopia. Property rights and regulations governing the acquisition, benefit, use and sale of land are not clearly defined. According to Delz, even though Ethiopia’s land policy does not allow for the private ownership of land, the IHDP has created indirect private ownership, as the housing program forces dwellers to either acquire the provided private property or to leave their neighbourhood.

Land administration is divided between municipalities (for urban land) and regional governments (for rural land). In urban areas there is a system of leasehold tenure, which has replaced the permit system; in rural and peri-urban areas a permit system (based on use rights) applies. In terms of the leasehold system in urban areas, individuals lease land from the government for up to 99 years. Regional governments are expected to allocate land to investors within 60 days of receiving their applications. The lease price of urban and rural land varies according to the location, type of investment and class of land. The land cannot be mortgaged or sold, but the lease value of the land and the fixed assets thereon may be mortgaged or transferred to a third party. The government has the right to take the land back, on payment of compensation for improvements made. Compensation is not paid for the value of the land itself. In the conversion from the permit to the lease system, government converts the permits to leases when a land transfer transaction is being carried out.

In urban areas, formal land delivery is through planning and public auction by city government. New parcels of land are leased with a fixed lease period and conditions according to a land use plan. Alongside this land delivery system a cash land market operates in which people exchange leases or permits through sale agreements. Buyers pay property transfer taxes and commissions to intermediaries. Within the city boundary new parcels of land come onto the market through an informal system without planning or documentation. The exchange is usually among personal connections, and a simple sale agreement confirms the transaction. About 90 percent of these parcels are subdivisions of land with ‘permission to occupy’ rather than titles.

Policy and regulation

Until recently, there were few national coordination policies regarding housing and urban development. There are now a number of players in the sector that are focused in addressing the housing shortfall as well as the associated land and tenure issues. In 2005, the national Ministry of Works and Urban Development (MWUD) was established in order to guide the overall development of the country’s urban areas and conducting studies on its urbanisation patterns. It has since been renamed the Ministry of Urban Development, Housing and Construction. Cities and regional governments are responsible for preparing physical urban development plans, and the Housing Development Bureau works towards the implementation of the second phase of the IHDP in Addis Ababa, including the Micro and Small Enterprises Development Programs. Under the strong vision and leadership of the Ministry of Urban Development, Housing and Construction, commendable progress has been made in shaping urban developments in Ethiopia. That being said, while the government has an urban-development policy, it does not have a consolidated strategy.

A number of policies govern the housing sector, including the following:

- Urban Development Policy (2005): Formulated by the Council of Ministers of the Federal Democratic Republic of Ethiopia to link together the small-scale efforts made by regional governments and cities since 2000.
- The Federal Rural Land Administration and Land Use Proclamation No. 456/2005: Enacted for the purpose of ensuring tenure security, strengthening property rights of farmers, sustainably conserving and developing natural resources, establishing land data base, and establishing an efficient land administration in the country.
- Expropriation of Landholdings for Public Purposes and Payment of Compensation and Council of Ministers Regulation No. 135/2007: The Federal Constitution vests in the government the power to expropriate private property in the public interest, provided it pays compensation prior to acquisition and in an amount commensurate with the value of the seized property.
- Ethiopian Building Proclamation 624/2009 formal sector: A legal document outlining the building regulations and requirements, for use by local authorities to ensure building standards are maintained in their jurisdiction. Parts of Ethiopia are located in an earthquake zone and a code exists to ensure buildings resist maximum predicted earthquake loads. The codes are only used and enforced in buildings developed in the formal sector.
- Proclamation (number-unknown): Allowed the importation of cement as the lack of locally available cement caused major construction delays for condominium projects.
- A number of proclamations exist between 2002 – 2005 deal with the acquisition and in an amount commensurate with the value of the seized property.
- Regulation No. 15/2004: Outlines the establishment of the Addis Ababa City Government Housing Development Project office and outlines its duties and responsibilities.
In late 2015, there were reports of a new Bill to be tabled for Parliament by the MWUD. The new Bill aims to govern the housing rental market for both the public and private sectors.

Opportunities

Like many other African countries, Ethiopia has a great need for affordable housing delivery. Housing finance markets are destined for growth at virtually all income levels, but particularly within the lower to middle income ranges. Private real estate developments have tended to focus on the high end of the market but there is considerable unmet demand for less expensive homes for lower income earners. Private sector efforts could and should complement the government’s housing delivery by providing new approaches, technologies and building alternatives.

A sector that warrants further development and exploration is Ethiopia’s microfinance industry, one of the largest in Africa. Given relative tenure security, this creates enormous potential for the development of housing microfinance products which are appropriate for low income earners. Formal encouragement of self-build construction is required, especially through regulatory reform around building standards and greater product innovation by banks.

Due to expensive and inefficient building materials that are imported, there is a huge requirement for cost-effective housing at a faster speed and larger scale. Developers with cheaper and unconventional construction materials have significant advantages over competitors. Promising prospects include the use of pre-fabricated boards, steel-based construction of high rise buildings, and locally available environmentally friendly building materials. Given the considerable need for skilled manpower, it would be an added value proposition for any investor to train local Ethiopians to fulfill these roles rather than relying on more expensive migrant labourers.

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Overview

Gabon is a former French colony located on the west coast of Africa, bordering the Atlantic Ocean and Equatorial Guinea, Republic of Congo and Cameroon. The country covers an area of 267,667 km² for a total population of approximately 1.7 million, with a third of them living in the capital city Libreville. The official languages are French and Bantu. The life expectancy in the country is at 62 years old. The climate condition of the country is mainly tropical, very hot and humid, with narrow coastal plain. Gabon is rich in mineral and natural resources which are petroleum, natural gas, diamond, indium, manganese, uranium, gold, timber, iron ore and hydropower.

Gabon is the fifth largest oil producer in Africa, and together with timber, and other ore and hydropower.

Access to Finance

Gabon's housing finance program and budget are divided between different state institutions that have the mandate to deliver and execute housing programs in the country. These institutions are namely: the Ministry of Housing the Agence Nationale de Grand Travaux (ANGT) and the National Real Estate Development and Equipment. In addition Credit Foncier of Gabon (CREFOGA) is established by the Gabonese government as a specialised agency in housing finance. Another financial government institution is the Guarantee Fund for Real Estate and Equipment. In addition Credit Foncier of Gabon (CREFOGA) is created in 1973 and the National Building Society (SNI) created in 1976 by merging the National Housing Corporation and the Gabonese Development of National de Grand Travaux (ANGT) and the National Real Estate Company which oversee housing projects. Today the government retains 70% of the stake of the National Housing Corporation; the Agence Nationale de Grand Travaux (ANGT) and the National Real Estate Company which oversee housing projects. Today the government retains 70% of the stake of the National Housing Corporation; the Agence Nationale de Grand Travaux (ANGT) and the National Real Estate Company.

Gabon has made considerable improvement of its business environment and is currently ranked 162 out 189 countries globally. Regardless of the fact that, for the last four decades Gabon has experienced an increase in oil production, oil revenue did not translate into more job creation and poverty alleviation. The unemployment rate is above 21% due mainly to a weak education system.

For many years Gabon has maintained a relatively calm political and security situation, especially during President Omar Bongo’s reign, the country was considered one of the very stable countries in sub-Saharan Africa.
Housing (Fonds de Garantie pour le Logement, FGL). The FGL has the administrative and financial distribution mandate to deal with housing deficit. The government of Gabon has also established the housing bank, which is commissioned to provide loans at all steps of the housing construction and sale process.

Today, there are a number of financing mechanisms in Gabon that have been identified through the National Infrastructure Master Plan in order to facilitate real estate investment, public-private partnerships, and built operation transfer cession as well as fully control private projects. There are also private banks and credit institutions operating in the housing sector with the aim to stimulate and provide finances to real estate developers and new home buyers. Public servants have access to financial institutions and in the last five years the government has put in place a housing scheme to finance low income earners.

The housing budget in Gabon is divided between the Housing department, the ANGT, and the National Real Estate Company known as Societe Nationale Immobilière (SNI), a government entity that oversees all housing development projects across the country. In addition, the Guarantee Fund for Housing (Fonds de Garantie pour le Logement) is also a government institution that plays the role of housing finance deficit and provides loans at every step of housing development and sale processes.

Affordability

The majority of Gabonese lives in urban center 70% and the government is the largest formal employer in the country. However, Gabon poverty rate is very high 30% of local populations are vulnerable and living with a monthly income of minimum wage of US$319.63. More so, many local community residents do not have access to basic services such as safe drinking water, electricity and health care in more than 65 of the regions. Due to the high cost of living, the majority of local communities cannot afford to finance the construction of their houses via existing financial channels. This is because, the cost of construction materials are very high. In addition to the high cost of construction materials, an average monthly rental for a standard two bedroom house in urban centre is about US$350 that is out of reach for many civil servants and unemployed local communities. As a result, majority of local communities cannot afford to finance the construction of their houses without proper title deeds. In attempting to address this matter and reduce the inequality gap, the Plan Strategique Gabon Emergent (2012) was created so that new innovative ways such as finance to real estate developers and new home buyers. Public servants have access to financial institutions and in the last five years the government has put in place a housing scheme to finance low income earners.

In attempting to address this matter and reduce the inequality gap, the Plan Strategique Gabon Emergent (2012) was created so that new innovative ways will help diversify and develop new industries. These industries include transformative industries, infrastructure development, and building smart cities that will respond to housing needs and also adhere to sustainable development principles. However, as a result of decline in oil price and national budget cuts, delays in development projects have increased.

Housing Supply

At present, the majority of major social housing developments are led by the international companies mainly from China and India to build affordable social housing for public servants.

The housing backlog for Gabon is estimated to be between 50,000 and 170,000 respectively for the cities of Libreville and Port- Gentil especially for affordable social housing. However, this situation could improve with new government financial strategies and help through better regulations and facilitating access to land titles.

According to the National Infrastructure Master Plan (2011) action 152, the government plans to build 35,000 houses with the aim of significantly increasing housing supply and to facilitate access to mixed use housing. The project aims to build and deliver to the country on average, 5,000 units annually, in order to encourage social diversity, vertical and horizontal densification.

The materialisation of the National Infrastructure Master Plan (2011) housing delivery vision is currently under way in the peripheral area of capital city Libreville. One of the projects that have already started is the new urban development project called Angondje Development District located in the west part of the capital city. With this project the government aims to allocate 5000 registered plots annually with title deeds to identified private developers in the housing sector. The objective is to facilitate housing market access to public servants such as teachers, health personnel, army etc.

The national agency for public works of Gabon is also involved in the redevelopment and revitalisation projects in certain areas around Libreville. One of the revitalisation projects is the redevelopment of the Port-Mole area with the aim to transform the area into a centre of urban life. This project involves the refurbishment of the marina area with public and recreation centre space, commercial and leisure space, restaurant and hotels. Most of redevelopment projects will also have a consequence on housing demand in the area or surrounding for people desiring to leave in close proximity to job opportunities and place of work. Hence, within the Port Mole precinct, the government is planning to develop major road/boulevards along which mixed used building projects which will also take place for commercial and residential use.

Property market

In spite of rapid urbanisation that the country has experienced in the last decade, Gabon’s real estate market has remained underdeveloped and characterised by high-end sales and high-priced rentals as key drivers followed by demands for social housing. Much of the housing development, property demand and infrastructure development in the country has been driven by the hosting of the Nations African football tournament despite the growing challenge needs for social housing for poor communities and low-income earners.

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### GABON

**Annual household income US$**

<table>
<thead>
<tr>
<th>No. of households (thousands)</th>
<th>&lt;800</th>
<th>$801 – $1,600</th>
<th>$1,601 – $2,400</th>
<th>$2,401 – $3,600</th>
<th>$3,601 – $5,000</th>
<th>$5,001 – $8,000</th>
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<table>
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<tr>
<th>Rural</th>
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<tbody>
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<td>$19,241</td>
<td>$14,663</td>
</tr>
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- Average income needed for the cheapest newly built house by a formal developer, 2016
- Average annual urban household income, 2015 (in constant 2005 US$)

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![Graph showing household income distribution in Gabon](graph_url)
Hauts de Gué-Gué and La Sablière and Batterie IV are the more successful and better quality property developments located around Libreville. Demand for high quality residential property is also on the rise due to competition demands between private and corporate occupiers; this has consequently increased the rental prices. In addition, there is an increasing demand for retail and office buildings in the country with state institutions and international institutions being the main dwellers/users. The average rental rates in Gabon are as follow in and around the capital city of Libreville:

- Apartment (1 bedroom) in city centre: US$1,375
- Apartment (1 bedroom) outside city centre: US$425
- Apartment (3 bedroom) in city centre: US$3,300
- Apartment (3 bedroom) outside city centre: US$860

**Policy and Regulations**

Gabon’s current economic policy and regulations focus will be driven with the objectives to transform Gabon into an “emerging” economy. This approach is to improve investment in other sectors so dependency on the oil sector can be minimal. The 1998 investment code notes in accordance with the Central African Economics and Monetary Community (CEMAC) investment regulations, that the country provides the right to foreign and local companies to operate in Gabon.

However, a certain number of strategic business sectors such as mining, forestry and petroleum are organised under a specific investment code based on customs and tax incentives. In order to increase transparency in its recourse and mining industry, the country is in the process of introducing a new mining and petroleum code. Gabon has also adhered to the Organisation for the Harmonisation of African Business Law (OHADA) an organisation for business harmonisation in Africa which allows foreign investors to choose without restraint from a wide range of legal business structures such as private limited liability company or public limited liability company.

The Gabon Constitution of 1991 acknowledges the right to housing for every Gabonese citizen in its Article 1.

The closest form of land policy was dated back from 1911 which still form part of the land legislation. The policy states that most of the land belongs to the government, and there is no proper existing cadastral plan in some parts of the country beside the capital city Libreville. No formal system exists for the transfer of title deed/land ownership, which keeps poor communities in poverty as it can prevent those without proper land/property ownership from trading in a formal business. This also hinders access to credit due to lack of registered property and secure tenure. As an attempt to overcome this situation, the National Infrastructure Master Plan (2011), under Action 146 plans were created to reinforce the legal framework for the construction and housing sector. Additionally, this plan aims to create a legal framework and incentive in order to facilitate access to private property development and construction activities by defining and putting in place clear rules and regulations. This new regulation focuses on a law for real estate development, decree on operational conditions of the property development as a business, a decree on the conditions of access to the property development business and the renewal of professional developers’ card and a convention relating to benefits granted to developers for the completion of social housing.

In Gabon social housing projects are driven by the high rate of urbanisation and the fact that almost half of the country’s population lives in the capital city Libreville. Therefore, a program is to take place under Action 153 of the National Infrastructure Master Plan (2011) called Restructuring and slum upgrading. This program will involve restructuring and relocation of residents from precarious neighbourhood to new urban centres with suitable accommodation and social infrastructure. This approach will promote access to land and social facilities as well as social services to local residents. This new development is supposed to take into account all different categories of social life and income.

**Opportunities**

Gabon offers many business and financial opportunities for investors regardless of its small population. The country has one of the highest GDP per capita in Africa which is an advantage for investment in the country. In the last decades it has attracted and continues to attract French retailers such as Carrefour, super markets and Casino. In addition there is a new Grand Marche under construction on a seven hectare land by the Swiss group Webcor in Libreville with big capacity and will surpass the existing main market of Mont-Bouet.

Up until recent years Gabon has enjoyed a relatively stable economic relationship with its former colonial power. However, due to changes in the global economic arena, Gabon has broadened its economic and diplomatic partners to other emerging powers form Asia and Africa who have the ability to bring in the country money and expertise to boost the country’s economy away from oil dependencies.

In order to keep up with its housing delivery program, the government is engaging in a number of reforms to try and stimulate the housing sector. Among these reforms is the alleviation of administrative and regulatory obstacles that were hampering social housing delivery projects. Institutional reforms are also taking place in the housing sector which includes the creation of new specialised housing agencies, the establishment of several new institutions such as the National Agency for Urban Planning, Topographical Works and Land Registry called (Agence Nationale de l’Urbanisme, des Travaux Topographique et du Cadastre – ANUTTC) with the mission to plan and oversee all land and real estate development projects, maintain and extend the national land registry and facilitate the purchase and transfer of property units.

In 2012, Gabon also introduced a new system of ‘guichet unique’ with the aim to simplify the procedure of land purchase and reduce the time to acquire a title deed from the initial 10 years to 180 days, and reduced administrative steps from 134 to seven. Hence, one of Gabon’s priorities is to increase the house stock as stressed in the National Infrastructure Master Plan of 2011 launched in June 2012. The budget for the housing development projects identified in the master plan for the period between 2011 and 2016 is estimated at €2.23 billion; part of this money will come from the public sector, the private and foreign investment.

In addition to the Angondje District, Development project, there are also other similar projects in the pipeline with the same approach and addressing the same issues with the same standards. These projects are Nkollang located on the Route National 1 situated 5 km east of Nkok. The other urban district project in the pipeline is the Lambarene situated in the river transport hub and the aim of this project is the construction of 1,000 units. Another, housing program that the government is planning to implement as announced by the government in 2012, is the construction of 5,000 houses to take place in Esterias 30 km north of Libreville and will be financed by the Gabon government through Gabonese Development Bank (Banque Gabonaise de Development).

Gabon has shown signs of commitment to finance housing projects though alleviation of regulations and financing housing projects. Private investment in development projects is also expected to increase gradually for the next 20 years due to political will and government commitment to make the country an “emerging” economy. However, one of the biggest challenges remains the affordability and accessibility to housing/social housing for low income earners/poor unemployed communities that still unclear.

There are a number of foreign companies that are already operating in social housing developments projects as noted by BHG’s Ondounda that “there is great potential in housing as there are a lot of real estate developers and construction companies seeking to promote and develop their activities in Gabon which include local small and medium-sized enterprises as well as foreign companies that have recognised the opportunities presented by the Emerging Gabon Strategy”.

134 to seven. Hence, one of Gabon's priorities is to increase the house stock as stressed in the National Infrastructure Master Plan of 2011 launched in June 2012. The budget for the housing development projects identified in the master plan for the period between 2011 and 2016 is estimated at €2.23 billion; part of this money will come from the public sector, the private and foreign investment.

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Overview

Gambia is one of the smallest countries on the continent and is completely surrounded by Senegal. With an area of only 11,000 km² and a total population of approximately 1.9 million people, it is also one of the most densely populated countries in Africa. Due to a relatively high urbanisation rate of 4.3 percent, approximately 50 percent of Gambians live in cities. Spatial inequality remains a critical issue in the Gambia as there is a large rural-urban gap in income and wealth. As a result, urbanisation is largely driven by large rural to urban migration as well as the regional Ebola outbreak which affected its tourism industry. Agriculture and tourism together account for 40 percent of GDP. While growth accelerated to 4.7 percent in 2015, many analysts predict economic growth might slacken to 2.4 percent reflecting a slowdown in the agricultural sector. The Gambia remains among one of the poorest countries in the world, and also one of the most difficult to do business in. According to the World Bank’s 2016 Doing Business report, Gambia was ranked 151 out of 189 countries.

It is estimated that on average, 48 percent of the population live below the national poverty line. While remittances from the large diaspora have helped alleviate poverty, high unemployment and underemployment, particularly among women and the youth, is one of the major causes of poverty in the Gambia. Youth unemployment is estimated at over 40 percent—three times higher than among adults. A lack of employment opportunities is spurring a number of people (many of them highly skilled) to leave the country. In 2011, authorities launched the Programme to Accelerate Growth and Employment (Page 2012 – 2015, extended to 2016), a poverty reduction strategy that intends to accelerate growth, generate employment and establish social protection programmes. As a result, the government has placed a high priority on sustainably exploiting agriculture, tourism, infrastructure and other natural resources.

Due to the increasing impact of climate change, Gambia is expected to face huge pressure on land for human settlements due to rising sea levels. According to recent UN projections, a one-meter rise in sea levels would impact almost nine percent of the country’s total land area (including the capital city of Banjul). In order to mitigate the impact of climate change and build a climate resilient society, the government formulated a climate change policy last year that is awaiting approval.

Access to finance

The Gambian financial sector comprises of 12 banks (one of which is an Islamic bank) with the remaining 11 conventional banks being mostly foreign owned. There has been an influx of foreign banks over the years, which has increased the number of procedures to register property.

KEY FIGURES

| Main Urban Centres: Banjul (capital), Serekunda |
| Exchange Rate: 1 US$ *** |
| 40.13 Gambian Dalasi (GMD) |
| Inflation 2014 | 2015 (est.) | 2016 (prov.) | 2017 (prov.) |
| 6.3 | 6.5 | 5.5 | 5.5 |
| Population* | Population growth rate (2013)** |
| 1,911,000 | 3.30 |
| Urban population (% of total)* | Urbanisation rate (% in 2013)** |
| 59.63 | 4.24 |
| GDP per capita (current US$)* | GDP growth rate (annual %)* |
| 411 (2014) | 0.46 (2014) |
| Unemployment rate (%)* |
| 48.4 |
| Gini co-efficient (year of survey)** |
| 47.33 (2003) |
| HDI (Global Ranking)** | HDI (Country Index Score)** |
| 175 | 0.441 |
| Lending Interest Rate* |
| 28.5 (2014) |
| Mortgage Interest Rate (%) | Mortgage Term (years)# |
| 20.00 | 15 |
| Credit % of GDP* |
| 12.76 (2014) |
| Average Mortgages % of GDP* |
| Estimated number of mortgages |
| Average loan size in US$ (mortgage) |
| Average loan size in US$ (non-mortgage/micro lending) |
| Price To Rent Ratio City Centre** | Outside of City Centre** |
| Gross Rental Yield City Centre** | Outside of City Centre** |
| Construction as a % of GDP |
| 20.00 |
| What is the cost of standard 50kg bag of cement (in US$)? |
| What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? |
| What is the size of this house (in m²)? |
| What is the average rental price for a formal unit (in US$/month)? |
| What is the minimum plot size for residential property (in m²)? |
| Ease of doing business rank |
| 151 |
| Number of procedures to register property |
| 5 |
| Time (days) to register property |
| 66 |
| Cost (% of property value) to register property |
| 7.60 |

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* CommSec Ltd The Currency Converter/CAHF survey data
^ World Bank’s World Development Indicators (2016) 
= African Economic Outlook
– World Bank Povcalnet: an online poverty analysis tool, various years
** The World Bank’s PostCrisis 
# UNDP’s International Human Development Indicators (2014) 
#* Global Financial Inclusion Database (FINEX) 
#° CAHF Annual Survey Data (August 2016) 
#!! World Bank’s Doing Business Survey Data (2016) 
#** Number Online User Contributed Database

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Africa Housing Finance Yearbook 2016
penetration of financial services in the country. That being said, only four large banks control 68.1 percent of the industry’s total assets, indicating high concentration in the banking sector. Furthermore, the banks are mainly located in the greater Banjul area. The banking penetration rate is approximately 25 percent for the urban population and five percent for the rural areas. The microfinance sector comprises of 72 active credit unions, 68 village savings and credit associations, two finance companies, insurance companies and foreign exchange bureau (CBG, 2013).

According to the IMF (2015), the banking sector is well capitalised and liquid, with the average risk-weighted capital adequacy ratio reaching 36.2 percent in 2015, well above the eight percent minimum. Total assets have increased by 12.8 percent in the year to end September 2015. All banks met the minimum reserve requirements of 10 percent in 2015. The Central Bank of the Gambia (CBG) continues its efforts to improve financial stability by enhancing the country’s bank supervision and crisis management capacity. While the Gambia’s financial indicators are generally satisfactory, they mask the underlying risks associated with commercial bank’s high exposure to government debt. Surprisingly, the increased number of banks in recent years have not led to a fall in interest rates as all the banks are chasing a small pool of deposits for which they have to pay a premium, which keeps interest rates high. According to the World Bank, between 1978 and 2014, the average interest rate value was 24.97 percent with a minimum of 14.48 percent in 1985 and a maximum of 36.5 percent in 2004. The Central Bank of Gambia (CBG) uses its reserves as its main policy instrument, but also uses interest rates to signal changes in policy. The CBG increased its rediscount rate (its main policy rate) by 200 basis points in August 2014 and followed this with an additional 100 basis points hike, to 23 percent nine months later. While this tightening monetary policy reflects the Central Bank’s concern over inflation, analysts believe that the CBG will be reluctant to raise interest rates further. The interest rates for fully secured personal loans range from 22 to 26 percent and unsecured loans averaging 26 percent. According to the IMF; prolonged elevated interest rates will pose a risk to rising non-performing loans and the further crowding out of credit to the private sector. Gross loans and advances representing 19.2 percent of total assets have delayed updating their borrower’s information. This delay continues to make it difficult for banks to assess the credit worthiness of potential borrowers. Regarding the Gambia’s mortgage market, the Home Finance Company of the Gambia Limited (HFC) offers a mortgage product that finances 70 percent of the value of a property payable over a maximum of 15 years. HFC offers four different types of mortgage products, namely Home Purchase, Home Completion, Home Improvement and Home Equity. So far this year mortgage rates in the country have averaged 20 percent. The Gambia has a pension industry that actively supports housing expansion. The Social Security and Housing Finance Corporation (SSHFC) aims to provide adequate social protection for workers and to facilitate social shelter delivery on a sustainable basis. The corporation operates four constituent funds: the Federate Pension Fund, the National Provident Fund, the Injuries Compensation Fund and the Housing Finance Fund. SSHFC requires a minimum down payment of 25 percent of the selling price, with the balance payable monthly over a 15 year period.

Affordability
As mentioned, the Gambia has a high incidence of poverty (estimated to be 48 percent). And according to the Labour Force Survey (2012), approximately 34 percent of the labour force is categorised as working poor earning an income of less than US$38 per month. About 52 percent of houses are built with semi-permanent materials and only 40 percent with permanent materials. More than 34 percent of the urban population live in slums and are faced with significant challenges in terms of housing, health and environmental degradation. For urban dwellers, 66 percent have access to electricity, 95 percent have access to improved water sources; and 46 percent have access to improved, unshared sanitation facilities. Urban residents have greater access to services than their rural counterparts, where 79 percent of rural households are considered to be poor. Property prices have risen steadily over the past few years, in some areas by as much as 30 percent, spurred on in part by the booming tourism industry and property interests of Gambians in the diaspora. There is a shortage of affordable housing for most Gambians.

Doing Business 2016 ranks the Gambia 162nd out of 189 economies for getting credit. The Credit Reference Bureau is now fully functional, but commercial banks have delayed updating their borrower’s information. This delay continues to make it difficult for banks to assess the credit worthiness of potential borrowers. Regarding the Gambia’s mortgage market, the Home Finance Company of the Gambia Limited (HFC) offers a mortgage product that finances 70 percent of the value of a property payable over a maximum of 15 years. HFC offers four different types of mortgage products, namely Home Purchase, Home Completion, Home Improvement and Home Equity. So far this year mortgage rates in the country have averaged 20 percent. The Gambia has a pension industry that actively supports housing expansion. The Social Security and Housing Finance Corporation (SSHFC) aims to provide adequate social protection for workers and to facilitate social shelter delivery on a sustainable basis. The corporation operates four constituent funds: the Federate Pension Fund, the National Provident Fund, the Injuries Compensation Fund and the Housing Finance Fund. SSHFC requires a minimum down payment of 25 percent of the selling price, with the balance payable monthly over a 15 year period.

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The main developer for this affordable housing market is the SSHFC, which is mandated to provide serviced plots of land with or without small construction loans for low and middle income groups. They also develop complete housing units for purchase by middle income households. However, the organisation has been criticised for providing products that are unaffordable for most. The price of a three-bedroom house (220m²) is about US$100 000 (GMD43 million), while a two-bedroom house is US$50 000 (GMD22 million). As a result, most Gambians self-build their housing as they cannot afford to purchase a house outright.

Housing supply
The demand for housing among the urban population has long surpassed the capacity of government to provide it. The Minister for Lands has stated that the country needs an estimated 50,000 housing units by 2015.

GAMBIA
Annual household income US$

<table>
<thead>
<tr>
<th>No. of households (thousands)</th>
<th>&lt;$800</th>
<th>$801 – $1,600</th>
<th>$1,601 – $2,400</th>
<th>$2,401 – $3,600</th>
<th>$3,601 – $5,000</th>
<th>$5,001 – $8,000</th>
<th>$8,001 – $12,000</th>
<th>$12,001 – $23,000</th>
<th>$23,001 – $40,000</th>
<th>$40,001 – $64,000</th>
<th>&gt; $64,000</th>
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<tbody>
<tr>
<td>Rural</td>
<td></td>
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<tr>
<td>Urban</td>
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</tbody>
</table>

- Average income needed for the cheapest newly built house by a formal developer, 2016
- Average annual urban household income, 2015 (in constant 2005 US$)
In 2011, UN-Habitat implemented its Participatory Slum Upgrading Programme. A 36-month programme with an estimated cost of US$5 million, it sought to meet the housing needs of low and middle income earners in the cities of Banjul, KMC and Brikama. The programme aimed to construct 2,000 housing units across the three cities. In addition, 200 commercial shops, mosques, three chapels, community centres, recreation facilities and parks were planned to be constructed in the three sites. The project is part of a wider collection of urban upgrading projects that address urban infrastructure, governance, health, environmental issues, local economic development, urban safety and urban disaster management, all being driven with the support of UN-Habitat. The Gambia is now in the second phase of the programme which entails action planning and programme formulation. The government has expressed its desire that the private sector, particularly real estate developers, be given the opportunity to participate in this programme by providing standardised houses for low income earners.

According to the SSHFC’s website, the Corporation has successfully implemented three housing schemes: Bakoteh, Kanifing and Brusubi. The two former projects were completed in the 1980s. The Bakoteh project provided 200 housing units of two and three bedroom houses. The Bakoteh Scheme failed in that the end product was unaffordable by the target group of beneficiaries. The government thus had to subsidise the houses for 15 percent and also deleted any interest element on the loans. The loans were then given to the beneficiaries for a 25 year repayment period. For the Kanifing Project, the developed land was demarcated in to 743 serviced plots ranging in size from 250m² to 350 m². Small construction loans were given to project beneficiaries who were then guided in the construction of their own houses. The loan was part of the World Bank Urban Management and Development Project and offered beneficiaries nine percent interest over 25 years repayment period. The third housing project, Brusubi, involves three phases and promises to deliver close to 3,000 housing units. This project site has a total area of 6.9 hectares and is covered by the lease for Brusubi Housing Project phase 1. The project comprises 138 service plots, of which 100 plots are to consist of complete housing units for outright purchase. The remaining 38 service plots are to be sold by tender to mobilise resources to meet additional infrastructural and other costs. The complete housing units are to consist of three bedroom bungalows and two storey houses. This project is co-financed by Shelter Afrique and offers a fifteen year mortgage term. However, a review of the project indicates that the mortgage default rate is relatively high due to the tough economic conditions the country is facing. That being said the recently launched mortgage recovery campaign is helping to improve the situation.

SSHFC has partnered with an investment group (BP Investment Group) to provide about 400 houses and 110 apartments by 2016. The social housing project, the Modern City, will be built in Brusubi and include 12 different types of houses and apartments (including 5 different types of flats) with two rooms or more, and social amenities. The partnership with BP Investment Group (a Dubai-based company with an international reputation in social housing) is expected to bring capital and ‘modern’ ideas to the project. While this programme was launched in 2014, it is difficult to ascertain its current status.

In line with Vision 2020 which advocates for the decentralisation of basic services, SSHFC is embarking on extending housing facilities in the Growth Centres of the country in a bid to reduce the strain on the immediate urban infrastructure and other services. According to the Corporation’s website, the Brikama Jamisa Project is the company’s first Growth Centre Project; while more land has been allocated for residential use in Tu Jereng and Jabang for Housing and Real Estate Development. The TuJereng project comprises of 1,515 residential serviced plots, 11 business plots and 94 plots earmarked for the development of complete housing units. The Jabang project has a total of 817 residential serviced plots, 29 business plots and 39 plots reserved for the construction of complete housing units. To date, almost all the serviced plots have been allocated. The total expenditure of approximately GMD135 million (US$935 million) has already been allocated to these sites for the development of supporting infrastructure.

Furthermore, there are several private sector players operating in the Gambia, such as Sky High Group, TAF, Diamond Properties Gambia and Amiscus Housing. While the three aforementioned companies are predominantly focused on the higher end of the housing market, Amiscus’ main objective is to make housing affordable for all Gambians by pioneering the concept of cement block banking. Their business model is based on the concept of building a home in incremental stages. The company enables low and middle income clients to accumulate construction materials (cement blocks) to the point they have enough blocks to commence their construction project, the blocks banked are a form of savings and also presents a simple hedging process in terms of protection from inflation of block materials.

**Property markets**

Property rights and secured interests in property are protected by the Constitution. The Department of Lands issues title deeds which are duly registered. Both moveable and real properties are recognised and enforced. The concept of mortgage exists (even though the mortgage market is extremely small) and there is a recognised and reliable system of recording such security interests. The legal system fully protects and facilitates acquisition and disposition of all property rights including land, building and mortgages. That being said, the bulk of the land is free hold or controlled by farmers and traditional rulers. Such lands however can be easily taken over by government or declared reserved lands to be used in future for social amenities such as schools, hospitals or office buildings.

As a result, land tenure remains an ongoing issue. This is partly because registering property involves, on average, five procedures, which take 66 days and cost 7.6 percent of the property value. Tenure security is limited, with only 45 percent of the population being secure and in some cities the number is even lower. Tenure security is highest in rural areas, at between 70 percent and 89 percent. It takes an average of three years to secure a title deed and the cost is exorbitant: GMD4 000 (US$93) in transfer tax to the municipality and GMD40 000 (US$935) in capital gains tax per transaction. This limits accessibility to mortgage financing, and damps the incentive to self-build through housing microfinance.

Furthermore, while there are several acts that facilitate the use of land resources, many of them require updating. For example, the master plan that guided the development of Banjul has not been updated since 1989. As there is no land use policy or plan, and weak land registration and management, means that municipalities’ efforts to raise revenues from properties has been seriously hindered. In addition, because municipalities do not own nor have ready access to land, implies their ability to respond to the housing needs of the population is constrained. These issues with land policies and management have also created an unfavourable business environment for the private sector.

**Policy and regulation**

While there are some legal frameworks in place, there is no urban development strategy or policy guiding the urbanisation process in the Gambia. Analysts seem to agree that national land use policy and planning, as well as an urbanisation policy formulation is urgently required; and that strengthening institutions that deal with urban planning is key to ensuring sustainability. The Ministry of Local Government and Lands is responsible for housing and land. According to local news sources, the Ministry intends to revive the Housing Unit of the Department of Physical Planning and Housing. Furthermore, the use of appropriate and affordable building materials and technology will be enhanced and capitalised through collaboration with stakeholders. There are also plans to revive the building technology unit of the Department of Community Development.

Laws effectively disbanding the SSHFC and creating distinct entities to deal with social security (the Social Security Corporation Bill) and housing funding (the Housing Finance Corporation Bill) were introduced in April 2010; however these have not yet been promulgated and the SSHFC continues with its mandate. Fortunately, the latter Bill has provisions to retain a fund for affordable housing.

The list below provides a brief overview of the main policy and regulation frameworks governing the housing sector. This information is by no means exhaustive.

- **SSHFC Act (1981):** Mandates the SSHFC to finance, develop and administer housing projects alone or in partnership with other agencies. The Act was
one of a series of actions by the Gambian government to address the problems caused by rapid urban growth. The Housing Finance Fund, like the social security scheme funds, was established as a consequence of this act.

- **State Lands Act (1991):** Provides a legal basis to improve and rationalise the land tenure system by the replacement of the customary tenure with a long-term (99 year) leasehold system in designated (specified) areas of the country.
- **The Physical Planning and Development Control Act (1991):** Provides a unified legal basis for preparation and approval of physical development plans, control of developments (including buildings) and for creating a better environment and proper use of land in The Gambia.
- **Land Acquisition and Compensation Act (1991):** A legal instrument by which the government can acquire land and compensate persons (including freehold land) anywhere in the country for public and planning purposes.
- **The Survey Act (1991):** Provides a legal basis for the establishment of standards and specifications for survey work; to ensure protection of survey marks, to enable private surveyors to undertake official survey, and for cadastral surveys for registration of title to land.
- **Local Government Act (2002):** This Act governs the decentralisation of local government and municipal systems. Municipalities are unable to fulfill executive functions like tax collection, and there is a lack of clarity around revenue sharing mechanisms with central government. As a result, their urbanisation and development efforts are constrained by a shortage of resources.
- **Rent Tribunal (August 2014):** Designed to introduce a new legal regime for the regulation of rent matters. It aims to produce two main benefits; namely: it will enable the house owners to let out their properties to tenants based on an officially-approved rental fee; and potential tenants are also able to access and to occupy affordable housing. Under the new law, each rent tribunal would have a registrar keeping an up-to-date register of all rented property within its jurisdiction, as well as the personal details of landlords/landladies. A landlord/landlady is required to register rented properties using a prescribed form. Failure to do so is an offence.

**Opportunities**

Like many African countries, the affordable housing market in the Gambia is inadequately served. More recent interventions may shift the investment focus of the private sector and open up opportunities for interventions that better target lower income earners. There is a push for the use of alternate approaches, technologies and materials which speed up the delivery and improvement of housing. Therefore, there are considerable opportunities for investors who provide innovative housing solutions for this underserved market.

Furthermore, the high levels of informality and self-build, coupled with an established microfinance industry, point at potential for the establishment and development of a housing microfinance product offering.

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9 AEO (2016).
10 AEO (2016).
Overview

While Ghana has experienced strong and inclusive growth over the past two decades, the economy has been under strain over the last few years. The country outperformed regional peers in reducing poverty while a stable political landscape attracted high volumes of foreign direct investment (FDI). However, increasing public debt (GHC 97.2 billion, or US$25.2 billion, as of December 2015), slowing economic growth (from a high of 14 percent in 2011 to four percent in 2014), increasing inflation (18.9 percent in May 2016), high interest rates (in February 2016, the average lending rate for credit markets increased to 28.57 percent) and a depreciating currency (Ghanaian Cedi, GHC, has lost over sixty percent of its value against the US Dollar over the past five years) have affected housing supply, as well as the country’s housing finance sector.

The depreciation of the local currency increased prices for imported building materials, such as steel, aluminum and iron rods, sheets for roofing and frames. Even though Ghana’s cement industry is sufficiently large to meet local demand, materials, such as steel, aluminum and iron rods, sheets for roofing and frames, as well as the country’s housing finance sector.

Despite the weak Ghanaian Cedi and inflationary pressures, the county’s economic outlook reflected in GDP growth rates is positive, with 3.4 percent for 2015 and 5.2 percent for 2016.

Access to Finance

The financial sector has 31 commercial banks, 138 rural community banks, 60 non-bank financial institutions (NBFI), 503 microfinance institutions (of which 166 are licensed by the Bank of Ghana) and three credit bureaus (KDS Data, Hudson Price and Dun and Bradstreet). Out of the 31 commercial banks, only seven are licensed by the Bank of Ghana and three credit bureaus (XDS Data, Hudson Price and Dun and Bradstreet). Out of the 31 commercial banks, only seven are licensed by the Bank of Ghana (Access Bank Ghana, Bank of Baroda, Ecobank Ghana, HFC Bank Ghana, Fidelity Bank, CAL Bank, Stanbic Bank Ghana, First National Bank Ghana and United Bank for Africa Ghana). These banks offer conventional mortgage services, home improvement loans, home completion loans, as well as water sanitation and hygiene (WASH) credit facilities. Home finance in form of conventional mortgages and home improvement loans is also offered by Ghana Home Loans (GHL), the country’s only residential mortgage lender: GHL is a non-bank financial institution and mainly a financial inclusion database of World Bank, reports 36.4 percent of Ghanaian adults to have borrowed money in the past year. The survey recorded that 13.3 percent of the richest 60 percent of respondents had an outstanding mortgage, compared to 10.2 percent of the bottom 40 percent of respondents.

Only nine of Ghana’s 31 banks officially offer mortgage loans as a product (Access Bank Ghana, Bank of Baroda, Ecobank Ghana, HFC Bank Ghana, Fidelity Bank, CAL Bank, Stanbic Bank Ghana, First National Bank Ghana and United Bank for Africa Ghana). These banks offer conventional mortgage services, home improvement and home completion loans, as well as water sanitation and hygiene (WASH) credit facilities. Home finance in form of conventional mortgages and home improvement loans is also offered by Ghana Home Loans (GHL), the country’s only residential mortgage lender: GHL is a non-bank financial institution and mainly

![Ghana Map](image-url)

**Ghana**

**KEY FIGURES**

<table>
<thead>
<tr>
<th>Main Urban Centres</th>
<th>Accra (capital), Kumasi</th>
</tr>
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<tbody>
<tr>
<td>Exchange Rate: 1 USD ***</td>
<td>3.95 Ghanaian Cedi (GHC)</td>
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<tr>
<td>Inflation 2014</td>
<td>2015 est.</td>
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<tr>
<td>Population*</td>
<td>Population growth rate (2013)</td>
</tr>
<tr>
<td>Urban population (% of total)*</td>
<td>Urbanisation rate (% in 2013)*</td>
</tr>
<tr>
<td>GDP per capita (current US$)</td>
<td>GDP growth rate (annual %)</td>
</tr>
<tr>
<td>GDP (Current US$)*</td>
<td>37 864 368 220</td>
</tr>
<tr>
<td>GNI per capita, Atlas method (current US$)</td>
<td>1 489</td>
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<tr>
<td>Population below national poverty line *</td>
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<tr>
<td>Unemployment rate (%)</td>
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<td>Gini-co-efficient (year of survey)*</td>
<td>42.77 (2009)</td>
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<tr>
<td>HDI (Global Ranking)*</td>
<td>HDI (Country Index Score)*</td>
</tr>
<tr>
<td>Lending Interest Rate*</td>
<td>12.5 – 35% (2015)</td>
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<tr>
<td>Unsecured lending interest rate (housing microloan)</td>
<td>36 – 60% ^</td>
</tr>
<tr>
<td>Mortgage Interest Rate (%)</td>
<td>Mortgage Term (years)#</td>
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<tr>
<td>Down Payment (%)</td>
<td>20 ^</td>
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<td>Credit % of GDP**</td>
<td>20.27</td>
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<tr>
<td>Average Mortgages % of GDP**</td>
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<td>Estimated number of mortgages</td>
<td>...</td>
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<tr>
<td>Average loan size in US$ (mortgage)</td>
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<tr>
<td>Average loan size in US$ (non-mortgage/micro lending)</td>
<td>1 200 /</td>
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<tr>
<td>Price To Rent Radio City Centre**</td>
<td>Outside City Centre**</td>
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<tr>
<td>Gross Rental Yield City Centre**</td>
<td>Outside of City Centre**</td>
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<td>Construction as a % of GDP</td>
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<tr>
<td>Is there a deeds registry?</td>
<td>No. of resid. title deeds in registry</td>
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<tr>
<td>Outstanding home loan ( % age 15+)+</td>
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<td>What is the price of the cheapest, newly built house by a formal developer or contractor (in US$) #</td>
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</tr>
<tr>
<td>What is the size of this house (in m²) #</td>
<td>50m²</td>
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<tr>
<td>What is the average rental price for a formal unit (in US$/month)</td>
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<tr>
<td>What is the minimum plot size for residential property (in m²)</td>
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<tr>
<td>Time (days) to register property</td>
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<tr>
<td>Cost (% of property value) to register property</td>
<td>1.10</td>
</tr>
</tbody>
</table>

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* Collected from The Currency Converter/CAF survey data
^ World Bank’s World Development Indicators (2015)
* Asian Economic Outlook
-- World Bank Povcalnet: an online poverty analysis tool, various years
++ The World Bank’s PovCalNet
* UNDP’s International Human Development Indicators (2014)
# Global Financial Inclusion Database (FINDEX)
# CAFH Annual Survey Data (August 2016)
! World Bank’s Doing Business Survey Data (2016)
## Numbers Online User Contributed Database
# GSS: Ghana Statistical Services, 2015
** HFC, Fidelity Bank & Ghana Home Loans, August 2015
^ Bank of Ghana
// http://ghanabizfinance.com/2015/05/15/mortgages-not-solving-housing-deficit/
sources capital from development finance institutions, such as DEG, a German project financier. In July 2016, a provisional banking license was issued to the mortgage lender. Additionally, two savings and loans finance houses (Global Access Savings & Loans and Sinapi Abu Savings & Loans), as well as one microfinance institution (HFC Boafo, subsidiary of HFC Bank), offer housing microfinance for incremental building projects.

Rather than mortgage lending, most financial institutions focus on short-term lending risk-free investments in form of government bonds and trade finance that offer higher returns, smaller risks and are less capital intensive. The country-wide mortgage portfolio is approximately US$200 million with 6,000 active borrowers. Ghana’s mortgage sector was an equivalent of 0.4 percent of GDP in 2013 with a growing trend.

Though some of the commercial banks have sufficient capital for mortgage lending, they refrain from financing mortgages and home loans due to the long tenor to recoup their investment. Breaking with this hesitation, HFC Bank’s mortgage portfolio increased by 48 percent from 2013 to 2014. Mortgage loans make up 25.3 percent of the total loan portfolio of the HFC Bank, with consumer loans constituting nearly 50 percent of the portfolio. HFC Bank has utilised corporate bonds listed on the Ghana stock exchange to raise capital for mortgage lending since 1996. Other banks rely on equity, deposits and debt-financing to fund home loan portfolios. In July, 2016, GHL received approval from the Securities and Exchange Commission (SEC) to issue mortgage backed notes on the Ghana Alternative Market in order to access debt financing.

Each of the nine banks, and GHL, offers various mortgage loan products, which can be categorised into four main types. The first is the home purchase mortgage, which is used for purchasing new houses. The borrower is expected to make a minimum 20 percent down payment, while the bank provides a loan of 80 percent to cover the purchase price of the property. The loan term is commonly 20 years, and the interest rates for the cedi-denominated mortgage loans range from 27 percent to 32 percent. US dollar-denominated mortgage loans carry fixed interest rates between 12.5 percent and 14 percent. The second product is the home improvement mortgage, which is for renovation of an already acquired property. These types of mortgage usually carry a term of five to fifteen years. The third product is the home completion mortgage, which is used to complete a house under construction. It is a two tier product with a total term of 21 years. The last product is the home equity mortgage, which is used for realising equity locked up in a property. The home purchase mortgage dominates the market. In order to down-scale their mortgage portfolio, HFC Bank has introduced a home finance product, tailored to the self-building practices in Ghana. The loan finances both the land acquisition and the building and is capped at between US$15,000 and US$35,000 respectively.

Microfinance institutions continue to attempt to serve the lower income segments. While a mortgage loan from HFC Bank is currently priced at 29 percent per annum for a term of 20 years, savings and loans finance houses, providing finance for incremental self-building projects, offer unsecured loans for 36 – 60 percent per annum for terms of no more than three years.6

Sinapi Abu Savings and Loans launched “Housing Finance and LandTitle for Ghana’s Poor” project in 2010, in partnership with USAID, with Habitat for Humanity Ghana providing technical assistance until 2014. The centrepiece of this project was the development of the “property folio”, a non-financial service bundled with the loan to support clients in registering their property and obtaining land titles. The project appears to have struggled to reach economic viability and sustainability.6 Sinapi Abu was also part of the “Building Assets, Unlocking Access” programme, a project between Habitat for Humanity International and the MasterCard Foundation in 2012. The programme promoted the scalability and viability of HMF loans. This programme was terminated at an early stage in Ghana, as macroeconomic conditions made an introduction of a new, scalable HMF loan scheme impossible.7

A key challenge housing finance providers are faced with is the excess demand for adequate properties. This is often based on limited acquisition, development and construction financing made available for real estate developers by financial institutions. Mortgage lenders, such as GHL, recorded high demand for home loans and a strong commitment of borrowers to meet their loan obligations. For the middle-income and higher-income segments, mortgage lenders appear to have difficulty in raising sufficient capital to meet the clients’ demands. In April 2016, GHL received approval from the Securities and Exchange Commission (SEC) to establish a domestic medium term note programme for an amount of GHS 380 million (US$100 million). GHL now issues mortgage-backed notes denominated in either US$ or GHS and lists them on the Ghana Alternative Market (GAX) to raise capital for mortgages. A lack of reliable data affects the use of houses as collateral for mortgages. Customary tenure is the common form of land ownership, accounting for an estimated 80 percent of all land in Ghana. Traditional authorities use customary approaches to land governance, which are often unwritten.

**Affordability**

Most formally developed housing units are not affordable for the majority of the population. The National Housing Policy, adopted in 2015, states that affordable housing requires a household to spend no more than 30 percent of its gross annual income on the rental or purchase of housing. Currently, both rural and urban average household incomes are insufficient to purchase the cheapest newly built house, constructed by a formal developer within this policy limit. With most real estate companies targeting primarily middle to high income households, the lower income segment has no option but to self-build houses or to rent rooms.9

ASN Properties offers one of the cheapest houses on the market, a two-bedroom house that costs GHC 80,000 (US$20,223) in 2016. For a house of this size, the monthly mortgage payment is about GHC 1,939 (US$491). In order for the

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**GHANA**

<table>
<thead>
<tr>
<th>Annual household income US$</th>
<th>No. of households (thousands)</th>
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<tr>
<td>&lt;$800</td>
<td>1000</td>
</tr>
<tr>
<td>$801 – $1,600</td>
<td>800</td>
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<tr>
<td>$1,601 – $2,400</td>
<td>600</td>
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<tr>
<td>$2,401 – $3,600</td>
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<tr>
<td>$3,601 – $5,000</td>
<td>200</td>
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<tr>
<td>$5,001 – $8,000</td>
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<td>$8,001 – $12,000</td>
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<tr>
<td>$12,001 – $23,000</td>
<td>20</td>
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<tr>
<td>$23,001 – $40,000</td>
<td>10</td>
</tr>
<tr>
<td>&gt; $40,001</td>
<td>5</td>
</tr>
</tbody>
</table>

*Average income needed for the cheapest newly built house by a formal developer, 2016
Average annual urban household income, 2015 (in constant 2005 US$)*
mortgage to qualify as affordable (as defined above), the borrower has to earn a minimum amount of GHC 6 463 (US$1 633) a month. With an average income of GHC 495 (US$125) for salaried employees, the mortgage rate is not affordable, even for households with three working adults. Then there is the minimum required down payment, which, across all mortgage providers, is 20 percent of the purchase price of the property. Because of this, real estate developers, such as Devtraco, Regimannual Gray, Comet Properties, often have ready built, vacant houses in their portfolios.

In urban areas, renting is the most common form of tenure. However, a lack of affordable rental units, in some instances, has led to exploitative practices by landlords, who demand two to three years of rental payments in advance. Households who cannot afford high upfront payments move into informal wooden structures, or occupy rooms in shared housing. According to the National Housing Policy, 20.8 percent of Ghanaians do not own a dwelling or pay rent of any kind. A Global Communities study undertaken in Accra in 2010 found over 3,000 people sleeping outside in an area less than one fifth of a km².

In addition, land and construction materials are expensive, as much as 80 percent of building materials are imported, such as iron, steel and aluminium rods and sheets, cement and building stone. The deteriorating value of the cedi thus contributes to increasing building costs. In 2016, a standard 50 kilogram bag of cement cost GHC 33 – GHC 35 (US$9.84 – US$9.95), while a standard sheet of corrugated iron for roofing costs GHC 20 (US$5) (1.17 × 2.438, width – 0.4 mm).

**Housing supply**

The Ministry of Water Resources Works and Housing (MWRWH) estimated the housing deficit in Ghana at about 1.8 million houses in 2016¹⁰. The annual housing demand of approximately 100,000 units is not being met, with only about 40,000 housing units currently being delivered by real estate companies. As much as 90 percent of Ghana’s housing stock is built by small scale contractors. Completion times for self-build houses are estimated between five and 15 years¹¹.

GREDA, the real estate developer industry association currently delivers housing mostly in the three urban areas: Greater Accra, Kumasi and Takoradi. The organisation has about 140 active members delivering quality houses in the range of GHC 80,000 (US$20,223) to GHC 170,000 (US$295,770). The facilitation of access to electricity, water and sanitation adds substantially to the cost of property.

In June 2016, the first phase of the Saglemi Housing Project was declared as successful partnership project between a Brazilian construction firm, Construtora OAS Ghana, and the Ghanaian government. A total of 1,502 housing units were built on 300 acres of land in order to provide affordable housing and curb the housing deficit. Forty percent of the houses will be subsidised by the government and sold at discounted rates¹². The project also promotes the use of locally sourced building materials, in line with the objectives of the National Housing Policy.

The Department of Rural Housing signed a partnership agreement with Ghana Home Loans, in 2015, to collaborate on an affordable housing scheme for middle income and lower income land owners. In February 2014, the Moroccan construction company, the Addoha group, committed to constructing 10,000 affordable housing units in Ghana. In May 2016, an article was published in a Ghanaian construction magazine announcing that the MWRWH, in cooperation with the Kvame Nkrumah University of Science and Technology (KNUST) and the support of an unspecified social investor, plans to build 10,000 housing units for low income earners within a period of two to five years. The university’s role is to offer support and technical assistance through research and data analysis, as well as supervise the construction of the units¹³.

The Ghana Land, Services and Citizenship (LSC) programme is a partnership initiative undertaken by the government and non-profit organisations, such as the Ghana Federation of the Urban Poor, People’s Dialogue, as well as the KNUST, with the support of international development agencies. The three-year project consists of a range of activities aiming at improving living conditions of low income households, such as the mobilisation of savings groups, improvement of community infrastructure and the profiling, mapping and organisation of city wide forums. Under the first phase of LSC, 18 slum settlements have been mapped and profiled. UN-Habitat provided a grant of US$400,000 as a capital enhancement, and a further US$100,000 for administration and development. An additional US$400,000 capital enhancement grant is expected to undertake the second and third phase of the project¹⁴.

**Property markets**

Most Ghanaians purchase land to build a family home or to build income generating assets, such as rental accommodations or shops fronts, if it is not used for agricultural purposes. The land security system in Ghana is complex, due to the parallel existence of customary and statutory law. Traditional authorities are said to own up to 80 percent of the land and acquisition processes can be lengthy, as agreement among various families may be required for a land deal to be consummated.

The Ghana Lands Commission (GLC) is responsible for the registration of title deeds and immovable property. Land registration can take up to a year, as the sourcing of required documents to apply for a land title involves multiple processes. The actual process of registering property, once all documents are sourced, requires five procedures, takes 46 days and costs 1.1 percent of the property value¹⁵.

No electronic database for title deeds exists, which prohibits effective land administration. The Geographic Coverage Index scores Ghana zero out of eight total points, as only a very limited share of privately held land is mapped or formally registered. Further, there is no proper address system – introduction of street naming and property numbering address system commenced in the last quarter of 2014 – making it difficult to hedge against the risk of litigation or land disputes. Customary proof of land ownership is often not accepted by financial institutions, as bills of sale or indentures can be duplicated and multiple sales of the same plot are not uncommon.

In 2010, a collateral registry both for movable and immovable assets became operational, as outlined in the Borrowers and Lenders Act of 2008. The system is online-based and therefore accessible for all financial institutions. In 2012, Ghana Union Assurance Company launched the first collateral policy to provide cover to finance houses. The Collateral Replacement Indemnity (CRI) targets borrowers in the lower to middle income mortgage market (with incomes below GHC 4,400, or US$1,117) who do not have the deposit required by mortgage lenders, but who have the capacity to pay if the debt is spread over a period of time. A draft lands bill has been published this year to form the policy framework for a revised administration and management system, as part of the current Second Land Administration Project¹⁶.

The growth of the oil and gas industry resulted in some developers entering the market that specialise in high end residential in the city centres. Most of these companies sell off-plan, with prices ranging from US$300,000 to more than US$1 million. Property rentals in the middle to upper sector range between US$2,500 and US$8,000 a month. The real growth of the property market is in the low to middle income bracket where the price of properties range from GHC 97,500 (US$24,640) to GHC 585,000 (US$147,885).

Both HFC Bank and GHL have established subsidiaries to capitalise upon and facilitate the growing residential property market. HFC Realty is wholly owned by HFC Bank, and began operations in 2006, with a mission to hold, develop and manage real estate in the country. It operates as a developer, property manager and real estate broker in the industry. GHL established the online Ghana Home Loans Online Realty, an online database of properties available in the Ghanaian market.

**Policy and regulation**

In 2015, the National Housing Policy was published by the MWRWH. The policy defines affordable housing, and introduced strategies to improve resilience and sustainability of buildings (for example, the use of local building materials and innovation). A key strategy to increase low cost housing supply and improve living conditions in slum areas stipulated in the policy is the promotion of private sector
engagement. The National Housing Policy seems to be the guiding document for public private partnerships between developers and government bodies focused on delivering affordable housing initiated in 2016.

The New Draft Land Bill of 2016, might lead to a more effective administration and management of land in Ghana. Against the backdrop of the introduction of the draft bill, the MWRWH has established 57 customary land secretariats across the country to improve the management and administration of lands held by customary authorities, families and clans at the local level. One consequence of an improved land registration system in Ghana would be the reduction of costs of home loans, especially unsecured housing microfinance, as well as a considerable reduction of cost of properties.

**Opportunities**

Foreign direct investment has positively contributed to the real estate market development in Ghana. These developments predominantly cater to the high end of the market. Expanding private sector engagement to the supply of housing for the lower income market through subsidised developments could be an efficient approach to reducing the current housing deficit.

There is a pronounced need for the financial sector to provide long-term acquisition, construction and development finance to support real estate development for low to middle income households. Developments of real estate investment trusts (REITs) market could contribute to cheaper financing of mortgages. As long as macroeconomic determinants restrict financial institutions insourcing affordable long-term finance, there might be a need to provide capital to savings and loans finance houses and microfinance institutions to use for housing microfinance. The establishment of a national housing fund, as proposed in the new Draft Land Bill, could facilitate easier access to capital and savings schemes.

At the same time, costs of housing finance could be reduced by improving the land title system, to alleviate the risk of multiple sales of land or on-selling during the tenure of the construction loan. In order to increase the affordability of mortgages, the 20 percent deposit requirement could be bypassed by policies such as the collateral replacement indemnity. Other schemes such as using national social security contributions as collateral for mortgages might further promote their uptake.

The promotion of local building materials and innovative techniques can reduce costs of building and protect developers, construction companies and SME contractors from increasing costs for imported materials, due to the depreciation of the cedi. The success of the initiatives of the MWRWH depend on the acceptance of the new materials and broad-based capacity building among artisans and construction companies.

With the cooperation of MWRWH and the Kwame Nkrumah University of Science and Technology (KNUST), the data and information on the current housing situation and developments will offer better insights into best practices and offer a centralised collection point for information and data. A number of the shortcomings in the land tenure system in Ghana are currently being addressed by the Land Administration Project, which aims to reform the institutional context in Ghana. Additionally, the Ascertainment of Customary Laws Project (ACLP) promotes the coding of customary rules and practices to reduce abuse of power and to enhance transparency and accountability of customary land ownership.

**Sources**


Habitat for Humanity (2015), The state of Housing Microfinance: A snapshot of housing microfinance practices around the globe, Center for Innovation in Shelter and Finance.

Habitat for Humanity (2013), Housing Microfinance, Lessons from 11 Partnerships of Habitat for Humanity, Article 1: Opportunities and Constraints for Housing Microfinance, Center for Innovation in Shelter and Finance.


World Development Indicators, World Bank, 2015.
Overview

After the instability that followed a 2012 coup, the Republic of Guinea-Bissau restored constitutional order after the 2014 elections and is now undergoing robust economic growth – economic growth is projected at 5.7 percent for 2016 and 6.2 percent for 2017, from just 0.8 percent in 2013. The institutional rebuilding that has taken place post-coup has improved government revenue collection and spending. But, with the spectre of political instability (the country has undergone four successful and seven failed coups d’état since 1978, while the government was dismissed in 2015 and the president removed in 2016, both constitutionally) and a susceptibility to foreign shocks (particularly changes in the prices of cashews), Guinea-Bissau’s economy remains fragile.

Economic activity is centered in the capital city, Bissau, with the African Economic Outlook calling for public policy to ‘energise secondary towns’. The GDP per capita is US$573, down from US$661 in 2011, partly due to a depreciation of the West African CFA, the currency of Guinea-Bissau. The poverty rate has increased, from 64.7 percent in 2002 to 69.3 percent in 2010. Inflation is stable, population growth remains at 2.4 percent and domestic credit provided by the financial sector grew from 64.7 percent in 2002 to 69.3 percent in 2010. Inflation is stable, population growth remains at 2.4 percent and domestic credit provided by the financial sector grew from 64.7 percent in 2002 to 69.3 percent in 2010. Guinea-Bissau is a member of the Economic Community of West African States (ECOWAS) and the West African Economic and Monetary Union (UEMOA).

Political crises have affected the economy and, therefore, have likely decreased investment into the housing sector. There is some private development, apparently selling for US$31 000 a unit upwards. There have been discussions with the Chinese government financing housing with press reports about the first phase of 250 social housing units – out of 1 000 social housing units in total – agreed. The country has an estimated housing backlog of 4 000 units in 2015, according to the Minister of Public Affairs, though, considering the quality of housing reported in the most recent census, this number is likely higher.

Access to finance

Guinea-Bissau has four banks (Banco Da Africa Occidental, Banco Da Uniao, Banque Regionale de Solidarite and Ecobank), which, to varying degrees, have recently struggled with a high non-performing loan (NPL) rate. As the banks lend largely to the cashew sector – Guinea-Bissau’s predominant export and source of household income – the drop in cashew prices from 2012, as well as the political instability faced during the same time, resulted in an NPL rate as high as 74 percent for the bank with the largest exposure to the sector in 2014. The banking sector, at large, has gradually recovered from the 2014 crisis, when NPL rates were 37.7 percent on average, but not to the average NPL rate of 6.5 percent seen in 2011.

Despite the high NPL rates, the banking sector is stable; it lends only to a small section of the economy and is relatively risk averse, with credit risk perceived as being high. Rather, banks tend to invest in UEMOA bonds. Because of this, the banks – regulated by the Central Bank of West African States (BCEAO) – are also relatively liquid. The four banks have increased their loans outstanding, from CFA25.76 billion (US$43.7 million) in 2010 to CFA62.6 billion (US$106 million) in 2015. Most of these loans are short- or medium-term, with just CFA646 million (US$1.1 million) categorised as being long-term. At the same time, deposits held by the banks have increased, from CFA54 billion (US$92 million) in 2010 to 1 056 851 008.

**GUINEA-BISSAU**

<table>
<thead>
<tr>
<th>Key Figures</th>
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<tbody>
<tr>
<td><strong>Main Urban Centres</strong></td>
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<td>Bissau</td>
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<tr>
<td><strong>Exchange Rate</strong>: 1 US$ ***</td>
</tr>
<tr>
<td><strong>Inflation</strong> 2014</td>
</tr>
<tr>
<td>1.9</td>
</tr>
<tr>
<td><strong>Population</strong>:</td>
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<td><strong>Urban population (% of total)</strong></td>
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<td><strong>GDP per capita (current US$$)</strong></td>
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<td><strong>GDP (Current US$$)</strong></td>
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<td><strong>Gini coefficient (year of survey)</strong></td>
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<td><strong>HDI (Global Ranking)</strong></td>
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<tr>
<td><strong>Lending Interest Rate</strong>:</td>
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<td><strong>Unsecured lending interest rate (housing microloan)</strong></td>
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<tr>
<td><strong>Down Payment (%)</strong></td>
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<td><strong>Credit % of GDP</strong>:</td>
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<td><strong>Average Mortgages % of GDP</strong>:</td>
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<tr>
<td><strong>Estimated number of mortgages</strong>:</td>
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<tr>
<td><strong>Cost (% of property value) to register property</strong>:</td>
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<td><strong>Number of procedures to register property</strong>:</td>
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<td><strong>Time/day(s) to register property</strong>:</td>
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<tr>
<td><strong>Cost (% of property value) to register property</strong>:</td>
</tr>
</tbody>
</table>

**Country ownership: World Bank PovcalNet: an online poverty analysis tool, various years**

* African Economic Outlook
^ World Bank’s World Development Indicators (2016)
# World Bank’s World Development Indicators (2016)
## Africa Housing Finance Yearbook 2016
^^ The World Bank’s PovCalnet
*** Coinmill.com The Currency Converter/CAHF survey data
! World Bank’s Doing Business Survey Data (2016)
^ World Bank’s World Development Indicators (2015)
~ World Bank’s World Development Indicators (2014)
! World Bank’s Doing Business Survey Data (2016)

| **Exchange Rate**: 1 US$ *** | 588.59 Central African CFA |
| **Inflation** 2014 | 2015 (est.) | 2016 (prov.) | 2017 (prov.) * |
| 1.9 | 1.5 | 2.1 | 1.8 |
| **Population**: | 844 000 | 2.40 |
| **Urban population (% of total)** | 49.3 | 4.00 |
| **GDP per capita (current US$$)** | 573 | 4.80 |
| **GDP (Current US$$)** | 1 958 851 008 |
| **Gini coefficient (year of survey)** | 590 |
| **HDI (Global Ranking)** | 178 | 0.42 |
| **Lending Interest Rate**: | 51.73 (1998) |
| **Unsecured lending interest rate (housing microloan)** | 11.20 | 20 |
| **Down Payment (%)** | 10.01 |
| **Credit % of GDP**: | 37.7 | 6.5 |
| **Average Mortgages % of GDP**: | 11.20 | 20 |
| **Estimated number of mortgages**: | 178 |
| **Cost (% of property value) to register property**: | 5.60 |
| **Number of procedures to register property**: | 8 |
| **Time/day(s) to register property**: | 51 |
| **Cost (% of property value) to register property**: | 5.60 |
CFA 1.14 billion (US$1.95 million). Only six percent of adults had a deposit with a commercial bank in 2013, suggesting potential for banks to grow their deposit funding, especially with the move to pay civil servants through the banking system.

Data available on mortgage finance is limited. In December 2014, according to the IMF, banks were lending at an average prime rate of 9.5 percent and maximum lending rate of 14 percent, though these numbers are not related to mortgages. For mortgages, in particular, the interest rate was nine to 11 percent in 2015, according to the Branch Chief of Ecobank Headquarters in Bissau. What mortgages are available are restricted to medium and high income households, and those who have a warranty or an employment contract of 10 years, the typical term of a mortgage. Whoever does not meet these requirements will have to save the amount needed or to apply for a loan abroad, for example in Portugal, if they have a business or a warranty seen as capable of covering the costs of the loan. Apparently, many Bissau-Guinean citizens have used this strategy successfully.

For all four commercial banks, repayments for loans granted will be a maximum of 33 percent of an employee’s salary. Some people do manage to build their homes using this type of loans, with loan values varying from CFA3 to 5 million (US$5 101 to US$3 002). This depends on the nature of their employment contract, which allows the yearly renewal of the loan at the beginning of each year (some organisations will provide a four or five year contract, depending on the length of time needed to develop their projects). According to information gathered at Orabank, there are plans, still subject to research, to expand the provision of mortgage finance to large segments of the population. Due to the country’s political instability it is still very difficult for the banks to provide loans for a long payment period, which makes the access to housing finance extremely limited. If a mortgage market were to develop, banks in Guinea-Bissau would have access to Caisse Regional de Refinancement Hypothecaire-UEMOA (CRRH-UEMOA), the regional mortgage refinance facility.

It appears that housing microfinance is limited, with the formal microfinance sector accounting for CFA71 million (US$120 778) in outstanding loans in March 2016 – from CFA84 million (US$142 700) in 2014 – and CFA265 million (US$450 791) in deposits, also in March 2016 – from CFA207 million (US$351 655) in 2014. There are six microfinance institutions in the country, with 14 147 customers (from 16 210 in 2014), contributing an estimated 0.9 percent to GDP. The microfinance sector, in terms of outstanding loans, customers and number of points of service, is substantially smaller than microfinance sectors in the other UEMOA member countries. In terms of construction finance, banks do not cater to the construction of new units, with only two percent of loans in June 2014 to the construction sector.

Affordability

Aside from constraints in accessing housing finance, Guinea-Bissau has low levels of affordability because of the low GDP per capita: 58 percent of households earn below US$2 400 a year, according to C-GIDD data. Household income is heavily dependent on cashew and rice production, which are subject to volatility because of international prices and local weather. With little productivity growth in the country, it is unlikely that the majority of households will be able to afford units constructed by formal developers, and would be better served by the provision of housing microfinance.

Government initiatives to improve housing conditions were underway, but have been interrupted with no clear date for their resumption. In the past, and according to information obtained at the Ministry of Public Works, whatever units constructed by the government were allocated by assessing applicants or by using a lottery system. There was a commission with the responsibility of evaluating the allocation of houses, assessing specific household needs. Though these households were predominantly awarded to war veterans or civil servants.

There are some private developers working in the field but the houses that they construct tend to be for rental purposes, serving employees from international organisations. The rents in these developments can range between CFA500 000 and 1 000 000 (US$856 and US$1 724). Similar units for sale are available for between CFA18 million to 50 million (US$30 593 to US$84 983).

Housing supply

From the census, which was conducted in 2009, 73 percent of households were recorded as owning their houses, while 19 percent of households live in private rental. The numbers for Bissau the capital, are quite different, with 3.8 percent of households living in public rental stock, 46.4 percent in private rental and 42.7 percent occupying houses that the household owns. The census recorded 176 500 households (compared to 267 793 households estimated by C-GIDD in 2016), of which 89.1 percent resided in housing that is considered precarious. The situation is better in cities, where 78.6 percent of households live in precarious housing, and markedly better in Bissau, where only 24.5 percent of households live in precarious housing. The UN-Habitat State of African Cities Report 2014 states that 83.1 percent of urban households live in slums. In urban areas, 28.2 percent of households live in one-bedroom units, compared to 9.8 percent in rural areas (overall, 17.7 percent nationally). The trend is the same for two-bedroom units (27.7 percent of urban households, against 16.5 percent of households in rural areas), but changes from three-bedroom units onwards – 43.8 percent of urban households live in units with three bedrooms or more, compared to 74.3 percent of rural households.

There is no specific system for housing delivery in Guinea-Bissau. Middle income households purchase plots to construct housing. This requires approval by the city council, and, in theory, construction can only begin once approval is given. This land is generally owned by the council or is inherited by individuals. Prices of plots in Bissau are increasing, and have been subject to speculative investments. The backlog, in 2015, according to the Public Affairs Minister, José António Almeida, stood at only 4 000 units. The government is aware of this issue and, in an effort to increase the supply of housing, has signed agreements with China and Morocco.

**Guinea Bissau**

**Annual household income US$**

<table>
<thead>
<tr>
<th>No. of households (thousands)</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 40 001</td>
<td><img src="image1.png" alt="Diagram" /></td>
<td><img src="image2.png" alt="Diagram" /></td>
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<tr>
<td>$23 001 – 40 000</td>
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<td>$12 001 – 23 000</td>
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<tr>
<td>$8 001 – 12 000</td>
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<tr>
<td>$5 001 – 8 000</td>
<td><img src="image9.png" alt="Diagram" /></td>
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<td>$3 601 – 5 000</td>
<td><img src="image11.png" alt="Diagram" /></td>
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<tr>
<td>$2 401 – 3 600</td>
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<tr>
<td>$1 601 – 2 400</td>
<td><img src="image15.png" alt="Diagram" /></td>
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<tr>
<td>$801 – 1 600</td>
<td><img src="image17.png" alt="Diagram" /></td>
<td><img src="image18.png" alt="Diagram" /></td>
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<tr>
<td>&lt; $800</td>
<td><img src="image19.png" alt="Diagram" /></td>
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</tr>
</tbody>
</table>

- Average income needed for the cheapest newly built house by a formal developer, 2016
- Average annual urban household income, 2015 (in constant 2005 US$)
for the construction of 1 500 social houses. The agreement with the Chinese government should deliver 250 during its first phase, with a target of 1 000 units in all. The projects are to be constructed in two different neighbourhoods, as part of a regeneration strategy in Bissau, with the households displaced by these developments being housed in new social units near the airport.

Most households (76.3 percent) live in units that are categorised as having adobe (earth) as the predominant building material, with a further 14.5 percent of households living in units categorised as reinforced adobe. A further 5.4 percent (10 percent of urban households) live units constructed using cement-blocks. In urban areas, 84.3 percent of households live in units that have zinc roofs (57.6 percent nationally), while 60.3 percent of households have straw roofs in rural areas (36.9 percent nationally). In terms of floors, while no households in urban areas have clay floors, according to the census, 66.9 percent of rural houses do. In contrast, 83 percent of urban households have cement floors.

**Property markets**

According to Doing Business, Guinea-Bissau is making steady progress when it comes to improving the business environment regarding real estate. Importantly, this has included some significant steps in terms of registering property: In 2008, the cost of registering property was lowered; in 2014, the country increased the number of notaries dealing with property transactions; and, in 2016, the cost of registering a property was decreased again. The last reform has resulted in Guinea-Bissau improving its Doing Business registering property ranking, from 168 in 2015 to 150 in 2016 – it now costs 5.6 percent of the total cost of the property to register a warehouse, involves eight procedures and takes 51 days. These reforms will likely, if at all, only affect a small segment of the formal property market, which is geared to serve upper income households and foreigners and workers of the international community. There is little effective state regulation of the real estate market, and no policy in place to be implemented.

Though there are a number of laws in place to govern its ownership, land is predominantly accessed outside of Bissau, in accordance with traditional practices. Both traditional practices (though there is variation throughout the country) and a 1975 statute (the statute legislates access to land) do not provide for freehold ownership, only usufruct rights. National laws do allow for concessions of up to 90 years, though there is no standard process to securing a concession. Efforts to finalise a new land law, which should improve security of tenure, have stalled, with the law is still awaiting adoption. The impact of the law would likely be minimal without significant work to improve institutional capacity, according to the IMF with implementation difficult, as, outside of the capital, traditional authorities have de facto authority over land.

**Policy and regulation**

According to information obtained from the Ministry of Public Works, there is a document that regulates the buying and building of houses in the country. The document is entitled, ‘General Regulations of Urban Construction of Houses in Guinea-Bissau’. It explains the different classifications, areas for construction, environmental quality and security, among other regulations to follow when building or demolishing a house. Implementation of these rules would likely be limited. Beyond the reforms concerning the property market, but concerning the conduction of business in the country, Guinea-Bissau introduced a special commercial court and launched a one-stop shop to register a business, as well as creating an online database of all registered businesses. This will hopefully increase the openness of the real estate market, making it easier for entrants into the market.

The banking sector is regulated by BCEAO, which publishes regular data for each member country. BCEAO has also issued regulations that cover credit bureaus and microfinance institutions; and has been particularly proactive when it comes to efficiently regulating the latter.

**Opportunities**

Guinea-Bissau has significant promise, despite the political instability and concerns that the country is a ‘narco-state’. There are a number of easy reforms that the country could undertake that would catalyse economic growth, which would likely increase housing affordability. For example, abolishing a special tax on cashew exports will decrease the poverty rate by two to three percent, according to the IMF. What is required is political stability, targeted investment (particularly concerning the port of Bissau) and international support. The recent establishment of a commercial court and a one-stop shop for business registration suggests that there is the will to make the necessary reforms. The stabilisation of the banks, which have lowered their NPL rates and seized collateral, is a sign that the financial sector is better equipped to expand access to finance. And, importantly, as part of UEMOA, Guinea-Bissau has a low inflation rate and low forex risk, providing a sound foundation for future investment.

**Sources**

Overview

Kenya has gradually emerged from political instability and an economic slowdown as one of Africa’s most developed countries and among fastest growing economies in the world. International investors are optimistic, market sentiments on the Kenyan economy are upbeat (for example, see Deloitte’s Economic Outlook 2015) and the country has a potential of becoming one of the best performing economies in Sub-Saharan Africa and also among middle income countries globally, according Diarietou Gaye, the World Bank’s Country Director for Kenya.

True to these assertions, Kenya’s economy has consistently posted superior performances over the last five years. It registered GDP growth rates of 6.1 percent in 2011, 4.6 percent in 2012, 5.7 percent in 2013, 5.3 percent in 2014 and 5.6 percent in 2015. According to the Economic Survey Report of the Kenya National Bureau of Statistics (KNBS), GDP growth in 2015 was a result of significant growths in the agricultural, construction, real estate, and financial and insurance sectors. The World Bank predicts that the economy will expand more to rise to about 5.9 percent in 2016 and 6.1 percent in 2017, predicated on one of Africa’s great success stories from its growing and youthful population, a

Accordingly, prudent monetary policy restored stability in the currency markets and contained the 12-month average overall inflation at 6.6 percent in December 2015, easing from 6.9 percent in 2014. The Central Bank effectively managed currency volatility and running down forex reserves to cushion the Shilling. The current account deficit as a percentage of GDP narrowed, from 14.5 percent in 2014 to 11.4 percent in 2015, due to a substantial growth in export of goods and services and a reduction in the import bill. This saw the Kenyan Shilling, during the 12 months to June 2015, strengthen against the Euro by 6.7 percent and the Japanese Yen by 6.9 percent but weakened against the US Dollar by 5.4 percent and the Sterling Pound by 2.1 percent. All in all, Kenya has the potential to be one of Africa’s great success stories from its growing and youthful population, a dynamic private sector, a new constitution, and its pivotal role in East Africa. However, addressing challenges of poverty, inequality, widening budgetary gap, governance, low investments and low firm productivity to achieve rapid, sustained growth rates that will transform the lives of ordinary citizens, still remains challenging.

Housing markets are local, and housing market outcomes reflect local economic conditions (Hwang & Quigley, 2006). As such, favourable changes in economic conditions, income, and employment and monetary policies as documented in Kenya over the last year would be expected to have a profound effect on Kenya's housing market, housing prices, vacancies, and residential construction activity.

Access to finance

Kenya’s financial sector, which is regulated by the Central Bank of Kenya (CBK), is relatively sophisticated. In its annual Bank Supervisory Report, CBK describes the structure of the Kenyan banking sector as at 31 December 2015 as having comprised of the Central Bank of Kenya, as the regulatory authority, 43 banking institutions (42 commercial banks and one mortgage finance company), eight
representative offices of foreign banks, 12 microfinance banks (MFBS), three credit reference bureaus (CRBs), 15 money remittance providers (MRPs) and 80 foreign exchange (forex) bureaus. Of the 43 banking institutions, 40 were privately owned while the Kenyan government had majority ownership in three institutions. CBK also reports that the total net assets in the banking sector stood at Ksh3.5 trillion (US$34.5 billion) as at 31 December 2015 – local private banks accounted for 64.6 percent of the total net assets, a slight increase from 64.0 percent in December 2014.

In 2015, the performance of money market rates was mixed, perhaps in response to upward revisions of the Central Bank Rate (CBR). The CBR increased from 8.5 percent in December 2014 to 10.0 percent and 11.5 percent, in June and December 2015 respectively. The 91-day Treasury bill rate dropped from 8.58 percent in December 2014 to 8.26 percent in June 2015 and rising to 9.81 percent by December 2015. The interbank lending rate spiked in June 2015 to 11.78 percent from 6.91 percent in December 2014 before dropping to 7.27 percent in December 2015. Similar oscillations were reported for all commercial banks interest rates in 2015 with the exception of the savings deposit rate that dropped in December 2015. Commercial banks loans and advances lending interest rates rose to 17.45 percent in December 2015 from 15.99 percent in December 2014. The fluctuations in interest rates by commercial banks was similarly reflected in the loans-deposits interest rate spread which dropped from 9.18 percentage points in December 2014 to 8.84 percentage points in June 2015 and rose to 9.53 percentage points in December 2015.

On financial inclusion and innovation, CBK reports that the number of bank branches increased by 80 to 1,523 branches between 2014 and 2015. Similarly, customer deposits increased by 8.73 percent from Ksh22.9 trillion (US$22.5 billion) in December 2014 to Ksh24.9 trillion (US$24.5 billion) in December 2015. CBK has financial inclusion as one of its key focuses, and has increased the number of microfinance banks by issuing licences to Daraja Microfinance Bank Ltd and Choice Microfinance Bank Ltd, and a nationwide licence to Cartas Microfinance Bank Limited. CBK has also initiated financial inclusion surveys such as the FinAccess Geospatial Mapping Survey and FinAccess Supply Side Survey in conjunction with Financial Sector Deepening (FSD) Trust and the KNBS. The FinAccess Geospatial Mapping survey estimated that 73 percent of the population is living within a three kilometre radius of a financial services access touch point, there was a 37.9 percent increase in mobile money agents, stand-alone ATMs increased by 24 percent and financial services access touch points per 100,000 people also increased to 218 in 2015, compared to 162 in 2013.

Specific to housing finance, CBK, once again, undertook a survey on the development of the mortgage market for residential housing in Kenya. From this survey, it was revealed that the value of mortgage loan assets outstanding increased from Ksh16.0 billion (US$1.6 billion) in December 2014 to Ksh20.3 billion (US$2.2 billion) in December 2015, representing a growth of Ksh39.3 billion (US$38.9 million) or 230.0 percent. It was also revealed that the non-performing loans (NPLs) for mortgages increased from Ksh10.8 billion (US$106.3 million) in December 2014 to Ksh11.7 billion (US$115.2 million) in December 2015. The mortgage NPLs to gross mortgage loans was 5.8 percent, which was below the industry non-performing loans to gross loans ratio of seven percent. The survey also showed that there were 24,458 mortgage loans in the market in December 2015, up from 22,013 in December 2014 – an increase of 2,445 loan accounts or 11.1 percent due to increased demand from the expanding middle class. At the same time, the average mortgage loan size increased from Ksh7.5 million (US$73,841) in 2014 to Ksh8.3 million (US$81,717) in 2015 due to increased property prices. Despite this growth, the number of institutions offering mortgages dropped from 37 in 2015 to 34. The decline in the number of commercial banks offering mortgage loans is attributable to the liquidation of the Dubai Bank and placement of the Imperial Bank Limited and the Chase Bank Limited in receivership.

The interest rate charged in 2015 on mortgages, on average, was 17.1 percent and ranged between 11.9 percent and 23 percent as compared to 15.8 percent average in 2014. 89.3 percent of mortgage loans were on variable interest rates basis in 2015, compared to 92.5 percent in 2014. Interestingly, the loan to value was still being pegged below 90 percent by the majority of the banks in 2015 and 2014 but the average loan maturity was 9.6 years, compared to 10.6 years in 2014. Finally, the survey showed that the high cost of houses, high interest rates on mortgages, high incidental cost of mortgages, low levels of income and difficulties with property registration and titling remain the major inhibiting factors to the growth of the Kenyan mortgage market.

Cooperative movements remain important stakeholders with regards to supporting the mortgage market. The National Cooperative Housing Union (NACHU), an apex organisation made of registered primary housing cooperatives, works to provide affordable and decent housing to Kenyans within the low and modest income communities. NACHU has more than 800 housing cooperatives in eight regions of Kenya and has become a leading organisation in the provision of housing microfinance, capacity building and technical services. NACHU has supported various community housing and real estate projects. Currently running projects include the Alfa Mwanda Housing Project in Nakuru (33 units), Faith Foundation Housing Project in Nairobi (52 units), Kabria Housing Project in Nairobi (37 units), Mutindwa/Good Neighbours Housing Project (39 units), Ngumo Mmega Housing Project (20 units) and the Royal-Housing Project (50 units).

Access to finance remains below developed countries. Yet key statistics, such as loan and advances from the banking sector, indicate a significant positive change. According to CBK, loan and advances from banks increased by 15.12 percent from Ksh181 billion (US$183.5 billion) in December 2014 to Ksh202.914 billion (US$20.6 billion) in December 2015.

In August of 2016, President Kenyatta signed into law a new bill that would cap the interest rates that commercial banks can charge on loans. The bill caps interest rates at only four percentage points above the Central Bank Rate (CBR), while requiring banks to provide interest on deposits at 70 percent of the CBR. With the average interest rate on mortgages 17.1 percent, the CBR at 10.5 percent and deposit funding becoming more expensive for banks, it is expected that this bill will adversely affect the mortgage market, particularly for middle income households. It remains to be seen how the bill will affect the microfinance sector; and how banks will adapt their strategies to remain profitable despite the new regulations.

Affordability

On the demand-side of the Kenya’s housing market, as the economy and urban population expand, a matter of grave concern still remains affordability. Going by the Kenya Bankers Association’s Housing Price Index (KBA-HPI), the overall house prices have sustained a positive change for the whole of 2015 and the first two quarters of 2016. This view is similarly held by the Knight Frank index and the HassConsult’s Composite Sales Index. In fact, HassConsult point out in their report that, since the first quarter of 2016, the growth in house prices has consistently exceeded growth in land prices for the first time in nine years. Accordingly, HassConsult presents that the all property average asking house price is Ksh31.1 million (US$306,193), while sellers of four to six bedroom homes were asking for Ksh46.7 million (US$459,781), on average, whereas those selling one to three bedroom homes recorded an average asking price of Ksh14.1 million (US$138,820) by the end of the second quarter of 2016. Given these high house prices and noting that the prices are still on a generally upward drift, the burgeoning question is: What proportion of Kenyans would afford such houses? For a prospective buyer to qualify for a Ksh14.1 million (US$138,820) mortgage at the average interest rate of 17.45 percent, such buyers must be able to pay about Ksh170,000 (US$1,674) per month. To make this payment, the monthly income of the buyer must be at least Ksh300,000 (US$295) per month, assuming a restrictive loan-to-income ratio of 55 percent. This is beyond the income of over 99 percent of Kenyans, including the middle-class, highlighting the affordability challenges facing buyers.

More and more developers are now focussing on the affordable housing segment, building smaller units at much lower prices. Jamie Bora (trading as Urbanis Africa) and Karibu Homes-Parktel (in partnership with Shelter Afrique) are among the pioneering developers to implement this strategy. Karibu Homes, for instance, has a project of 1,074 units, which includes one-bedroomed houses priced at about Ksh1.6 million (US$15,753). Urbanis Africa, on the other hand, has, for several years, launched several affordable housing project which once completed will churn out more than 5,000 units. Other developments include the 1,000 units by Suraya Property Group priced at Ksh2.9 million (US$28,552) and 2,000 units...
by Erdemann Property Ltd for Ksh6 million (US$59,073) and Ksh7 million (US$68,918) for two and three bedroomed units, respectively.

**Housing supply**

The CAHF (2015) estimates the annual housing requirement in Kenya at about 132,000 units per government projects annual production at 50,000 units, leaving a recurrent annual deficit at about 82,000 units. This huge deficit indicates a dire need for increased housing investment, especially innovative and targeted developments, to boost supply. Statistics on investment into housing indicates that there is a growing interest in this sector. According to the annual economic survey of KNBS, only Ksh127.7 billion (US$1.6 billion) was invested into housing production in 2010 but investment in dwellings has consistently been on the rise, recording growth at a rate of 15.2 percent, 17.2 percent, 14.6 percent and 17.3 percent in 2011, 2012, 2013 and 2014, respectively. In 2015, about Ksh257.3 billion (US$2.5 billion) was injected into the housing sector countrywide with Nairobi alone receiving above Ksh58.4 billion (US$575 million), accounting for roughly 7,479 new housing units.

The government still remains a major player and supplier of housing in Kenya. With an aim of addressing the low-level of urban homeownership and arrest the spreading slums and squatter settlements, the approved government budget for housing is expected to increase significantly to Ksh7.9 billion (US$77.8 million) in 2015/16 from Ksh5.3 billion (US$532.8 million) in 2011/12, Ksh5.21 billion (US$513.3 million) in 2012/13, Ksh7.03 billion (US$692 million) in 2013/14 and Ksh7.4 billion (US$72.9 million) in 2014/15. However, the actual expenditure on housing decreased from Ksh6.1 billion (US$60.1 million) in 2013/14 to Ksh5.9 billion (US$58.1 million) in 2014/15 as fewer projects were completed. Although the approved budget in 2014/15 was Ksh7.4 billion (US$729.9 million), the amount spent was Ksh5.9 billion (US$58.1 million), representing impressive 79.2 percent utilisation.

**Property markets**

As international investors’ confidence returns, security concerns lifted, house prices in Kenya have generally recorded considerable surges in 2015 and in the first two quarters of 2016. This is basically reflected on all three available indices from different sources. According to the Knight Frank Prime Global Cities Index, prices of luxury homes in Nairobi increased by 3.3 percent and 2.2 percent for a 12-months’ period and six-month period ending March 2016, respectively. Based on the annual performance, Nairobi is now ranked 15 in their 35-city survey, up two positions from 17 in the last quarter of 2015. Separately, HassConsult Property Index, which tracks asking prices, shows that prices for individual suburbs in the luxury market segment in Nairobi recorded a much higher increase in asking prices in 2015, especially in Karen (17.3 percent), Lavington (10.2 percent) and Spring Valley (9.7 percent).

On the whole, however, all indices tend to agree that house and rental prices recorded significant increases in 2015 and the first half of 2016. According to HassConsult Property Index, the overall asking house prices in Nairobi rose by about 9.6 percent from 2014 prices while rental prices rose by 5.4 percent. The KBA-HPI at the end of 2015 showed an improvement of the overall house prices by 5.34 percent from prices by the end of December 2015 and the same index by the end of the second quarter of 2016 indicates an increase by 1.74 percent compared to the 1.4 percent rise during the first quarter. In the opinion of Kenya Bankers’ Association, the surge in house prices is instigated by developers’ preference of the middle end of the market, developers’ inclination towards renting than selling, growing mortgage market and gradual opening up of new geographical areas for housing development in response to physical infrastructure expansion, especially transport.

**Policy and regulation**

In Kenya, the Ministry of Land, Housing and Urban Development and the National Land Commission (NLC) are two main institutions responsible for land administration. The ministry is part of the executive arm of the national government while the NLC is an independent body created by the 2010 Constitution.

Noting the existence of many land laws, the Ministry realised that some of the laws were incompatible and resulted into a complex land management and administration system, fragmentation and breakdown in land administration, disparities in land ownership and poverty. To address these problems, from 2010, the Ministry embarked on the formulation of a several land laws in line with the Constitution that had just been promulgated in 2010. The resultant new laws include the National Land Commission Act of 2012, the Land Registration Act of 2012 and the Land Act of 2012. The new laws have repealed the Indian Transfer of Property Act, the Government Lands Act, the Registration of Titles Act, the Land Titles Act, the Registered Land Act, the Wayleaves Act and the Land Acquisition Act. The Land Control Act, the Landlord and Tenant (Hotels, Shops and Catering Establishments) Act, the Sectional Properties Act and the Distress for Rent Act were not repealed.

Since enactment of this laws and the formation of NLC, administrative structures for management of land in Kenya changed considerably. The NLC created in 2012, has a range of functions including advising the national government on a comprehensive programme for the registration of land titles, management of public land, implementing settlement programmes, developing an effective land information system and managing a land compensation fund. Another important function of NLC will be the allocation of public land. The allocation of public land to private individuals has been a concern for many Kenyans for a long time. Allocation of public land was within the control of public officers at the Ministry of Lands, who were susceptible to influence by the executive arm of the government. The process of allocation of public land was therefore shrouded in secrecy and, often, members of the public would only realise that public land has been expropriated after a title deed has been issued to private persons.
Opportunities

Kenya requires the construction of at least 132,000 units per annum to cater for new urban dwellers and has a backlog of 1.85 million units. Even as the need is obviously present, the fact remains that only a handful of Kenyans can afford a formally built house and that the majority would prefer to rent unless the cost is brought down to a truly affordable price. True to these words, the housing case for Kenya is basically a case for affordable housing. In the words of Aden Van Noppen, of Acumen Fund, providing more affordable homes and housing finance in Kenya is not impossible and there are a growing number of groups who are making strides in this direction. They are taking risks and testing new models, and many of them need capital from patient impact investors in order to move forward.

For instance, on end-user finance, products that match cash flows of the middle and low income earners are likely to be appealing to many customers, such as home improvement loans, incremental construction financing, group loans and joint-income loans.

On the supply side, developers will be able to make a significant impact by constructing smaller units (studio, one-bedroom and two-bedroom units), making joint purchase of land to reduce overall cost of completed units, sourcing concessionary loans at lower interest rates and by using alternative building materials. Typical examples on this would include the already successful Karibu Homes-Parktel, Suraya Property Group, Erdemann Property Ltd and Jamii Bora trading as Urbanis Africa, among others, who have ventured and proven that development of affordable houses is still possible.

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1 The Kenya National Bureau of Statistics (KNBS) defines ‘middle income’ households as those whose monthly incomes fall between Ksh23,671 (US$321.1) and Ksh119,999 (US$1,628) based on the rates of October 2005.
Overview

Lesotho is a mountainous landlocked country completely surrounded by the Republic of South Africa (RSA), with an estimated population of 2 100 000 in 2016 and national population growth rate of 1.2% per annum as stated in the African Economic Outlook of 2016. The country’s land surface is 30 355 square kilometers (km²). The rural areas have a population of 1 414 381 (73%) and urban areas have a population of 510 000 (27%) population. The population is classified as one of the least developed countries globally, with a national population below poverty line estimated at 57.1% (61.2% and 39.6% for urban and rural areas respectively) for 2010 survey year.

The real GDP growth was estimated at 3.4% in 2015 and projected to decline to 2.6% in 2016. There was a significant increase in the GDP from 2014 (estimated at 1.98%) to 2015. During the 2014/2015 financial year, public spending was recorded at 63.1% of the country’s GDP due to a shift in growth from export driven to public spending, making Lesotho one of the highest ratio globally in terms of public spending hence an economic growth that is not inclusive leading to high poverty levels with GNI per capita estimated at US$1 350.

The depth of poverty in Lesotho is believed to be increasing drastically with very high inequality. It is estimated that about 61% of the population living in rural areas are considered poor while only 39% of the poor live in urban areas which denotes noticeable disparities of socioeconomic, in particular, income, wealth and living conditions. In April 2016, the country’s inflation rate was recorded at 7.9%.

A shortage of labour market contributes significantly in the country’s poverty. The government employs more than 50 000 persons, tourism employs 53 000 people including indirect jobs supported by industry; mining employs about 3 000 persons (both directly and indirectly) despite being the fastest growing sector; manufacturing employed 48 000 in 2014; textile and garment industry employs about 36 000 mainly women. Unemployment rate, nonetheless remains very high, estimated at 28.1% in 2014. An average household income per month was about US$3 000.00 and LSL6 000 had an average monthly income of LSL4 313.

The number of housing units available in the country is not documented, however the Lesotho Housing Profile (LHP) estimated a housing need of about 60 000 by 2025. Nonetheless, housing finance is mainly through mortgage with about 400 loans per annum to citizens earning more than US$900 a month. The criteria used to qualify for a loan poses a challenge, in particular to non-salaried people.

Access to finance

Lesotho has relatively limited banking sector throughout the country, however; the number of branches has increased significantly from 44 in 2013 to 76 in 2016. This sector is regulated by the Central Bank of Lesotho (CBL) and dominated by commercial banks namely, Standard Lesotho Bank Limited (SLB), First National Bank (FNB), Nedbank Lesotho and Lesotho Postbank (LPB).
SLB is present in all 10 districts with a total of 17 branches, 86 ATM network and 555 point-of-sale terminals spreading throughout the lowlands and highlands of Lesotho. Currently the bank has 263 381 active customers, including 195 705 debit holder and 10 059 credit holder. SLB also has and offers home loans from LSL1 000 up to 10 million. Initially the bank required 20% deposit or more, but recently the deposits depend on a house or house plan valuation report. Proof of income such as a pay slip determines the amount one would qualify for. FNB Lesotho Limited has eight branches (in five districts), 63 ATMs, 485 point-of-sale terminals and 145 145 active clients. The bank offers home loans. NedBank Lesotho has nine branches with 20 ATMs network spread throughout its branch network and point-of-sale terminals.

LPB provides financial services predominantly to the under-served Basotho in the urban areas and previously un-served rural population. LPB has 42 branches spread throughout the country and ATM118. The bank does not have mortgage facilities however, it provides general purpose personal loans from LSL1 000 up to LSL150 000 with an interest rate of 21.5% annually over a period of one to five years. To qualify for such loans, the bank needs a salary confirmation payable into a client’s LPB account. A pay slip is used to assess amount one would qualify for.

In October 2011, the Lesotho government passed a Credit Reporting Bill, which will ultimately set up a credit bureau to be used by credit providers and the CBL. This Bill makes provision for the licensing of private credit bureau operators and technical bureau services, which will assist financial institutions in lending out money by establishing a credit information point on borrowers.

Compuscan, a credit bureau licensed by CBL commenced its operations in August 2014. The SADC Credit Information Sharing Project, initiated and supported by FinMark Trust, also commenced in July 2014. This saw the partnership among the Ministry of Finance as the policy maker and project custodian on the ground, CBL, the Credit Bureau and the Credit providers themselves working together to operationalise a credit information sharing environment in the country. The total number of accounts recorded on the Bureau as of 31st March, 2016 was 121 860, while the total number of natural persons recorded on the Bureau was 90 757.

Habitat for Humanity Lesotho signed a partnership agreement in February 2016 with Lesana Lesotho Limited, a subsidiary of Select Africa, and classified as a lower middle-income country based on the World Bank’s classification. New clients are given loans up to LSL100 000, and LSL125 000 to revolving clients for housing and housing related purposes. The loans are payable at 25% over a period of one to five years. The housing solutions services are specifically for low income earners in Lesotho who can provide proof of income (pay slip) as one of the requirements.

There are 235 non-banking financial institutions (NBFI’s), 51 active financial cooperatives, 11 insurance companies, four licensed asset managers, 30 licensed insurance brokers, 57 registered money lenders including one credit institution, 102 pension funds and six collective investment schemes (CIS), including two money market funds (MFM). Three banks serve the formal sector, mostly salaried employees as well as medium and large corporate enterprises.

Access to finance is very low despite the significant rise in the number of bank branches and other services within the banks. An estimated 19% of Basotho were not financially served. This was attributed to the use of insurance as well as the formal and informal primary funeral insurance which accounted for 62% of adults. The adult population percentage that have bank accounts is estimated at 38% (14% in rural areas) and additional 23% have other means of formal financial service. Generally, the level of formal financial inclusion of adults Basotho is estimated at 61% and those served by informal financial services stand at 23%.

Affordability

The gross national income of Lesotho is estimated at US$1 500 per capita income, hence the country being classified as a lower middle-income country. Population living below poverty line is estimated at 57.1% (61.2% and 39.6% for urban and rural areas respectively) while 34% is below extreme poverty line. The Lesotho National Housing Policy revealed that, about 70% of Basotho households earn less than M1 000 (about US$99) per month based on the Lesotho Housing Profile house cost to household expenditure ratio of 4:1. This implies that, they do not meet the commercial banks’ requirements for a loan such as, a deposit and amount of loan repayment which is above their net salary.

A significant number of Basotho cannot afford to buy formally developed houses despite the 17% of Basotho earning a salary or a wage. In Lesotho, a salary determines the amount of loan one would qualify for; hence is beyond the low income earner’s reach. For someone to qualify for the Nedbank loan, for example, proof of income such as payslip, employment contract stating terms and conditions of employment and at least 10% deposit of the total loan amount is mandatory. Standard Lesotho Bank on the other hand, offers home loans from LSL1 000 up to LSL10 000. Initially the bank required 20% deposit or more, but recently the deposit required depends on a valuation report and proof of income which determines the amount of loan one would qualify for. The Postbank offers personal loans for general purposes only provided clients bank with Postbank. Salaries and wages determines the amount of loan.

Lesotho Housing and Land Development Corporation (LHLDC) provides rental for middle income at LSL500 (US$34.16) on average and LSL7 000 (US$480.42) for high income on average. Sigma Housing Estate caters for low income with rentals ranging from LSL1 800 (US$123) to LSL2 500 (US$171); LSL5 000 (US$343) to LSL10 000 (US$684) for middle income; LSL15 000 (US$1 029) and LSL25 000 (US$1 715) for high income categories. Their housing stock for sale caters for middle to high income only which ranges from LSL650 000 – LSL950 000 (US$44 610 – US$65 199) and LSL1.5 million – LSL3.5 million (US$102 947 – US$204 210) respectively. Informal housing that exists serves majority of low income earners. These are mostly single and double-roomed attached houses classified as ‘molaene’ in Lesotho. The rental costs range from LSL500 to LSL800 (US$34 – US$54) per month.

Housing Supply

Basotho still rely on social networks and inheritance to own property, with a small percentage (23%) living in houses they financed through bank loans. Some build their homes themselves while about 23% live in homes they inherited.

The housing delivery systems are mainly through home ownership, employment tied housing rentals (especially for the civil service employees depending on the type of house, they pay a portion of their salaries as rent from LSL1 000 for a one roomed house to LSL800 for a three bedroomed house), and rental housing with about 52% of households renting single-row houses (molaene) in urban areas. Housing need seems to be on the rise particularly in urban areas (estimated at 35%) compared to rural areas which account for less than 1% and this can be attributed to urban migration. The national household average size is estimated at 4.8 persons for rural areas and 3.4 persons in urban areas, this is a clear indicator of lack of adequate housing in Lesotho. There is a dire need for housing supply to curb the overcrowding situation. The informal housing supply in the country is estimated at 70% and rental affordability is estimated at 25 – 30% of household expenditure hence urban households can afford to pay between LSL208 – LSL250 (US$14.28 – US$17.16) per month and LSL417 – LSL500 (US$28.76 – US$34.32) per month.

Rental markets and house purchases in Lesotho vary, depending on the type of delivery system (being informal or formal), the geographical location (urban, peri-urban and rural) and category (low, middle and high income) households fall in.

LHLDC is a government parastatal mandated to deliver formal housing in Lesotho. To date, it has sold detached houses mainly for middle to high income and the costs vary. Twenty (20) three-bedroom houses that were customised design drawings per individual preferences in Katlehong area (plots size ranged from 540 to 604m²) for high income only were sold 996 plots (with an average size of 450m² for low income and 600m² for middle to high income) were developed in Maseru South West (MASOWE) III and only 34 houses were built and sold due to financial constraints. The low-income houses sold were three one-bedroom units and three two-bedroom units while middle-income had three designs of three-bedroom units and four different designs of two-bedroom units.
Property Markets

Home owners and renters use their own links such as social networks like, family and friends, to find out about property markets in the country thus making the housing market very small. Only a few, mostly middle to high income earners rely on real-estate agents. Unfortunately, the real-estate sector is not regulated hence, lack of data and inflated prices make it very expensive and inaccessible to majority of Basotho. The Housing Department within MOLGC is the designated regulatory body\(^20\) for the housing sector in Lesotho. Nonetheless, the sector’s growth is estimated at about 1% a year, and contributes about 9% of GDP\(^21\).

Property markets are more skewed towards potential buyers in the middle to high income category, leaving out the lower income. The 2016 – 2020 draft National Housing Strategy reiterated that, majority of Basotho with a monthly income of about LSL1 000 are still faced with challenges of accessing affordable and adequate housing due to high unemployment rate, estimated between 30 – 35%, (with the poverty line of about 57.1% and population below poverty line at about 35.1%) and low income levels coupled with high property rates. In turn, this has contributed to a major increase of unplanned and underserviced areas especially in the peri-urban areas which are built on agricultural fields (masimo), thus reducing arable land estimated at about 10% of the total land surface of Lesotho. The National Housing Policy noted that these settlements are obtained informally through subdivision of masimo by owners and allocated by chiefs. It is further noted that, majority of these settlements lack basic services and infrastructure such as, water, sanitation, roads and electricity\(^23\). This implies that the formal housing supply does not meet the housing demand in Lesotho. In order to meet the housing demand, Lesotho Housing Profile (LHP) estimated that about 5 200 houses (interpreted as about 9 000 rooms) will be needed a year to meet the urban housing demand\(^25\).

Policy and Regulation

The Constitution of Lesotho recognises the importance of policies that enable Basotho to have decent shelter. Section 34, notes the importance of adopting policies that encourages its citizens to acquire property including land, houses, tools and equipment, as far as economic conditions allow\(^24\). It must however be noted that, this clause does not confirm that provision of a house to Basotho citizens is a constitutional right. This implies therefore, that housing in Lesotho is a basic human need but not a basic human right as such, it is a sole responsibility to individuals to provide for their own housing.

The National Strategic Development Plan (NSDP) is the Government of Lesotho (GoL)’s medium term plan to achieve accelerated and sustainable economic and social transformation. The NSDP 2012/2013 – 2016/2017 under its strategic framework, emphasises the importance of developing a key infrastructure plan that integrates well planned services and human settlements, thus improving access to quality housing as well as, development of shelter and property\(^26\). It further encourages the implementation and enforcement of safety standards of housing and promoting planned urban densification in residential developments for maximum utilisation of limited urban space.

There are legal and regulatory instruments in place to enable forward planning and development, although they are outdated. For instance, the 1980 Town and Country Planning Act 1980, the 1989 Development Control Code, the 1991 Development Regulations, the 1990 Planning Standards and the 1995 Building Control Act as well as its 1995 regulations. There is an urgent need for government to review and update these important and critical land laws in Lesotho, in order to effectively address challenges related to development in the country.
Land administration reforms were undertaken through the support of Millennium Challenge Account (MCA) signed between the GoL and USA Government, aimed at improving land laws and policies as well as supporting the establishment of Land Administration Authority (LAA). The legislative and institutional reforms that have taken place to date include the Land Administration Authority Act of 2010; the Land Act of 2010; and the Land Regulations 2011: the Land Court Regulations 2011 and the Sectional Titles Draft Bill 2011.

LAA is an autonomous body made up of former government departments which dealt with cadastral, national mapping and deeds registration. This merge was facilitated by the 2010 Land Administration Authority Act. In turn, several bottlenecks (i.e. number of days it takes to acquire a land lease from submission of documentation) which hindered speedy processing of land leases were removed, this in turn, improved the revenue collection for government through efficient land billing and collection systems i.e. land taxes. Since 2010 up to May 2016, 67,592 leases have been issued and registered with the office of the Registrar of Deeds. Nonetheless, the 2010 Land Act is yet to be fully operationalised.

In January, 2016, the LHP was launched by MOLGC, supported by UNDP and UN-Habitat in Lesotho concurrent to the consultative process carried out to review 2005 Draft National Housing Policy. LHP gives a holistic depiction of the factors influencing housing provision in the country, which includes, housing finance, land and construction, institutional, regulatory and cultural settings. Despite the reforms, policy enactment, access to finance as well as, access to land that would advance Basotho’s housing needs is still a challenge to the majority.

**Opportunities**

There is an opportunity for property markets investment due to the demand for property, particularly for the middle to higher income groups. There is also a critical need for low income group property markets given rapid urbanisation. The ongoing legislative and policy reforms coupled with the current developments which are concentrated mostly in Maseru, leaves other districts open for investments in the housing sector: Microfinance institutions which is non-existent, can provide innovative housing finance options targeted at lower income earners in order to grow the sector. Ministry of Trade and Industry implementation of the Private Sector Competitiveness and Economic Diversification Project. As a result of this initiative, the number of days required to register a company reduced from 28 to seven. Again, number of days required to obtain an industrial license reduced from 35 to five days; and turn-around time for a trade license was reduced to 15 days from 30 – 50 days.

Progress made in addressing land allocation and management weaknesses is highlighted previously which in turn, reduced number of days taken to 11 days to acquiring a land lease from date of submission. This also increases investment opportunities as commercial banks accept land lease as collateral for loans. The introduction of Sectional Titles has created opportunities in property ownership as it enables separate ownership of a section or sections of a building. Apartments can therefore, be owner occupied. Processes to review the 1980 Town and Country Planning Act, which is aimed at promoting orderly development of land in urban areas have started. The reviews document will pave way to the establishment of planning boards, declare planning areas and set out procedures for the preparation of physical plans which will create opportunities for acquisition of planned sites for development in an efficient manner.

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Overview
The Republic of Liberia is on the West coast of Africa and bordered by Sierra Leone to the west, Guinea to the north, Ivory Coast to the east and the Atlantic Ocean to the south. The country has a population of 4.5 million, 49.7 percent of which lives in cities, making the country highly urbanised. Liberia is a member of the Economic Community of West Africa (ECOWAS) and rich in natural resources among which are iron ore, rubber, timber, gold, diamond, coffee and cocoa. Liberia is one of the poorest countries in the world with an HDI score of 0.412, placing it at a ranking of 177th out of 188 countries in 2015. The Ebola epidemic coupled with the drop in commodity prices had weakened Liberia’s economy, the real GDP growth fell from 8.7 percent in 2013 to around 0.7 percent in 2014 and around 0.4 percent in 2015. Economic growth has been affected due to decline in exports revenue particularly iron ore, and the delay in direct foreign investments and public investment especially in the construction sector. The inflation rate was seven in 2015. Inflation is expected to reduce in 2016 due to lower international fuel and food prices. Liberia is gradually recovering from the aftermath of the Ebola crisis and according to the Central Bank of Liberia Report at the end of November 2015, with total commercial bank assets increasing at a rate of 4.1 percent, it ranks 179th out of 189 countries. Challenging areas include, access to affordable and long term credit, registering property and enforcing contract. Liberia has a very challenging business environment as illustrated in Doing Business 2016, it ranks 179th out of 189 countries. Challenging areas include, access to affordable and long term credit, registering property and enforcing contract.

Access to finance
Liberia’s financial sector in December 2015 includes the Central Bank of Liberia (CBL), licenced operating commercial banks remained at nine with 87 branches compared to 85 in 2014, 20 registered insurance companies, 20 registered microfinance institutions, 400 credit unions, 1 450 village savings and loans associations and nine rural community finance institutions (RCFIs). According to the CBL report of 2015, banking industry balance sheets showed positive growth at the end of November 2015, with total commercial bank assets increasing at a rate of 9.0 percent over the figures recorded for the same period in 2014. In spite of the negative impact of Ebola epidemic on all sectors of the economy, the financial sector remained resilient and the growth rate reflects continuous confidence in the banking system. Although the financial sector of Liberia is growing and reforms to improve access to finance is being implemented nevertheless access to finance is still limited to the urban areas. Access to affordable long term credit is still a challenge for the majority of the population and average interest rate for a loan is 13.6 percent and average mortgage rate is 14.5 percent.

Prior to the civil war the National Housing and Savings Bank was the only mortgage bank in Liberia. However even then, the approach was limited to lending to individuals to build their own homes. There was no linkage between the bank and the National housing Authority (NHAA), the government owned housing development institution, to promote housing development in Liberia. The National Housing and Savings Bank collapsed in the 1990s during the civil war.

** KEY FIGURES **

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<th>Main Urban Centres</th>
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# Global Financial Inclusion Database (FINDEX)
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Access to housing finance is limited and when available is confined to Liberia's capital city, Monrovia. The government, however, is encouraging homeownership, as well as the development of a mortgage sector to make houses affordable to low and middle income earners. Currently, practically all the commercial banks have mortgage products and even some micro finance institutions such as Liberia Enterprises Development Finance Company, LEDFC. The first formal mortgage programme for post-conflict Liberia was launched in 2013 by the Liberian Bank for Development and Investment (LBDI), financed with US$10 million from CBL. Mortgage Credit stimulus initiative. The programme involved LBDI taking ownership of a 30-year old estate that had been built for low income earners and managed by National Housing Authority. LBDI then sold the units to the tenants. There were 89 beneficiaries. The Mortgage Credit stimulus initiative also allowed LBDI to offer about 100 mortgages finance over 10 years.

Other initiatives include the financing of NHA by The National Social Security and Welfare Corporation (NASCCORP) and National Oil Company of Liberia (NOCAL) to boost housing development in Liberia. NASCCORP and NOCAL are partners of NHA and their funding has contributed so far to the construction of 88 houses by NHA. The NHA houses are two and three bedrooms units and cost US$15 000 and US$20 000 respectively with a fixed interest rate of eight percent per annum and repayment between 5 and 10 years. A down payment of 30 percent is required.

Micro finance and informal finance play an important role in the economy. Providers of microfinance include commercial banks, private micro finance institutions, NGOs, credit unions, and other informal providers such as “usu”. According to CBL, there are 20 MFIs operating in Liberia in 2015 and Liberia Enterprises Development Finance Company, LEDFC is the leader of the sector, under new management; the institution has rebranded its activities to include real estate and construction. At the end of December 2015, four microfinance institutions were listed on the MIX Market with US$20 million disbursed to 31 000 borrowers and US$20 million being deposited by 144 000 depositors. Access Bank remains the leader of the market with US$16.86 million disbursed to 13 190 borrowers and US$20.44 million deposit by 122 310 depositors.

Libera ranks 109 out of 189 economies in getting credit, the World Bank Doing Business 2016, compared to 160 in 2015 as a result of reforms in legal framework, and adopting a new commercial code that broadens the range of assets that can be used as collateral including future assets and extends the security interest to the proceed of the original asset. There are no private credit bureaus and no public registry.

Affordability

Liberia is a low income economy, recovering from the lingering effects of its civil wars and the consequent economic and social upheaval of the population. Given this historical context, Liberia’s recovery has been spectacular, driven primarily by the country's national Poverty Reduction Strategy. Foreign direct investment in mining, agriculture and construction has also played an important role still, the majority of the population lives below international poverty line (63.8%) and the Ebola crisis, coupled with the decline in international commodity prices have aggravated the economic situation since 2014. According to 2014 Household Income and Expenditure survey, 54 percent of Liberians were living in poverty in between January and August 2014 and the unemployment rate was three percent nationally with 17.5 percent in urban areas compared to 6.6 percent in the rural areas.

The monthly average wage was about US$50 in the urban areas and 40 percent higher than the rural areas. A high level of inequality of income persists in spite of the economic growth, 10 percent of paid employees are receiving 72 percent of total cash earnings. There is also income inequality between the rural populations and the urban populations and inequalities between the counties as illustrated in the 2010 Labour Force Survey (LFS). According to the LFS, there are about 1.1 million employed persons aged 15 and over working in Liberia about 6 000 in rural areas and 5 000 in the urban areas. i.e. employment to the population ratio is 60.5 percent. Majority of people employed are working for themselves (68 percent informal sector) and 77 percent of the employment is considered vulnerable, that is employment without social protection and job security. In 2015 the national legislature finally passed the Bill for the minimum wage introduced since 2010. The new minimum wage is US$6.00 for unskilled labour per day. The enforcement of the Decent Work Act took effect on March 1st 2016.

Access to mortgage finance is extremely limited and rental homes are provided primarily by informal housing promoters and NHA. Rents vary according to the location and the quality of homes. They range from US$400 to US$1 700 for houses in Monrovia for the higher income households and expatriates. These houses are out of reach to the majority of Liberians earning less than the minimum wage of US$6 per day. Less than one percent of the population has access to government subsidised homes managed by NHA. Majority of the population in the urban areas live in slums, in multi occupied houses where rents are subject to fluctuations according to demand.

Housing supply

Housing stock in Liberia can be classified in three categories, based on the material used for construction: construction with mud and straw with thatched roofs mainly found in the rural areas, small tin roofed wooden houses found in urban houses and houses built with cement, concrete and stone, and corrugated iron for the ceiling in urban areas particularly in Monrovia. Majority of the houses are self-built and auto financed. According to 2008 census, there were 326 960 household living in dwellings in urban Liberia and 343 335 in rural areas. Houses in low income Monrovia tend to have many rooms (5.5 median) and the large houses tend to be crowded, multi-occupied rooms with a mean of 20 people whereas other cities have 1 to 2 household in a house with a mean of 10 people. There is little or no data on the current housing stock; the data available is the UN-Habitat Liberian housing profile stock estimated to be 327 000 dwellings in 2010.

Even before the last civil war, Liberia's housing stock was insufficient. The war devastated much of the country’s urban housing stock, and as a result, the majority of the population was displaced and now live in dilapidated conditions, and in slums. The poor state of housing has contributed substantially to the rapid spread of the Ebola virus.

The National Housing Authority, a state-owned institution, was the only institution that provided housing at a relatively large scale although still far below what was and is needed. Between 1962 and 1984, NHA developed and implemented a number of housing programmes in the major cities, producing 1 789 housing units and 600 serviced plots land for low cost housing, including in New Kru Town in 1962, Stephen A. Tolbert in 1975/1979 and Mtadda in 1978/1980. The total cost of investment was estimated at US$39.6 million between 1962 and 1984.

Today, after more than 10 years of democratic government, the housing stock continues to be inadequate and the supply cannot meet the demands of galloping urbanisation. Liberia is already 49.7 percent urbanised, and is among the most urbanised in the region.

The government of Liberia is sensitive to the situation. The government's ambitious programme of reconstructing Liberia and transforming Liberia from a poor country into a middle-income country with equal opportunities and access to all by year 2030, known as the Agenda for Transformation (AFT), lays emphasis on housing. The government has reinforced the capacity of the National Housing Authority to address housing needs in Liberia. In response, the NHA has developed a national plan (2013 – 2017) that includes interventions regarding housing development finance, housing development policies and strategies, and town and city planning. The NHA also has an ambitious housing delivery programme to boost the supply of adequate and affordable houses all over the country. In October 2014, the NHA finalised a plan for the construction of 5 000 houses units worth over US$50 million. The project started in the following cities: Kakata, Tubmanburg and Sanniquelle. Financed by Shelter Afrique, the project also provides US$29.2 million to three commercial banks to give long term loans to eligible Liberians. The project is ongoing but there is little or no data on the deliveries. NHA three bedroom modern house price is US$20 000 with 20 percent down payment, mortgage interest of eight percent over ten years. Other projects include the Ellen Johnson Housing Estate, an estate of 125 housing units, in Marshall and Margibi County programmed to be delivered in 2015 and financed by the government of Liberia. Out of the 125 units of Ellen Johnson Housing estate, 52 units were delivered to their owners in September 2015.
The government is also encouraging the private sectors to participate in financing affordable homes for their employees. Some of the following companies that have initiated partnership with the government to provide affordable homes for their employees are Arcelor Mital, Putu Iron Ore mining and Golden Veroleum. The current state of commodity prices is a potential risk for the realisation of the project.

Other private companies are emerging in the housing market as a result of the current reconstruction drive and economic growth of the country, as well as the efforts of the government in promoting investment opportunities. Among the private companies are Global Building Solutions, Real Estate Developers Inc. and Broad Cove Partners. Broad Cove Partners development is called Ecohomes, the first project is an estate on 300 acres parcel of land located on the RIA highway between Monrovia and Robert International Airport featuring renewable energy efficient and construction material produced locally to stimulate employment.

The project is a variety of single family homes and a small number of duplex attached houses with a total of 500 planned houses with modern social and commercial amenities. Broad Cove is the lead investor. Prices are from US$39,900 for one bedroom house and US$64,000 for three bedroom houses with the possibility of a mortgage and a monthly payment of US$363 for 10 years for the one bedroom house. Ecocomes houses are sold to interested clients and Liberians in diaspora are among its clients. The SINLIB real estate program is a partnership between SINLIB Real Estate Developers Inc. and NHA. The project is called Monrovia House and located near Redlight Market and the new Fendell Campus of the University of Liberia. The target is middle class Liberian. There are 50 houses delivered, one to three bedrooms with modern amenities. The Ecohomes houses are sold to interested clients and when available, does not reflect market reality. Still, the opportunities are real.

As in most post conflict countries, data regarding the property market is scarce and when available, does not reflect market reality. The Director of Liberia National Housing Authority asserted that Liberia will construct 512,000 housing units by 2030, the target year for the country to achieve middle income status. This means Liberia needs at least 30,000 new houses every year for the next sixteen years.

According to the World Bank’s 2016 Doing Business Report, Liberia ranks 178 out of 189 economies in terms of ease of registering property. Ten procedures are required to register property almost doubled the six procedures required, on average, across Sub-Saharan Africa, and the process takes 44 days. Cost of registering property is 13 percent of the cost of value of property.

**Policy and regulation**

The legal and regulatory framework governing urban development and specifically housing in general is very meagre and followed by hardly any developers. The zoning law though enacted since 1947 has not been implemented and the building code has not been used. The president has given instructions to the Ministry of Public works, the ministry in charge to enforce the law.

Also to attain the vision defined in “Liberia Rising 2030” and the Transformation Agenda (AFT), the government of Liberia has recognised the need to ameliorate the country’s housing policy. To meet this end the government instructed the National Housing Authority to develop a national Housing Development Policy and Strategy. In response, the NHA has produced a draft for new national policy to guide in production of 512,000 housing units between now and 2030. A two day national stakeholder’s colloquium was organised in April 2014 to have a large representation from across Liberia to deliberate on the new policy. It has not been possible to find information on the outcome.

**Opportunities**

After recovering from two civil wars and economic instability Liberia is facing two new challenges, the effect of the Ebola crisis and the deficit in revenue due to the fall of international commodity prices. As a result the country’s economic progress has been affected, but the government's infrastructure programme and the growth in the service industry are indicators of quick recovery of the economy. The real GDP growth is estimated at 2.8 percent in 2016 from 0.4 percent in 2015. It is also estimated that the trend for global demand of commodities will remain unchanged over time in spite of the decline in their prices in 2014 – 2015. There is no doubt that the global demand for natural resources, the different government economic development programmes, the NHA programme for affordable homes, improvement in doing business environment and fiscal incentives to encourage investments and develop the private sector, are all indicators of opportunities in housing development in Liberia. The country is rich in natural resources and has also been intensifying its exploration for offshore oil. Its geographic and historical
context, given its slave history, also makes it a very attractive hub for the tourist industry. Infrastructure development projects, including road construction, port rehabilitation, the repair and expansion of the Mount Coffee Hydropower plant (with a maximum capacity of 80MW), and the construction of new heavy fuel power plants to improve production of electricity and boost growth in the manufacturing and services, are all underway.

The challenges arising from the impact of Ebola crisis and the decline of commodity prices notwithstanding, Liberia’s ambitious programme to attain a middle income status by year 2030 creates the context for very real housing investment opportunities. The different government development programmes and the efforts of the government in improving business environments, the results of which can be measured by the position of the country as well as the rate of urbanisation (49.7 percent), are indicators of opportunities for the housing finance and housing development sectors.

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Overview
In 2016, the political and security situation has remained unstable in post-revolution Libya. After the fall of Gaddafi's authoritarian regime in October 2011, the country has struggled to put in place a stable government resulting in ongoing unrest and civil war. In 2016, Libya has been a key springboard for migrants heading for Europe and there has been continued instability caused by Islamist militancy, competing parliaments and continued low oil revenues.

Libya has a population of 6.4 million people, 90% of whom live in the coastal 10% of the land area. The GDP contracted by six percent in 2015, following on from a fall of 23.5 percent the year prior, to stand at US$29.15 billion. Prior to the revolution, Libya was considered as an upper-middle income country with a fall of 23.5 percent the year prior, to stand at US$29.15 billion. Prior to the revolution, Libya had a population of 6.4 million people, 90% of whom live in the coastal 10% of the land area. The GDP contracted by six percent in 2015, following on from a fall of 23.5 percent the year prior, to stand at US$29.15 billion. Prior to the revolution, Libya was considered as an upper-middle income country with the highest GDP in Africa, yet there is limited economic and political freedom.

The General National Congress (GNC) replaced the National Transition Council in August 2012. In 2014, a new parliament was voted into power, known as the Council of Representatives (CoR), which relocated to the eastern city of Tobruk, leaving Tripoli controlled by powerful militia groups. These militias have taken advantage of the power vacuum caused by the outgoing GNC and the new parliament. In 2015, the UN brokered an agreement to form a new “unity” government, the Presidency Council, headed by the unity Prime Minister Fayez Sarraj, yet both Tripoli and Tobruk administrations have been reluctant to acknowledge its authority. Mr. Sarraj set up a headquarters in Tripoli in March 2016, while the Tobruk government, the Presidency Council, headed by the unity Prime Minister Fayez Sarraj, yet both Tripoli and Tobruk administrations have been reluctant to acknowledge its authority. Mr. Sarraj set up a headquarters in Tripoli in March 2016, while the Tobruk government, the Presidency Council, headed by the unity Prime Minister Fayez Sarraj, yet both Tripoli and Tobruk administrations have been reluctant to acknowledge its authority. Mr. Sarraj set up a headquarters in Tripoli in March 2016, while the Tobruk government, the Presidency Council, headed by the unity Prime Minister Fayez Sarraj, yet both Tripoli and Tobruk administrations have been reluctant to acknowledge its authority. Mr. Sarraj set up a headquarters in Tripoli in March 2016, while the Tobruk government, the Presidency Council, headed by the unity Prime Minister Fayez Sarraj, yet both Tripoli and Tobruk administrations have been reluctant to acknowledge its authority. Mr. Sarraj set up a headquarters in Tripoli in March 2016, while the Tobruk government, the Presidency Council, headed by the unity Prime Minister Fayez Sarraj, yet both Tripoli and Tobruk administrations have been reluctant to acknowledge its authority. Mr. Sarraj set up a headquarters in Tripoli in March 2016, while the Tobruk government, the Presidency Council, headed by the unity Prime Minister Fayez Sarraj, yet both Tripoli and Tobruk administrations have been reluctant to acknowledge its authority. Mr. Sarraj set up a headquarters in Tripoli in March 2016, while the Tobruk government, the Presidency Council, headed by the unity Prime Minister Fayez Sarraj, yet both Tripoli and Tobruk administrations have been reluctant to acknowledge its authority. Mr. Sarraj set up a headquarters in Tripoli in March 2016, while the Tobruk government, the Presidency Council, headed by the unity Prime Minister Fayez Sarraj, yet both Tripoli and Tobruk administrations have been reluctant to acknowledge its authority. Mr. Sarraj set up a headquarters in Tripoli in March 2016, while the Tobruk government, the Presidency Council, headed by the unity Prime Minister Fayez Sarraj, yet both Tripoli and Tobruk administrations have been reluctant to acknowledge its authority. Mr. Sarraj set up a headquarters in Tripoli in March 2016, while the Tobruk government, the Presidency Council, headed by the unity Prime Minister Fayez Sarraj, yet both Tripoli and Tobruk administrations have been reluctant to acknowledge its authority. Mr. Sarraj set up a headquarters in Tripoli in March 2016, while the Tobruk government, the Presidency Council, headed by the unity Prime Minister Fayez Sarraj, yet both Tripoli and Tobruk administrations have been reluctant to acknowledge its authority. Mr. Sarraj set up a headquarters in Tripoli in March 2016, while the Tobruk government, the Presidency Council, headed by the unity Prime Minister Fayez Sarraj, yet both Tripoli and Tobruk administrations have been reluctant to acknowledge its authority. Mr. Sarraj set up a headquarters in Tripoli in March 2016, while the Tobruk government, the Presidency Council, headed by the unity Prime Minister Fayez Sarraj, yet both Tripoli and Tobruk administrations have been reluctant to acknowledge its authority. Mr. Sarraj set up a headquarters in Tripoli in March 2016, while the Tobruk government, the Presidency Council, headed by the unity Prime Minister Fayez Sarraj, yet both Tripoli and Tobruk administrations have been reluctant to acknowledge its authority. Mr. Sarraj set up a headquarters in Tripoli in March 2016, while the Tobruk government, the Presidency Council, headed by the unity Prime Minister Fayez Sarraj, yet both Tripoli and Tobruk administrations have been reluctant to acknowledge its authority.

Since the revolution, oil revenues have decreased by 90 percent, there are frequent electric outages and little formal business activity. Some sources claim that nearly a third of the country’s population has fled to Tunisia as refugees. Key challenges that Libya faces include restoring the rule of law, putting in place a functional government, reducing dependency on the petroleum industry, and reaching consensus on strategies for reconstruction and long-term development.

Access to finance
Development of Libya’s financial sector has stagnated due to Libya’s instability, high inflation and a sustained liquidity crisis. The Council of Representatives established a second central bank, operating in eastern Libya, which printed its own Libyan dinars due to liquidity crisis, injecting an estimated four billion legitimate Libyan dinars into the economy.

In the past, Libyan banks were highly liquid and experienced high levels of NPLs due to limited credit information systems and poor banking supervision which restricted the availability of housing finance. Official figures of NPLs are largely unreliable, last reported at ranging from 17.2 to 35.4 percent over the past decade, yet it is estimated that they have reached a level where most of Libya’s public institutions would be considered technically insolvent without central government support.
A process of privatisation and banking reform commenced in 2007, with some foreign banks authorised to acquire shares in public banks, the legalisation of joint ventures between foreigners and local investors in 2010 and a rise of interest in seeking new banking licenses.

Bank lending for housing finance is restricted due to high collateral requirements, the lack of a Libyan land registry or credit bureau and inadequate central bank regulation. Libya has a very low loan-to-deposit ratio, with the most recent data reporting 23.4 percent, as of March 2013, compared to an average of 80 percent for the region. The Savings and Real Estate Investment Bank would grant subsidised housing loans to Libyan citizens at zero interest rate and tenures of up to 30 years. Yet, there was a lack of independent oversight, which allowed mismanagement and many Libyans view these loans as grants, so there are very high default rates. The bank’s poor targeting of home loans and lack of enforcement of repayments distort the housing finance market and restrict the development of a functioning mortgage system.

Domestic credit to the private sector has risen to 35.7 percent of GDP in 2015, largely due to falling GDP rather than more lending. The ratio of housing finance to GDP ratio is estimated to have remained small, at below one percent. Unless allocated a loan through the government program, for which households who do not yet own a home are qualified, it is particularly difficult for low-income or small borrowers to access finance for housing.

In 2013, the government passed a law to enforce a strict Islamic Banking regime and ban interest in financial transactions starting in January 2015, being the third Middle Eastern country, behind Iran and Sudan, to ban non-Sharia compliant banking. Nevertheless, lack of government control of the country has left enforcement of this policy in limbo and many commercial banks have ceased lending, effectively paralysing the banking sector.

### Affordability

In terms of access to affordable housing, the African Economic Report of 2016 reported that 65 percent of Libyans were dissatisfied with housing delivery, the lowest rate in the continent. At least 70 percent of the Libyan working population is estimated to be employed by the public sector, while a mere four percent of Libyans are working in the private sector. GDP per capita has fallen substantially, to an estimated US$4,600 in 2015, compared to US$12,200 in 2013, which has had a large impact on affordability. Rent in a one bedroom apartment in central Tripoli costs US$400 – US$600 per month or US$474, on average. A one bedroom is estimated at US$376 outside the city centre, meanwhile, the price for a 3 bedroom unit averages US$2,205 in the city centre and US$1,123 outside the city centre. Although, the rental costs have reduced in recent years, the cost of housing is still well beyond the affordability of an average household. The house price to income ratio is above five in Tripoli, which makes affordability difficult for low-income groups.

Housing is very difficult to access on the private market, due to the small amount of private land available for purchase and development, and the small secondary market in formal housing resale. As a result, most households in the past would sit on waiting lists for years until they are able to access a subsidised house from the Libyan government, often living in poorly serviced informal neighbourhood or overcrowded units housing multiple families.

In 2007, a minimum wage was established at US$200 per month for an individual worker, yet the enforcement of this minimum is not clear. Overall unemployment was estimated at 33 percent by the World Bank in 2012 and even higher for youth, up to 50 percent, with the majority of unemployed holding university degrees. During the civil unrest following the revolution, unemployment is expected to have continued to rise and the earning capacity of residents has fallen due to disruptions in business. At the same time, prices have increased, which has negatively affected the purchasing power of the lowest-income and least resilient households.

In the past, public sector workers were reported to receive a monthly housing allowance that ranges from 12 to 25 percent of their salary, yet state subsidy systems have ceased operating effectively, leaving a large section of the population unserved. UN-Habitat estimated in 2001 that 35 percent of the urban population in Libya were living in slums, figures that have been confirmed by various relief agencies working in the country. Meanwhile, in 2016, the UN and humanitarian partners estimated that 4.35 million people had been affected or displaced by the conflict.

### Housing supply

Housing supply in Libya has historically been the main responsibility of the government with the government providing free education, transport, healthcare and public housing – offered to households with zero percent interest loans – under Gaddafi’s regime. From 1989 to 1996, around 75 percent of housing was constructed by the public sector. From 1997 onwards, the government has continued to play an instrumental role in housing supply. Activity in the housing construction and real estate sector has been halted by the unrest. In 2014, the housing shortage was estimated at 350,000, yet there has been a lot of destruction in cities and displacement of people, which will exacerbate housing shortage estimates once peace is restored.
The Housing and Infrastructure Board (HIB) of the Ministry of Housing and Utilities (MHU) was traditionally responsible for the implementation of public works contracts. HIB works on infrastructure and public building projects, along with managing the state’s residential projects on a turn-key basis, contracting with both national and multinational firms.

At its creation in 2007, HIB was tasked with building 200 000 units. Official figures from the MHU in 2012 indicated that 134 341 housing units were under construction, 94 500 were in their bidding phase and 11 121 had been completed. The entire program has been on hold since, with an estimated US$11 billion worth of uncompelled housing projects under construction. ELI-imposed sanctions on HIB, that had put restrictive measures in place since 2011, were lifted in January 2014, yet due to the poor security situation, the majority of HIB’s projects have remained unfinished.

Since 2011, many foreign and local investors involved in housing construction in Libya have been forced to abandon or face interruptions in their work. Efforts to recommence have been disrupted by continued insecurity, arguments over payment for delays, and increased costs in the intervening period. This had resulted in very limited new supply and an increasing housing backlog. In December 2013, AECOM announced a partnership with HIB worth over US$205 million for 25 months, yet the programme has not been implemented due to the unstable security situation. Another international firm, Egypt’s Al Abd halted work on housing projects worth US$102 million in 2015 over ongoing security tensions.

Property market

The property market in Libya has been heavily influenced by decades of Gaddafi’s system, which developed a system of patronage that has had a serious impact on land availability and exacerbated conflicts related to property ownership following the revolution. There are no procedures in place for obtaining a construction permit, registering property or resolving insolvency, giving Libya a ranking of 189th or last, in those sections of the 2016 Doing Business report, and a ranking of 188th overall.

Large plots of land previously owned by Italian farmers, about 38 000 hectares, were confiscated and redistributed among Libyans after the Coup d’Etat in 1969. These plots have been further fragmented over time due to the traditional system of inheritance that only gave the right of ownership to one house, beyond which property was confiscated. In 1986, land ownership was abolished altogether. This was promoted by the government as a means of redistribution, but resulted in forcible confiscation of private property and reallocation using means that lacked transparency. There have been efforts to revoke these laws, yet few reforms have taken place in the legal vacuum following the end of the regime.

As part of Libya’s “opening up” policy, aimed at reintegrating the country into the international economy, Gaddafi’s son, Saif al-Islam, established a property compensation committee in 2007 to consider claims on previously expropriated property. Yet, many former property owners fled Libya, in the early 1970s, and the subsequent exchange of property, along with Gaddafi’s orders to destroy the land registry in 1982, makes it very difficult to verify ownership claims. In the aftermath of the revolution, some of these former land-owners returned to reclaim their land, with some even hiring militias for the purpose.

Due to the previous regime’s ideology, Libya’s policies have been characterised by large-scale subsidies. The subsidy system has not been transparent, which makes it difficult to determine either the effectiveness or cost of the state-provision of housing. Public expenditure on housing increased in the decade prior to the revolution. In 2007, it was reported to have reached as much as 30 percent of overall public investment, though no figures are available for more recent years. Overwhelmingly, subsidies seem to have been misallocated and used for political reasons. Following the revolution, the government started to raise salaries and distribute a monthly allowance of US$400 per household (a total of US$480 million), in an attempt to calm the protests in the country. The salaries of public workers and allowances to the low-income are still being paid on a monthly basis, yet the targeting and expenditures are unclear.

Gaddafi’s government did carry out mass construction of housing to ensure an adequate house for all Libyans. These units were sold to eligible households (those that had not owned a home before), who were able to purchase the units with a zero interest long-term loans from government banks. The high rate of default and concessionary nature of these loans has restricted the growth of housing finance sector.

The post-revolutionary policy direction on housing is still in a state of uncertainty. Once rule of law is restored, there will need to be a significant effort toward reconstruction in the urban centres, in addition to putting in place a clear system for the registration of property rights and construction permits to allow and incentivise private sector participation. It is likely that any new housing policy would continue to rely upon heavy subsidies once oil revenues increases, where the government engages private companies to build public housing on a turnkey basis, which are then sold on to households with concessionary housing finance provided through the public banks. This may be used to stimulate the reconstruction efforts and to attract foreign investors back into Libya.

Opportunities

It was estimated by the World Bank that restoring Libya’s infrastructure will cost US$200 billion over the next 10 years. A peace settlement in Libya could lead to a rebound in oil output and exports, which would improve the fiscal deficit and current account imbalances, and allow Libya to address housing shortages and economic development.

Nevertheless, continued instability means that the short-term outlook for Libya is continued volatility. In 2015, Libya experienced the largest decline in peacefulness scores worldwide. Foreign reserves are expected to decrease further through the rest of the year, as oil production remains low, at an average production of 400 000 barrels per day, compared to 1.8 million barrels per day in 2010. The establishment of the Presidency Council, as the UN-backed unity government was a positive step, though more will need to be done to uphold their legitimacy and
overcome militias that control parts of the country. The UN Support Mission in Libya (UNSMIL) continues to have a major role in facilitating this peace process.

Addressing the chronic housing shortage and providing shelter to IDPs can be expected to become a primary priority of the government and population as the terms of the peace agreement are settled and once security returns. Once the treasury resumes normal functions, the Libyan government can also be expected to mobilise substantial resources toward reconstruction of infrastructure, which may provide opportunity for future investors.

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Overview

Madagascar is an island country off the coast of Mozambique. The economy is driven by its extractive industries, banking, transport and agricultural sectors. In 2008 the country experienced a negative growth rate (-3.7 percent) as a result of the global financial crisis and local political instability, and in 2009 the government was overthrown. The economy has since been recovering slowly. In 2014 GDP growth was three percent, but is estimated to have plateaued at 3.2 percent in 2015. It is projected to accelerate to 4.0 percent in 2016 and 4.5 percent in 2017 as governance and business climate reforms take effect, alongside buoyant extractive industries, agriculture and tourism. Living conditions have worsened further with increasing inflation rates. Although the country has significant natural resources, it is estimated that more than 70 percent of its inhabitants live below the poverty line.

Presidential and parliamentary elections were held in the last quarter of 2013, a major step in ending the five year political crisis which should bring about renewed economic and social development.

Madagascar is one of nine countries which has been selected to pilot the Climate Investment Funds’ (CIF) Scaling Up Renewable Energy in Low Income Countries Programme (SREP). It will receive new funding and operational support to do this, with the African Development Bank (AFDB), serving as implementing agency as Madagascar develops its new CIF investment plans. Criteria used to select countries include low energy access rates, existence of an enabling policy and regulatory environment, renewable-friendly energy development strategies, strong governance capacity, and capacity for implementation. Each country will be provided with up to US$300 000 to develop an SREP investment plan.

In June 2014, the government, under the newly elected president Hery Rajonarimampianina, launched a dialogue on green growth to assess the challenges and opportunities presented by green growth in the country developing ways of moving to sustainable development for all while preserving the country’s natural capital.

Currently, environmental degradation costs the country nine percent of GDP annually. Ecological deterioration is aggravated by the populations’ poor resilience to natural disasters, while most of the productive sectors of the economy are very vulnerable to climatic incidents. In 2013, Madagascar faced a major cyclone and its worst locust plague since the 1950s, and by June a quarter of Madagascar’s food production had been destroyed.

The World Bank reports that the fiscal revenue to GDP ratio remains low (10.1 percent), well below the target in the revised state budget. Current expenditures continue to consume a large share (75 percent) of total public expenditures. The country continues to rank poorly on the ease of doing business index: 164th out of 189 countries in World Bank Doing Business 2016 report, a slight decrease compared to the previous year’s ranking of 166th.

As a whole, the primary sector recorded poor growth in 2015 (0.7%, down from 3.3% in 2014) due to floods in the north and drought in the South. Agriculture is...
the dominant sector in the economy, contributing 24.8 percent of GDP in 2008 and 26.4 percent in 2013. Over the same period, construction’s contribution to GDP dropped from 4.9 percent to 3.5 percent, and finance, real estate and business services dropped from 15.5 percent to 11.3 percent by 2013. The secondary sector as a whole contributes about 15 percent to GDP and was the leading sector in terms of growth in 2013, up 7.9 percent mainly due to extractive industries. The tertiary sector contributed 56 percent of GDP and grew by 1.2 percent in 2014, compared to 2.4 percent in 2013.

Madagascar’s participation in Global Value Chains is limited to exporting unprocessed goods and selling imported goods. According to the Central Bank, creation of local enterprises has been reduced from -16.7 percent in 2013 to -5.5 percent in 2014.

Access to finance

Madagascar’s financial sector is managed tightly by the Central Bank, and the country has a comprehensive national finance strategy for 2013 – 2017. The Central Bank lending rate has been held at a steady 9.5 percent since August 2009, allowing a sense of stability in an otherwise uncertain economy. The rate was reduced to 8.3 percent in May 2015. It is expected that the easing of monetary policy measures will result in an easing of credit conditions for the private sector. According to the Central Bank of Madagascar, there are 11 banks, seven non-bank financial institutions (pension funds and insurance companies) and 30 microfinance institutions (MFIs). The financial sector is dominated by commercial banks, which hold about 84 percent of the total system’s assets, while non-bank financial institutions and micro-lenders account for the remaining 16 percent of assets. Only five percent of the population use banks.

Increase in household expenditure has been financed by borrowings. As a result, private borrowing increased from 10.1 percent of GDP in 2013 to 17.1 percent in 2014, showing an increase of seven percent.

The increase in short term credit (from 11.4 percent in 2013 to 23.7 percent in 2014) is meaningful, as compared to medium term credit (from 8.6 percent in 2013 to 9.2 percent in 2014).

As regards public sector credit it has been minimal and it has decreased both for the short term (72.9 percent in 2013 to 20.0 percent in 2014) and the long term (from 73 percent in 2013 to 49 percent in 2014). Credit most given has a short to medium term maturity, with a maximum maturity of seven years. The average lending interest rate by banks was 13.5 percent in 2014, while the deposit interest rate was 10.75 percent in the same year. As a result of the high interest rates, only a select clientele can afford to obtain credit from the banks.

The microfinance sector is small at five percent of bank transactions, but has been growing rapidly. From a value of about AR22.7 billion (US$7.398 million) in 2002, it had grown to about AR244.4 billion (US$79.64 million) in 2011. The sector has approximately 31 players, including state, foreign investor and donor-supported initiatives. The Central Bank regulates the sector. Some 16 MFIs reported to the Mix Market (an online source of microfinance performance data and analysis), and in 2014 had a gross loan portfolio of US$148.9 million, disbursed to 192,191 active borrowers. Almost 800,000 depositors saved US$143 million in deposits. The largest of these is CECAM, with 54,602 active borrowers in 2014 and a gross loan book of almost US$35 million. In 2012, Orange Madagascar collaborated with MFSAfrica to launch an online money transfer service so that its customers could receive international remittances directly to their Orange Money accounts.

The intention was to lower the costs of sending money, both for the receivers and the senders.

Overall, access to financial services is extremely low. According to the International Monetary Fund’s Financial Access Survey, only 15.1 in every 1,000 households had a loan with a commercial bank in 2013, and 67.2 in every 1,000 households had a savings account with a commercial bank. Outstanding loans from commercial banks in 2013 amounted to 10.72 percent of GDP and deposits amounted to 18.47 percent of GDP. In 2013, Madagascar had only 1,864 ATM’s per 100,000 adults, and 1,741 bank branches per 100,000 adults. There were only 0.38 commercial bank branches per 1,000 km² in 2013.

Between 2010 and 2012, the International Fund for Agricultural Development (IFAD) implemented a project to improve access to professional domestic and international remittance services mainly for the rural population in the Malagasy highlands who have limited or no access to the formal banking sector. The African Development Bank provided a Credit line and Technical Assistance grant for the development of a credit product for rural micro, small and medium enterprises within Première Agence de MicroFinance in Madagascar (PAMF-Madagascar) between 2011 and 2014. The United Nations Capital Development Fund implemented a programme to strengthen coordination and supervision of the inclusive finance sector; develop financial infrastructure at the meso level, and improve the provision of financial services to the rural poor between 2010 and 2014. A project by IFAD is underway (from 2007 until 2015) to increase the incomes of poor rural people in five of the country’s poorest and most densely populated regions. It aims to create efficient business development services that respond to the needs of small and micro rural enterprises. It should also assist in structuring traditional clusters into modern value chains by line of business, to enable long-term sustainability and market expansion with linkages to regional growth poles. IFAD also initiated a programme in 2009 which runs until 2018 to support farmers and their organisations to better integrate them into the economy, facilitating farmers’ access to services by matching demand and supply, and increase production levels by establishing financial mechanisms responding to demand for services, through the Agricultural Development Fund and the Regional Agricultural Development Fund.

In 2012, the World Bank launched the Global Financial Inclusion Database (Global Findex) to explore levels of financial inclusion around the world. According to Global Findex, 4.3 percent of rural and 9.7 percent of urban Madagascans over 15 years of age have an account with a formal financial institution. Very few Madagascans have an outstanding loan to purchase a home: 1.2 percent of the top 60 percent of income earners and 0.4 percent of the bottom 40 percent of income earners. Loans for home construction are slightly more common but still scarce: three percent of the top 60 percent of income earners had one, and 1.4 percent of the bottom 40 percent of income earners. Poverty is widespread in Madagascar. About 49.1 percent of the population earns less than US$1 a day, thus basic needs such as food, education and housing for this group of people is largely unsatisfied.

Enforcement of prudential standards is weak, as insufficient funds have been available for supervision since the Central Bank ran into financial difficulties in 2004. Overall, there is a poor business climate. It has, moreover, regressed in many other fields. Major obstacles to attracting investment are political instability, difficult access to credit, corruption, lawlessness, lack of infrastructure, costly and unreliable energy supply and the absence of an independent legal system.

Affordability

GDP per capita in Madagascar decreased in 2012 by 0.9 percent, in 2013 by 0.2 percent, but is estimated at having increased in 2014 by 0.9 percent. In 2012 it was estimated at US$332.4 (AR102 million), down 4.2 percent from 2011. In 2010, the average annual wage was estimated at US$158 (AR1.59 million), but much lower in the agricultural sector: at about US$251.52 (AR771 800).

Household affordability is further affected by droughts, flooding and cyclones, the three most common disasters that affect more than half of all households. It is not unusual for a household to suffer a loss equivalent to a full month’s income, 72 percent of households say that recovering from such a shock can take over a year.

Housing supply

According to the Periodic Household Survey of 2010, about 86.5 percent of the country’s households live in self-built, traditional housing. These houses are usually temporary structures made with compacted mud and poorly attached thatched roofs which provide very little protection from diseases and the environment, and little security from crime. Access to basic services is very low. Only 27.7 percent of the population has access to water, and only 7.1 percent to improved sanitation. Approximately 88.2 percent of the urban population lives in slums, and over 57 percent of urban residents have no refuse removal services at all. The rate of urbanisation is high, estimated to be 29 percent.
Habitat for Humanity indicates that 75 percent of the country’s population live in rural areas. The average size house in rural areas is about 26m². The current housing backlog in Madagascar is estimated at about two million units. Annual population growth creates a demand for an additional 100,000 units; this demand is expected to grow by three percent.

Madagascar’s property development sector, to the extent that one exists, is geared towards very high income earners, expatriates and tourists. No formal housing is developed for lower or even middle income earners.

Habitat for Humanity Madagascar has been working in the country since the year 2000, and has serviced about 4,460 families. The organisation builds new houses, develops water and sanitation services, and promotes urban renewal. Habitat Madagascar has been active in building houses in the east, central highland, west, south highland and northwest regions of Madagascar. Houses range between 15m² and 40m² for one bedroom, a living room, a kitchen and a bathroom. House foundations are made of stone or fired clay bricks and then covered with concrete floors, while the walls are made of clay brick and mortar. Clay tiles or thatch are used for the roofs, and windows and doors are made of eucalyptus wood. These materials are locally produced and come from renewable sources.

A joint government, UNDP and UN-Habitat initiative took place in March 2013, the country’s first National Urban Forum. Under the theme ‘building together the future of our cities’, the Forum adopted a declaration that made the urban sector a national priority. A key aspect of the commitments involved strengthening the private sector in the development and management of urban infrastructure.

While the overall business climate has deteriorated in Madagascar in the past four years, the most significant decline has been in terms of obtaining construction permits. The 13 procedures involved in acquiring a construction permit takes 185 days and cost 30.8 percent of income per capita. For this reason, Madagascar ranked 164th for this indicator out of 189 countries in the World Bank’s 2016 Doing Business Report, up from 166th in 2015.

**Property markets**

Originally Madagascar prohibited foreign land ownership, offering rather long-term leases of about 99 years. Under customary law, land in Madagascar is perceived as the land of the ancestors (tanindrazana). Although land may become individualised, many believe that land must be titled or recorded in some fashion before an individual can claim perpetual ownership rights to the plot. In 2004, legislation that allowed foreigners to own land was passed. In order to acquire land, however, foreigners must invest up to US$500,000 in the real estate, banking or tourism sectors.

Most urban land is held under customary tenure, and residents do not have title recognised under formal law. In 2006, the Madagascar Action Plan was drafted, setting out development goals within the timeframe of 2007 to 2012. One of these goals was to increase the number of households with land title from 10 percent to 75 percent. Progress on these goals is yet to be reported.

Madagascar ranked low on the World Bank’s ‘registering property’ index, at 161st globally in 2016 (up from 162nd the previous year), and behind the Sub-Saharan Africa average. In 2016, it took six procedures and over 100 days to register property. The process cost was 9.2 percent of the total property value.

**Opportunities**

Madagascar’s most immediate challenge is to create a stable governance environment in which the society and economy can again begin to flourish. As a result of the successful political elections held in 2013, growth in 2014 was expected to be three percent; mainly related to agriculture and related industries, extractive industries, tourism and construction.

Many international partners, who did not recognise the transitional government that came to power in 2009 through unconstitutional means, have normalised their relations with Madagascar in light of the last elections. The Government of Madagascar identifies “fight against poverty through inclusive growth” as its main objective and possesses a strategy centered on three pillars: improving governance, promoting economic recovery, and expanding access to basic social services. This strategy has been outlined in the Programme Général de l’Etat (PGE) and translated into a 2015 – 2019 National strategy.

With the growing presence of microfinance in the country, there are opportunities for MFIs to diversify their product range to cater for the housing needs of low income earners. Energy efficient products should also be in high demand. There is a need for stakeholders in the housing sector to participate in the affordable housing process – from the supply of affordable and innovative building materials to the delivery of formal housing that is affordable to lower income earners.
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Malawi

Overview
Malawi is a small, landlocked country with an estimated population of 17.66 million, representing 0.15 percent of the world population. The country has a young population, with 68.6 percent being between the ages of 0–24. Lilongwe, Blantyre, Mzuzu, and Zomba are the main urban areas, with a collective annual growth rate of 3.99 percent, and 1.4 percent of Malawian population residing in these areas.

Malawi is one of the world’s poorest countries, in 2010 the World Bank reported that 50.7 percent of its population lived below the poverty line of $1.99 per day, down from 65.3 percent in 1997. In 2014, its gross domestic product (GDP) per capita was $272.16 (equivalent to two percent of the world average), and its gross national income (GNI) per capita was $250. The country has stagnated on long-term developmental progress, moving up by only one point to 173 (out of 188 countries) on the 2015 Human Development Index (HDI).

In its 2014 annual economic report, the Malawi government indicated that growth in agriculture, manufacturing, construction, wholesale and retail trade contributed 5.7 percent to the country’s economic growth. The agriculture sector increased by 10.9 percent, and investment at 26 percent. The report also indicates a decrease in the percentage of non-performing loans from 14.8 percent in March 2015 to 11.4 in September 2015. However, in 2015, state-owned Malawi Savings Bank (MSB) was sold to FDH Holdings Limited. Further, National Bank of Malawi acquired 97.05 percent of non-performing loans from 14.8 percent in March 2015 to 11.4 in September 2015. While the banking sector constitutes nearly 80 percent of the financial sector assets, penetration of formal banking and financial services remains low. A 2015 FinScope Study pegged financial inclusion at 54 percent, with only 22 percent of Malawians having bank accounts. Additionally, a 2015 Findex study showed that only 16.1 percent of adults held a bank account; six percent borrowed from a bank; and six percent had an outstanding mortgage. Access to credit through formal channels is beset by lack of collateral, high lending rates, and low levels of financial literacy.

Access to finance
Before 2015, there were 13 commercial banks registered with the Reserve Bank of Malawi. However, in 2015, state-owned Malawi Savings Bank (MSB) was sold to FDH Holdings Limited. Further, National Bank of Malawi acquired 97.05 percent of non-performing loans from 14.8 percent in March 2015 to 11.4 in September 2015. In 2014, real estate loans accounted for 1.5 percent of total loans. The report also indicates a decrease in the percentage of non-performing loans from 14.8 percent in March 2015 to 11.4 in September 2015. There are only a few banks which offer mortgages in Malawi, namely National Bank of Malawi, Standard Bank, FDH Bank and New Building Society (NBS). Before
1989, NBS was the only mortgage lender, and at 70 percent continues to maintain the largest stake in the mortgage lending market. However, overall, access to mortgage is limited by strict eligibility criteria including a minimum 10 percent cash deposit, a minimum of six months history with the bank and three months of payslips. Currently, RBM has pegged the base lending rate at 36.29 percent. Mortgage financiers have different rates; FDH charges 37 percent; National Bank 34 percent, and NBS 36 percent. NBS’s maximum term is 15 years with a maximum loan-to-value ratio of 80 percent to 90 percent.

Malawi’s lending spread, increased by 9.8 percent between 2012 and 2014, 2.8 higher than the Sub-Saharan average of seven percent. It has been argued that higher bank overhead costs and relatively low productivity have contributed to this. Additionally, the current funding base, through retail funds, has meant that extension of loans for more than 10 to 15 years is unusual. Fundraising through the capital markets has been limited, with NBS Bank raising money through the capital markets and being partially listed on the Malawi Stock Exchange.

The microfinance sector also provides some leeway to housing finance. As of September 2015, there were 43 registered microfinance institutions in Malawi. Their overall assets declined by 6.7 percent in 2015 from MK29.3 billion to MK27.4 billion. And, in 2015 the first deposit taking microfinance institution (DTI) was licenced. Of the 43 MFIs, only three offer short-term housing loans and they are Select Financial Services, Epik Finance, and Greenroot Microfinance. Epik Finance, for example, offers incremental building loans to low and middle income earners; the maximum loan value is US$900 (MK500 000), repayable over 18 months. Select Financial Services which works in partnership with Habitat for Humanity Malawi in which the former provides incremental housing loans and the latter provides construction support service.

Some MFIs reported delays in loan repayments due to late salary payments of clients who are government employees, and clients with irregular income. Despite this, MFIs that provide housing loans noted a repayment rate of around 98 percent.

Another innovative programme within the sector, involves the partnership between Habitat for Humanity (HHF) and two housing microfinance lenders: Opportunity Bank of Malawi (OBM) and Select Financial Services. Through this partnership, low income households access small habitat loans from the microlenders and HHF provide them Construction Technical Assistance (CTA).

Malawi’s modest pensions sector is mainly invested in equities, Treasury bills and property development; with only a few in housing finance lending. Access to housing finance is further restricted by limited tenure security and lack of a national identification system. In 2010, Malawi passed the National Registration Bureau Act which led to the formation of the National Registration Bureau (NRB) to manage and maintain the National Registration Information System (NRIS). The Bureau is piloting issuance of national IDs targeting 5000 Malawians.

Most banks have excess liquidity, their funds consisting primarily of a combination of equity plus retail funds from savers. Some have external lines of credit, but only for special schemes such as SME lending or access to foreign exchange. The main source of funds for mortgages remains retail funds. The legal framework for credit information sharing was established following the enactment of the Credit Reference Bureau (CRB) Act in 2010; together with overarching financial sector legislation and the Financial Services Act of the same year. As a result, two credit reference bureaus were licensed, namely Credit Data CRB and CRB Africa.

According to the World Bank’s Doing Business Report 2016, Malawi ranks 141st of 189 countries and in 2014 ranked 85th in terms of ease of registering property. In 2013, government passed the Personal Properties Security Bill that allows borrowers to use, and lending institutions to accept moveable assets as collateral or security as one way of easing access to finance. Land in Malawi is usually managed by one of the following, the Ministry of Lands, Housing, and Urban Development; Malawi Housing Corporation; City Councils; traditional leaders, and private entities. Most households live in unplanned settlements using customary practices due to the scarcity of serviced land for low income housing.

Affordability

A 2015 Oxfam study on State of Inequality in Malawi showed that the richest 10 percent of Malawians spend 34 times more that the poorest 10 percent. And, a 2014 FinScope study revealed that 41 percent of Malawians earn under MK10 000 (US$18) a month. Nationally, only 10 percent of adults earn a wage or salary; 23 percent do businesses and 43 percent farm. Low income levels constrains access to, and affordability of mortgages; less than one percent of Malawians qualify for a mortgage.

The cheapest newly built entry-level house, built by a developer, costs around MK7.5 million (about US$13,500). Given that only 30 percent of a household’s income is allowed towards servicing of loans or mortgage payments, the total monthly income that a borrower would have to earn to pay for this house would be MK680 747 (US$1,222). This means that even the cheapest house is only accessible to the highest income earners, who make up less than one percent of the population. All mortgage lenders target salaried individuals and those operating registered businesses with Business Accounts. NBS provides a facility of 80 percent of the collateral value while National Bank and Standard Bank calculate a maximum of 30% of the applicant’s monthly income. National Bank provides a mortgage as small as MK500 000 (US$704.22) while the smallest mortgage value at Standard Bank is approximately MK4 million (US$633.80). NBS and National Bank mortgage have a maximum repayment period of 15 years while Standard Bank goes up to 20 years. The house to be bought or constructed remains a property of the lending bank until the whole mortgage is settled.

Housing Supply

Ninety percent of houses in Malawi are self-built. A 2014 Integrated Household Panel Survey (IHPS) highlighted a drop in the percentage of traditional houses from 47.6 percent in 2010 to 41.4 percent in 2013, semi-permanent housing increased from 24.2 to 26.4, and permanent housing increased by 4.3 percent over the same period. The average household size increased slightly from 4.7 persons in 2010 to 4.9 persons in 2013. The IHPS report notes that 78 percent of households live in their own houses, while 12 percent rent; 46 percent of urban dwellers rent homes compared to five percent in rural areas.

Malawi’s high urbanisation rate has led to increased demand for decent housing in urban areas with an annual demand of 21,000 new units. This demand far outpaces the supply capacity of developers.

Housing developers in Malawi includes public and private providers. Parastatal Malawi Housing Corporation (MCH) is the main public provider that builds and rents out relatively cheaper houses targeting tripartite of low, middle and high income urban households. The cheapest MCH house, a bed sitter, attracts a monthly rental charge of MK9,000 (US$12.67) while the most expensive is rented for MK300,000 (US$422.53). Occasionally, the Corporation puts some houses for sale and the purchase prices is determined through a valuation process where factors like house size, recentness, location, and house condition are considered. Existing tenants are given first option to purchase the houses.

Since its inception in 1964, MCH has constructed approximately 7,000 housing units countrywide. A plan to build 4,200 additional houses and develop 5,800 plots between 2007 and 2011 did not reach fruition, with only 481 houses completed. In the spring of 2015, MCH’s CEO announced that the institution was planning to construct 25,000 houses in the country’s three major cities. However, as of June 2016, the Corporation had only started constructing 17 houses.

Historically, rentals for most of MCH’s residential properties have not kept pace with increases in cost. This has not only led to the Corporation posting losses, but also dwarfed its capacity to scale and sustain services. Since 2011, MCH’s rentals have increased by an average 12.3 percent in its rental accounts of 2014 and 2013, the Corporation posted losses of US$95,556 and US$84,444 respectively.

In 2014, the Ministry of Lands, Housing, and Urban Development indicated that they would be reviewing the Malawi Housing Corporation Act in order to allow it to build houses for profit, a path the existing Act prohibits.

The list of private providers include, inter alia, Press Properties Limited, Kanengo Northgate, NICO Assets, Knight Frank, Enterprise Development Holdings, and FSD Limited. Since 2013, Enterprise Development Holdings (EDH), a social enterprise formed from Centre for Community Organisation and Development (CCODE), has been working with UK-based Real Equity for All (Reall) supporting poor urban communities to plan and implement local solutions to challenges of inadequate land, housing and infrastructure. As of 2015, EDH had successfully

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Property markets

According to property consultants Knight Frank, the residential market in Malawi is still suffering following devaluation and floatation of the national currency; demand has fallen in both the rental and sales markets.

For example, in 2013 MHCH teamed up with Chinese Henan Guoqi Development Company to develop an integrated estate in Lilongwe’s Area 49 to deliver high quality houses for sell at US$60,000 for a two-bedroom house to US$115,000 for a four-bedroom apartment, which was then equivalent to MK20 million and MK38.5 million respectively. However, since the prices were dollarised, the continued depreciation of the local currency has meant the purchase value has at least doubled, consequently pricing out many potential buyers. At current exchange rate, the two-bedroom house would cost MK42 million while the four-bedroom house would cost MK61 million. As a result, most of the houses are now being rented out.

In Lilongwe and Blantyre the market continues to benefit from the large expatriate community (nearly 25,000 in Blantyre), which has traditionally influenced the linking of rents to the US Dollar. As of June 2016, rental for single bedroom ranged from MK49,288.20 (US$78.94) to MK271,056.70 (US$381.77) while a three bedroom cost between MK175,661.10 (US$263.41) and MK759,572.20 (US$1,069.82) depending on location and proximity to the city centre.

Recently, there has been considerable activity in upgrading older, well-located buildings in an effort to meet expatriate demand for high quality residential properties. Nevertheless, there is a real constrain in the supply of housing, which has caused rapid property price increases.

Policy and regulation

Malawi’s Vision 2020 places greater focus on developing and upgrading human settlements for ‘equitable access to housing for all’. Further, the Malawi Growth and Development Strategy (MGDS II), a medium-term growth framework, contains a sub-theme on Housing and Urban Development. The country has also ratified the Global Agenda for Housing, Habitat III, which binds governments to ensure everyone has an affordable home by 2036.

However, the existing laws and policies fall short of fostering land access, housing provision or access to housing finance. In July 2016, Parliament passed four land-related Bills; Land Bill, Physical Planning Bill, Land Survey Bill and Customary Land Bill. Already, the Customary Land Bill has ignited debate over the role of chiefs in land administration with opponents of the bill arguing it strips chiefs of their traditional powers over land and overburdens poor people to pay for land leases. Proponents argue the new law gives rural communities an opportunity to own land individually (as opposed to communal ownership), which they can register and therefore use it as collateral.

The Land Act 1995 sets out the classifications of land and recognises various types of land tenure. Presently, an estimated 90 percent of land is customary. However, there are no defined laws that deal with property rights of customary land, making transferring customary property rights difficult. The Customary Land (Development) Act largely recognises customary land as agricultural land. Both the Deeds Registration Act, which supports and regulates deeds registration, and the Registered Land Act 1967, which provides the legislative foundation for the transfer from a deed registration system of land administration to a title registration system, apply to customary land but it remains highly unregistered.

Thus, the formal mortgageable tenure system only covers eight percent of the land, held under leasehold, and almost all of this land is in urban areas. This has
resulted in tighter eligibility criteria, which limits access, as the property cannot be used as collateral for the mortgage. Further, the formal land registration system is generally inefficient: it takes up to 118 days to register land and 69 days to register a property.

The rural housing market is currently informal and, by evidence from policy and practice, it will remain such for a while. The Local Government Act of 1998 devolves powers to local assemblies to administer Traditional Housing Areas (THAs), a function formerly performed by MHC. But the Act has not been fully utilised as most land in rural areas remains customary. This hinders rural communities, who own vast acres of land, from benefiting from the Personal Properties Security Bill. Worse still, rural land stands ‘unzoned’ and unplanned despite the Town and Country Planning Act of 1988 regulating zoning across the country. Town and Country Planning Standards and Guidelines are applied only to urban areas because rural areas are not included amongst planned areas. Ultimately increasing the barriers in investing in rural housing and approving rural housing loans.

Legally, the sole shelter parastatal, MHC, cannot extend its work to rural areas; and private developers shun the rural market because of unattractive collateral assets. While institutions like UNI-Habitat have quantified urban housing demand, no such effort has been devoted to rural housing despite that 80% of Malawians live in rural areas. On the contrary, government is developing the National Urban Policy framework (funded by Cities Alliance with technical support from UN-Habitat) aimed at shifting national development from its rural focus to urban growth in light of rapid urbanisation.

The existing National Housing Policy has been in draft form since 2007. The policies accentuates increasing access to housing for all income groups through improving urban land markets, enhanced access to housing finance, upgrading of informal settlements, better-quality of rural settlements and housing, and adoption of a decentralised approach to housing delivery. Apart from laws, policies and strategies, housing is also a matter of political correctness and remains a major highlight in political party manifestos. It features in the ruling Democratic Progressive Party (DPP)'s 2014 – 2019 manifesto as a ‘cement and malata’ project, now being implemented as DAHSP. It hinges on provision of subsidised cement and iron sheets to enable low-income earners to improve their houses. An estimated 16 000 grass-thatched houses with earth rammed floors are expected to be improved annually through this programme.

Opportunities

Accelerating rural-urban traffic and high population growth rates provide both challenges and opportunities in terms of housing supply and demand. While Malawi's population remains predominantly rural, the United Nations Centre for Human Settlements (UNCHS) forecasts a reversal in population dynamic by 2050. UNCHS has since urged authorities and sector players to take proactive action to ensure that social services move with population dynamics.

Given the predominant self-build housing provision method used and the existence of a budding microfinance industry, lending for housing microfinance has good potential for growth. Growth of the middle class has boosted the mortgage market. Greater competition in the banking industry has spurred on the mortgage markets, and access to mortgages will be greatly enhanced if this trend is sustained. A World Bank Financial Sector Technical Assistance Project was initiated in 2011 (expected completion in 2016) to increase access to finance for the currently unbanked population in Malawi. By increasing financial inclusion, the project is expected to contribute towards a more enabling environment for the housing finance sector.

Nevertheless, this potential can be met only with substantial reform of the land administration system, and sustained, prudent macroeconomic reform and management. By present evidence, government is committed to implementing legal, policy and structural reforms in preparation for the imminent urban boom. The passing in parliament of four land-related Bills gives credence to the commitment.

Sources


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Overview

The Republic of Mali is one of the largest countries in West Africa covering 1,248,574 km². In 2014, Mali's population was estimated at 15.8 million, growing at an annual rate of three percent. This is projected to double by 2030, while the urban population will triple from the current level of 39.1 percent.

Mali is one of the poorest countries in the world. According to the UNDP's Human Development Index, it ranked 179th of 188 countries in 2015. However, life expectancy at birth is estimated at 65 years, one of the highest in Africa. Gross national income (Atlas method) was US$790 per capita in 2015, again among the lowest in the world. In 2014, 46.9 percent of Malians were living below the national poverty line.

With the July 2013 presidential election, the political situation took a strong path to stabilisation, which was strengthened with the signing of peace agreements with rebel groups in May and June 2015. However, challenges remain on the way to full peace all over the country, as sporadic outbreak of violence due to rebel or jihadist attacks were recently noted in several parts of the country. GDP increased by about five percent in 2013, and reached 5.8 percent in 2014, driven by gold exports and the primary sector (thanks to good harvests), but slowed down to around 5.2 percent in 2015; while inflation was under control at around 0.3 percent. The slowdown of economic growth was mainly due to poor performance in the agriculture and transformation sectors. Suspension of foreign aid following the 2012 coup was lifted after the elections and Mali was able to secure more support from the donors’ community. The October 2015 Mali Economic Recovery and Development Conference held in Paris yielded Euros 3.2 billion from the donors to support the country over the period 2015 – 2017.

During his presidential campaigns, President Ibrahim Boubacar Keita committed to providing affordable housing. This was restated by Prime Minister Moussa Mara when he took office, promising that the Government will provide 50,000 housing units by 2018, through the Presidential Housing Programme. The Government is still committed to this promise with more than 8,000 housing units delivered in only two years in office, while prospects are good for achieving the goal of the 50,000 units.

KEY FIGURES

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<tr>
<th>Main Urban Centres</th>
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<td>Exchange Rate: 1 US$</td>
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<tr>
<td>Outstanding home loan (age 15+)##</td>
<td>...</td>
</tr>
<tr>
<td>What is the standard of 5kg bag of cement (in US$)?</td>
<td>7.55</td>
</tr>
<tr>
<td>What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)?</td>
<td>19.642</td>
</tr>
<tr>
<td>What is the size of this house (in m²)?</td>
<td>32m²</td>
</tr>
<tr>
<td>What is the average rental price for a formal unit (in US$/month)?</td>
<td>83.94</td>
</tr>
<tr>
<td>What is the minimum plot size for residential property (in m²)?</td>
<td>200m²</td>
</tr>
<tr>
<td>Ease of doing business rank</td>
<td>143</td>
</tr>
<tr>
<td>Number of procedures to register property</td>
<td>5</td>
</tr>
<tr>
<td>Time (days) to register property</td>
<td>29</td>
</tr>
<tr>
<td>Cost (% of property value) to register property</td>
<td>11.90</td>
</tr>
</tbody>
</table>

Access to Finance

In 2015, the financial sector consisted of 14 banks (of which a bank branch), including an agricultural bank and a housing bank (the Banque de l’Habitat du Mali, or BH-M), three financial institutions (the Fonds de Garantie pour le Secteur Prêts à faible risque received approval from the Government to operate as a financial intermediary), two pension funds – a social security fund for private sector employees (the National Institute of Social Welfare, or INPS) and a pension fund for public sector employees (the Retirement Fund of Mali, or CRM) – and six insurance companies. The banking financial sector is dominated by commercial banks. Other financial institutions include the Mali Branch of Aliaxus Finance (a Côte d’Ivoire-based private financial group) and the Mali Mortgage Guarantee Fund (Fonds de Garantie Hypothecaire du Mali, or FHGM). Together the BH-M and
FGHM dominate mortgage lending. Several commercial banks offer housing up to CFA Francs 30 million or US$50 365 for equipment loans for housing enhancement, acquisition or construction of housing for individuals at 12 percent interest rate over five years. Many of these banks are also very active in supporting housing projects through partnerships with either developers or housing cooperatives.

Despite the number of financial institutions, access to finance as measured by credit-to-GDP ratio was estimated at only 27.8 percent in 2015, according to the Central Bank (Banque Centrale des États de l’Afrique de l'Ouest – BCEAO) statistics. In 2014 there were 516 bank branches, 380 ATM machines and 1 236 million (US$5 037), payable over a maximum of 36 months of housing units on serviced sites (the maximum amount of these mortgages is

Nyesigiso, in partnership with FGHM, provides mortgage loans for the acquisition of housing units on serviced sites (the maximum amount of these mortgages is CFA Francs 100 000 (US$167.88). The duration of mortgages may also be extended to 20 years for members of housing co-operatives.

The microfinance sector has soared in Mali since the end of the 1990s. According to the Central Bank of West African States (BCEAO), 127 microfinance institutions were listed in Mali at the end of March 2016, with a total of 706 service points. With a total outstanding credit of more than CFA Francs 67.6 billion (about US$113.5 million), the penetration of microfinance services was estimated at more than 50 percent of the population. The total outstanding credit reached CFA Francs 77 billion (or about US$129.3 million). At end March 2015, the total number of microfinance clients was about two million.

Only one microfinance network, Nyesigiso, offers housing microfinance in Mali. Nyesigiso, in partnership with FGHM, provides mortgage loans for the acquisition of housing units on serviced sites (the maximum amount of these mortgages is CFA Francs 20 million, or US$33 577, over up to 15 years) and construction loans for financing the construction of new housing units, for up to CFA Francs three million (US$5 037), payable over a maximum of 36 months.

The FGH-M was created in 2000 to cover losses incurred by financial institutions in the case of default by mortgagors, and to sustain home ownership for households. FGH-M offers two products: mortgage guarantee and social housing guarantee. This was a unique housing finance product in the WAEMU region until recently (Cote-d’Ivoire launched the same type of financial institution in 2014), as it allows the institution to meet the dual demand of covering the risks of default and enhancing the quality of the portfolio.

The landscape of housing finance in Mali was enhanced in 2010 by the creation and full operation of the WAEMU Regional Mortgage Refinance Bank (Caisse Régionale de Refinancement Hypothécaire, or CRRH) of which the BHM, FGH-M and a number of commercial Malian banks are shareholders. Since its creation in 2010, the CRRH mobilised about CFA Francs 95 billion (US$159 million) on the WAEMU bonds market.

Affordability
While land and housing is not expensive by international standards, very low incomes mean that formal housing is still unaffordable to a large proportion of the population. According to OMIH data, the cheapest housing unit built by a developer in 2016 costs (land cost included) CFA Francs 13 577 850 or US$22 795. This house was built on a 200m² plot, over 59.62m². This means that it cost on average US$382.34 per square meter to build such a house. Prices in the capital city of Bamako are higher. However, in the provision of serviced plots, the focus is on plots costing between CFA Francs 1.5 million and CFA Francs 2 million (between US$2 518 and US$3 358) in cities, all over the country. A standard galvanised iron sheet, often used in self-build initiatives, costs between CFA Francs 3 000 (US$5.0) for a 4kg sheet and CFA Francs 6 000 (US$10.1) for a 7kg sheet. The minimum acceptable size land plot is around 160m².

In 2012, with the completion of the Dio cement plant (in the Kati Cercle, or regional district) and the Diamou cement plant (in the Bafoulabé Cercle), there was a drop in the price of cement, from CFA Francs 112 000 (about US$191) per ton to around CFA Francs 4 500 (US$6.72) (for a 50kg bag today, depending on where it is bought). This price might even decrease with the foreseen launching of the production of the Astro Cement plant, as well as the creation of a second plant by Diamond Cement Mali, one of the biggest producers in the country.

The average annual income as estimated by the per capita gross national income (Atlas Method) was at US$790 in 2015. The price of the cheapest housing unit, as mentioned earlier, is therefore about 29 times the annual per capita income. This justifies the government’s emphasis on affordable housing and subsidy programmes to support people to acquire housing.

Housing Supply
The demand for housing in the agglomeration of Bamako is very high, at about 240 000 units, or more than half of the total national demand, by 2015. To meet this demand, the government of Mali has developed a National Housing Strategy.
In line with its National Housing Strategy, the government has established a generous subsidy programme to support the acquisition of affordable housing by eligible households. Households earning between CFA Francs 57,000 (US$95.7) and CFA Francs 150,000 (US$252) monthly are eligible to apply for a two-bedroom housing unit, and those earning between CFA Francs 150,001 (US$252) and CFA Francs 250,000 (US$420) a month can apply for a three-bedroom housing unit. These include a direct subsidy of up to 45 percent (including the land), of the cost of a housing unit, the remaining being born by the applicant through a mortgage or direct contribution.

Despite tremendous efforts by the government to provide housing to its population, self-construct remains the main mean of housing supply. A 2011 Shelter Africa study on the real estate sector in Mali estimated that almost 75 percent of the housing supply in the country consisted of self-constructed units. Self-construction involves two approaches: simple self-construction and assisted self-construction, the latter involving direct technical assistance from the Malian Housing Office, available only to housing cooperatives.

In these conditions, and given the cost of providing housing on public spending, the Government of Mali relies more and more on public-private partnerships for housing supply. The Office Malien de l‘Habitat (OMH – Malian Housing Agency) plays a pivotal role in these partnerships in which the government is still bringing important public resources. As an example, in 2015, the Government of Mali through the OMH spent CFA Francs 23.5 billion (US$39.5 million) on housing projects. For the year 2016, a total of CFA Francs 34.9 billion was provisioned in the OMH budget for housing projects. As part of its public-private partnership strategy to support housing supply, the Government of Mali signed several contracts with local as well as international investors. As such, the Association des Promoteurs Immobiliers (APIM – Malian Association of Real Estate Developers) became a choice partner and main interface between the Government of Mali and private investors. In March 2015 the Government signed a framework-agreement with 19 national and international real estate operators through the APIM and with the Association professionnelle des banques et établissements financiers du Mali (APBEF), for the construction of 20,000 housing units costing in total CFA Francs 370 billion (US$621 million) to be delivered within two years. It is foreseen that 75 percent of these housing units will benefit the lower to middle income population. The units built through this partnership will be mainly located in the municipalities of Bamako and Kati and would comprise two-bedroom, three-bedroom and four-bedroom housing units. The construction of these housing units was launched in August 2015. In the same vein, the government signed a partnership with the Chinese company CMEC for the construction of 24,000 housing units for a total of CFA Francs 460 billion (US$785 million). However, it is important to highlight that the financial capacity of Malian real estate developers is not always up with the ambitious housing programme of the Government of Mali. As such, only 13 out of the 19 real estate developers, partakers of the framework agreement with the APIM were able to keep their commitment to supply their share of the 20,000 housing unit programme, and only 6,679 housing units were available as of June 2016. The failing six developers are under the threat of being excluded from the agreement. Indeed, the agreement requires developers to pre-finance the provision of the housing units on lands provided and serviced by the government. Then, the government represented by the OMH buys these housing units and then sells them to households under direct purchase or leasing contracts.

Recently and as part of the agreement with Malian real estate developers, the Government of Mali and Ecobank Mali, and SIRMA, a private real estate operator signed a partnership for the construction of 500 large housing units (three-bedroom and four-bedroom units) in N’Tabacoro in the rural community of Kalabancoro-Kati for a total amount of CFA Francs 10 billion (about US$17 million). Likewise, Palmer Energy and Construction Corporation through its Malian branch of ISAT Mali was awarded a contract with the Mali government for the construction of 4,000 units with a first phase of a thousand units started in October 2015. This includes 2,675 two-bedroom housing units of 68.40m2 built on 200m2 lands, and 1,325 three-bedroom housing units of 98.53m2 built on 250m2 lands. Besides this contract, an agreement was signed with the Malian Ministry of Housing for the construction of 10,000 housing units (for Euro 267 million) in Bamako which was supposed to start in the first quarter of 2016. Other investors funding the housing sector in Mali include the Islamic Development Bank (IDB). This institution signed in 2012 financing contracts with the government for the supply of 1,000 housing units in Bamako. The project costed CFA Francs 14.8 billion, half of which were provided by the IDB. The 1,000 units were completed by July 2015 and sold out to beneficiaries.

Property Markets

In Mali, most land is owned by the government (mainly central); however many individuals claim ownership without proper land titles. To secure the property market, the government is progressively putting in place a national cadastre, focusing first on urban areas and regional capitals. In October 2014, a group donors led by the French committed to support Mali in this ambition, at the occasion of a round-table on land management reforms in Mali. Following this, a Permanent Secretariat for Domain and Land Reform was set up with a five-year mandate to prepare and conduct the reform. Financial resources in the amount of CFA Francs 30 billion (US$50.4 million) were provisioned for the Secretariat while technical assistance will be provided by the French.

Despite the above-mentioned challenges, property markets function somehow in Mali, with the OMH, the BHM and a few small private real estate developers as main actors. Developers agree to sell all completed housing units to the OMH, which in turn sells them out to households under leasing or direct purchase contracts. BHM and a few other commercial banks, as well as the microfinance network Ny erosj oïde provide housing loans or mortgages up to CFA Francs 20 million, over 20 years term at an average interest rate of about 10 percent a year interest rate. The loans are then guaranteed by the Malian Mortgage Guarantee Fund (FMGH). A down-payment of 30 percent of the purchase price is required by the BHM, which then finances the remaining 70 percent with a mortgage. As of July 2015, 2,052 housing units were delivered through government programmes in partnership with the BHM. These figures are far lower than the demand for housing, especially in the City of Bamako where the demand is highest.

Difficulties remain that hinder the efficient functioning of Mali’s property markets, despite significant efforts by the government. According to the World Bank’s 2016 Doing Business Report, access to construction permits involves 10 procedures, takes 125 days and costs 372.2 percent of the per capita income. This places Mali in 152nd place out of 189 countries, two places up from its 2015 Report ranking. This was due to the reduction of the time needed to obtain a geotechnical study. On the ‘registering property’ indicator, Mali ranked 140th out of 189 countries in 2016, two places up compared to 2015. Indeed, it takes five procedures and 29 days, and costs 11.9 percent of the property value to register a property.

To face the demand for housing, especially in urban areas, a rental market is developing around big agglomerations such as Bamako (where 37 percent of households are renters) and other secondary cities where the housing demand is high. It is estimated that 34 percent of urban dwellers rent their housing units. Aggressive housing policy implementation has slowed down the development of informal settlements, which was as high as 65 percent in 2002.

It is also worth noting that a few websites developed by very small real estate operators often advertise and try to maintain up to date opportunities for selling or buying properties, mostly around Bamako and other urban centers.

Policy and Regulation

Mali adopted its National Housing Strategy in 1995, and this continues to be the main framework under which all housing interventions are pursued. The goal of this strategy is to improve living conditions throughout the country by promoting access to decent housing for people with low and intermediate incomes. In line with this, the government created a number of institutions to facilitate access to housing, such as the Mali Housing Agency created in 1996. The agency is the main facilitator of relationships between different actors in the sector; and is active in supplying serviced land for housing, promoting the use of local building materials, participating in financial operations (which includes having a shareholding in the BHM and the FGHM) and subsidising the interest rate on loans for eligible mortgage applicants, mostly members of housing co-operatives.
Members of housing co-operatives benefit from a subsidised interest rate ranging from seven to 11 percent depending on the monthly income of the eligible applicant. Besides this, individual housing co-operative members with monthly incomes lower than CFA Franks 75 000 (US$125.9) and CFA Franks 100 000 (US$167.9) benefit from an extra subsidy comprising a three point and two point reduction, respectively, on their mortgage interest rates for the first five years of the mortgage. The Malian government’s housing subsidy programme is implemented through the Mali Housing Agency (OMH).

The BHM was created as a specialised institution dedicated to offering housing finance services. The government has also taken a number of other measures to facilitate housing supply. The regulatory framework for the housing sector in Mali is one of the most comprehensive in the WAEMU, including a law on condominiums, a law governing property development and a law on housing finance. These measures have increased the number of local real estate developers operating in the housing market and the number of housing co-operatives.

In June 2015, the Parliament of Mali voted a new law on Credit Reference Bureaus in compliance with the WAEMU directives on the matter. This is a key development for the housing sector as it will enhance the credit environment in Mali.

Opportunities

The government has estimated in a 2009 study, a housing demand of 440 000 units by 2015. The demand is from employees in the public and semi-public sectors, from the private sector, from NGO’s and international organisations, and from housing co-operatives. According to the above-mentioned study, the Malian diaspora represents more than half of this demand, according to the Ministry of Housing, Land Issues and Urban Planning, which also estimated that an overwhelming majority (95 percent) of the Bamako population had expressed interest in acquiring a housing unit. Affordable housing is a steady segment of this demand, with more than 93 percent of housing co-operatives interested in both affordable housing units and serviced housing land. Some 71 percent and 66 percent of employees of the public sector and international organisations, respectively, also expressed interest in acquiring a housing unit. These are indicators of the untapped potential of the Malian housing sector; despite efforts by the government to meet housing demand. Several investors have shown interest in the sector, but there is still a lot of room, at least for the coming years, for newcomers, to meet housing demand in Mali. Housing supply is currently influenced by the Government which is very active in contracting public private partnerships to that end, the goal being the promotion of house ownership, mainly affordable housing, given the low level of income in the country. Opportunities also exist in the rental segment of housing, especially in urban areas where four inhabitants in ten are in demand for rentals.

Lastly, it is important to note that with the signing of a peace and power sharing agreement between the government and rebel groups, the political and economic situation in Mali has returned to almost normal, with several donors returning to the country and resuming their activities. With the highly positive response from the donors’ community at the October 2015 Mali Economic Recovery and Development Conference in Paris, perspectives for enhancing the infrastructure in Mali are very positive. The housing sector will benefit from that. However, with the strategic option taken by the government of using public-private partnerships as a tool to provide housing, first years of experience showed the limits in terms of capacities of local real estate developers. This means that there is room for new comers to join the housing supply sector in order to meet the growing demand.

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Mauritania has a population of approximately 4.01 million people. The urban share of this total population is 48.3 percent. At least 60 percent of the urban population lives in slums. Mauritania’s urban population is growing at a rate of 3.5 percent, which is twice as fast as the global average, and 14 percent higher than the average in West African countries. The rapid expansion of the cities was largely due to rural-urban migration as a result of drought and food insecurity in the 1970s. Initially planned and built as an administrative capital in 1958 for fewer than 15,000 people, the capital, Nouakchott, currently has more than one million inhabitants. As more people moved to the urban areas, the nomadic lifestyle that was prevalent before this period decreased extensively to approximately seven percent of the population, posing capacity challenges at the local government level in terms of city planning, economic integration, provision of basic services and infrastructure. Approximately a quarter of the urban population is connected to electricity, half to water, and only a small fraction to sanitation networks. While rural areas still face similar population pressures, dispersed rural settlement patterns have extremely low standards of rural service delivery, including transport and electricity, leaving the rural poor disconnected from the growing economy.

Poverty and unemployment persist at high levels and progress toward achieving the Millennium Development Goals (MDGs) is uneven. According to the World Food Programme, food insecurity stemming from poverty, environmental degradation and cyclical shocks, is widespread. Progress toward building the foundation for inclusive growth has been mixed. According to the International Monetary Fund (IMF), the government has recognised the need for increased human capital and better jobs. The National Statistics Office estimated that about 42 percent of the Mauritanian population lives in poverty, of which 26 percent is extreme poverty. Agriculture employs roughly two-thirds of the population. Farming and fishing are the country’s main sources of livelihood, and represent approximately 15 percent of GDP. Yet Mauritania remains highly food insecure and more than 70 percent of grain is imported. The extractive sector, representing about 30 percent of GDP, focuses mainly on mining activities and oil drilling. Mauritania is the second largest exporter of iron ore in Africa. Similar to last year, the 2016 unemployment rate and the informal sector mask significant heterogeneity across age, gender and region (IMF, 2016). Mauritania is currently ranked 156 out of 187 countries in the United Nations Development Programme (UNDP) Human Development Index (HDI) rankings. According to the UNDP website, the 2013 figures indicate that Mauritania has an income Gini coefficient of 40.5, indicating that this relatively poor country does not necessarily have high levels of income inequality.
Mauritania’s economy grew an estimated 3.1 percent in 2015, a downturn from 6.6 percent in 2014, with only a year-on-year marginal increase to 3.5 percent projected for 2016, thereby derailing the economic recovery achieved in 2011 and 2012. Real GDP was expected to stay high by historical standards in 2015 at an estimated average of 5.6 percent. However, the absence of economic diversity, the drop in the price of iron ore, as well as a decrease in the agricultural performance, stunted the projected growth. Consumer price inflation was contained to 1.5 percent in 2015 due to a fall in food prices, and is expected to average 6.4 percent in 2016 and 6.1 percent in 2017. However, the country still remains vulnerable to external price shocks, as well as some downturn in domestic agricultural output.

Mauritania is a member of the Arab Maghreb Union (AMU); while the country left the Economic Community of African States (ECOWAS) in 2000, it continues to co-operate with ECOWAS member countries. However, Mauritania’s 2016 share of regional trade has remained very low. It ranked 168 out of 189 countries gaining eight spots up the World Bank’s 2016 Doing Business Report by eliminating the minimum capital requirement for and expanding borrower coverage in the credit registry. With the support of the World Bank and African Development Bank, the country has set a new action plan that will focus on clearer property rights; simpler administrative procedures and taxation; streamlined investor protection; and an updated judicial system.

Access to finance
The World Bank cites access to finance as the top constraint to the Mauritanian private sector. Mauritania’s credit market is fragmented, shallow and extremely informal. Only 17 percent of Mauritania’s population is formally financially included as of 2015. Additionally, the World Bank notes that distribution of bank branches in Mauritania is very thin with about 5 branches per population of 100,000. It is therefore logical to extrapolate that access to housing finance in Mauritania through the formal banking system is difficult as even general financial services are out of the reach of the majority4. Cash is the most common means of payment in the domestic economy. Lending to the private sector and households continue to be low while limited access to credit and high costs of financing constrain entrepreneurial activity. Owing to business reforms making it easier to do business, Mauritania made exceptional gains by moving up nine places in The World Bank’s 2016 Doing Business Report’s with the ‘ease of getting credit’ category ranking 162 out of 189 countries.

Having increased significantly with nine new licences granted since 2007, banks dominate the financial sector. The number of foreign banks has risen to six from one in 2005. Mauritania does not have a stock market. In 2015, banking sector assets represented 43.5 percent of GDP. Access to financial services in Mauritania is below average, compared to the rest of Sub-Saharan Africa. In 2015 there were 20 licensed commercial banks which provide mortgages; 21 registered microfinance institutions (MFIs); two specialised financial institutions: Caisse de Dépôts et de Développement (CDD), a public development bank created in 1970, and the Development Bank, created in 1990 to co-operate with ECOWAS member countries. However, Mauritania’s 2016 share of regional trade has remained very low. It ranked 168 out of 189 countries gaining eight spots up the World Bank’s 2016 Doing Business Report by eliminating the minimum capital requirement for and expanding borrower coverage in the credit registry. With the support of the World Bank and African Development Bank, the country has set a new action plan that will focus on clearer property rights; simpler administrative procedures and taxation; streamlined investor protection; and an updated judicial system.

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Asset quality remains weak: non-performing loan (NPL) ratios increased to 1.5 percent in 2015 due to a fall in food prices, and is expected to average 6.4 percent in 2016 and 6.1 percent in 2017. However, the country still remains vulnerable to external price shocks, as well as some downturn in domestic agricultural output.

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According to the IMF (2016), the banking sector remains well capitalised and broadly liquid. However, liquidity is declining and the sector remains vulnerable to shocks. Due to fiscal and external trends at the end of 2015, public and publicly guaranteed debt reached 93 percent of GDP. The debt service-to-revenue ratio remained at 10.3 percent as public debt is mostly concentrated in concession terms. Although the banking system seems well-capitalised overall, some banks are still not meeting the minimum capital requirement and are under-provisioned. Asset quality remains weak: non-performing loan (NPL) ratios increased to 27.6 percent in 2015 from 20 percent in 2013 due to stricter risk classification.

Increased NPLs naturally lead banks to lend less credit. With Mauritania’s pre-existing very low mortgage lending, increased NPLs further prohibit credit to housing finance. The 2014 Global Findex data indicates that in Mauritania, 20.4 percent of all adults aged 15 and older have an account at a financial institution. The data also indicated that 10.6 percent saved, 7.7 percent borrowed and 8.3 percent had an outstanding mortgage from a financial institution.

Mauritania has an extremely small mortgage market. Since the former Banque El Amrane pour le Développement de l’Habitat (now BEA) was transformed into a universal commercial bank, there are no specialist housing lending banks, especially limiting instruments to facilitate the financing of housing. The World Bank’s 2014 Financial Sector Assessment Program has suggested that Mauritania lacks vital instruments such as a housing loans fund; a housing loans refinancing fund; long-term housing loans with periodically re-negotiable rates that minimise interest rate risks due to a mismatch between assets and liabilities; housing savings plans that provide stable resources; and microcredit for housing. CAPECs have undertaken limited operations in financing housing.

According to the World Bank’s 2014 Financial Sector Assessment Program, credit quality is the most critical issue in the Mauritanian banking system. This is exacerbated by Mauritania’s worsened risk assessment by the World Bank and IMF debt sustainability analysis, which has gone from moderate to high risk classification for debt distress.

The Central Bank of Mauritania continues to strengthen its regulatory framework and supervision capacity to support the continued development and stability of the financial system. However, opening branches outside the main urban centres of Nouakchott and Nouadhibou has not encouraged an increase in the use of banking services.

The World Bank’s 2016 Ease of Doing Business Report indicates that there are no private bureaux and only 6.1 percent of adults are registered on a public credit registry. Household credit was at 37 percent in June 2015 and dominated credit to the private sector. The effectiveness of mortgages has been hampered by banks’ lack of diligence in registering mortgages, given high registration fees. In response, the authorities reduced the registration fees in 2006.

Affordability
Government has placed enormous emphasis on housing development and the eradication of slums, which partly explains why home ownership is relatively high notwithstanding the high incidence of poverty (CIA World Factbook estimated in 2014 that about 40 percent of the population live below the poverty line) and the small mortgage market in the country. From an average salary of around MRO120,000 approximately MRO80,000 is spent on rent in for a one-bedroom flat in the city centre and around MRO65,000 outside the city, making accommodation the single most expensive item of expenditure. According to the latest available information (2008), it has been observed that the vast majority of households owned their homes (74 percent); tenants are in second place (almost 12 percent); and households in the process of becoming homeowners (known as gaza), constitute the remaining 7.5 percent. The main types of housing occupied by households can be classified into two groups: standard dwellings (tents, shacks/shus, baraqués and n’bar) representing 32.5 percent of all housing types; and dwellings that could be called ‘houses’ comprising the remaining 67.5 percent.

Although Mauritania’s gross national income (GNI) is very low at US$1,270, it is higher than its GDP suggesting more foreign investments within the country than external investments, making it unlikely that most Mauritians would be able to afford these properties. Poverty continues to increase and Mauritania failed to meet its MDG goal of reducing poverty to 28 percent by the end of 2015. However, household living conditions show significant progress in poverty reduction, which fell from 42 percent in 2008 to 31 percent in 2014. Although still characterised as a low human development index (HDI) country, Mauritania moved up five places higher in 2015 on the UNDP HDI rankings.

Housing supply
Construction is a relatively small portion of GDP, estimated to be around six to seven percent, based on extrapolations from the latest available figures of 0.5 percent in 2011, down from six percent five years earlier. Housing resources are strained and a large percentage of the urban population lives in substandard housing, such as tents, huts, or shacks. This has been an ongoing situation, despite the government introducing regulations in 1975 to urge builders to enter the market as well as persuade government employees to purchase their own property and thus relieve the demand for public housing. Self-construction has therefore continued to be the main method of building houses in Mauritania. According to the IMF’s 2016 Article IV Consultation, construction was 14 percent of the private sector credit as of June 2015.

The kebbe and the guza, the two types of informal housing still prevalent in the urban areas, were initially the result of spontaneous settlements; yet they are still standing and similar construction continues. Government efforts to eliminate the problem of informal settlements have not yielded the desired results. The provisions to relocate and replace the informal housing require more funds than the previously disbursed amounts by the World Bank through the Urban Development Programme (PDU) in 2002. A low-cost housing micro-credit system was instituted under PDU, which helped to produce 5,000 housing units in Nouakchott and Nouadhibou. The determination of the government authorities to clear squatter settlements and offer people more decent housing led to the development and implementation of neighbourhood-based integrated restructuring programmes. The first of these between 2003 and 2007 was a pilot in El Minia. The pilot guaranteed land tenure to over 16,000 households and implemented a major construction programme costing almost MRO 4 billion (US$11.1 million). Subsequently, government opted for a more affordable, participatory approach to rehabilitate the other squatter settlements of Nouakchott and Nouadhibou. This entailed engaging with representatives in awareness raising, information sharing, and a broad enumeration of households; it has been successful in both the Arafat and Hay Saken squatter settlements.

In much the same way as the PDU programme, the Twizé programme, has not received further funding to continue changing the housing landscape of the cities. In 2008 when the program concluded, 6,000 houses had been completed and titles were issued to homeowners, thereby providing a more permanent location for previously displaced residents. The Real Estate Construction and Management Company (SOCOGIM) that was established in 1974 to promote affordable housing delivery was absorbed in 2013 by The Real Estate Promotion and Management Corporation (ISKAN). ISKAN was established in 2010 to help develop land, improve and develop housing, and promote and manage real estate development. The creation of ISKAN led to the approval of a strategic development plan for administrative buildings and a housing strategy; and the adoption of measures to remove bottlenecks in the construction and public works sector; and promote the use of local materials. There appears to be no information available to measure progress of this strategy thus far.

Presently, the top end of the residential development market is wholly local and is still dominated by the ad hoc construction of buildings for owner-occupation or leasing mainly to the expat market in Tevragh Zeina. Many diplomatic staff are housed in accommodation that has been built within embassy compounds.

Property markets
According to the World Bank’s Ease of Doing Business 2016 data, Mauritania is ranked 100th of 189 countries for registering a property. The process requires four procedures, takes 49 days of which 45 days are for the effective transfer of property, and costs 4.6 percent of the property value. Previously, lack of cadastral information and cumbersome legal procedures hampered the transfer of property titles to occupants. However, in 2015, a computerised system was established by the Ministry of Economy to provide more transparent land allocation. The Land Registry Agency within the Ministry of Habitat maintains all information regarding property titles, mortgages and other tax related matters. Due diligence is performed prior to the final title transfer to register a property. Owners need a notarised sale agreement and a title certificate.

According to the Directorate of Land and State Assets, there is a total of 27,075 official deeds in Mauritania of which 27,003 are in urban areas and 72 are in rural areas. Of the 27,075 deeds, 92 percent are titled to men and 8 percent to women. It is estimated that the city of Nouakchott has more than 500,000 provisional property deeds which are delayed in titling due to previous institutional overlap of jurisdictions. Article 15 of Mauritania’s 1991 constitution guarantees private property and the 2012 Investments Code further outlines property rights. The Mauritanian Civil Code which is modelled after the French Civil Code, further protects private property rights; technically, anyone is allowed to purchase land. However, it has to be underscored that it is notably difficult to gain redress for grievances arising from property disputes through the courts. This makes purchase or leasing of land increasingly precarious as there are some well-documented problems arising from the ambiguity of land laws between the state and customary land laws. According to the US State Department, in 2014 rural Communities around Boghé claimed the ambiguity of land laws between the state and customary land laws. This entailed engaging with representatives in awareness raising, information sharing, and a broad enumeration of households; it has been successful in both the Arafat and Hay Saken squatter settlements.

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Opportunities

Mauritania was one of the top 10 reformers worldwide in the World Bank’s Doing Business ranking. There is opportunity to continue strengthening structural reforms to promote clarified property rights, and streamline investor protection with support of the World Bank and the African Development Bank. Recently Mauritania has had a significant increase in the number of new registered banks which should have a positive impact on the availability of credit to households, and promote investment opportunities in the financing of housing.

Furthermore, there appears to be some opportunities for both the public and private sectors to strengthen the development of housing finance, and increase its supply. Efforts could be targeted toward establishing refinancing and guarantee mechanisms, and creating new products, such as housing savings plans, long-term mortgages and renegotiable mortgage products. These would complement those recommended by the World Bank’s Country Partnership Strategy for the government to explore the feasibility of establishing: 1) a loans recovery company and/or a mortgaged real property management company; 2) a mortgage refinancing fund and 3) a mortgage guarantee fund.

Policy and regulation

The policy and regulation framework in Mauritania remains an impediment in the housing finance sector as risk associated with the lack of solid and unequivocal laws remains high. Changes are, however, being made to improve this but the pace is not sufficiently swift to address the policy dichotomies. The rapid urbanisation that followed the droughts of the 1970s outstripped the ability of government to manage urban growth and the provision of housing. Some institutional mechanisms aimed at liberalising and promoting the sector together create loose policy framework. Property-based local revenues are minimal and further hamper the ability of local governments to provide basic infrastructure, particularly to the informal settlements on the urban fringe where most of the urban growth is concentrated. The main policy and regulation frameworks governing the housing sector include:

- Mauritania Constitution of 1991 Article 15 – provides that the right to property is guaranteed; however the law may limit the scope of the exercise of private property if the requirements of economic and social development require this;
- Land Code, ordinance 83-127 of 5 June 1983 – Article 2 “The State recognises and guarantees private ownership of land which is in accordance with Sharia, contribute to economic and social development of the country”;
- World Bank/IMF’s Poverty Reduction Strategy Paper III (2011 – 2015) action plan: Part of this programme aims to improve living conditions by making decent low-cost housing available and providing proper amenities and infrastructure. The approach has focused mainly on: 1) adopting and implementing a national housing strategy; 2) significantly increasing the supply of housing; 3) encouraging real estate development, with a view to quickly providing a diverse supply of dwellings at a cost that is accessible to households; 4) continuing and expanding the “Twize” low-cost housing programme to the major urban areas; and 5) implementing a system for financing housing taking into account the needs of households, as well as those of real estate developers.

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Overview

Mauritius is a small island country of only 2,000 km² in the Indian Ocean, with a population of about 1.26 million people, or 359,000 households. The Mauritian economy is well run, with sound political and economic management practices. In 2016, for the eighth year in a row, the World Bank ranked Mauritius as the easiest place to do business in Sub-Saharan Africa (and 32nd globally out of 189 countries).

Despite the country’s exposure to external shocks in the world economy (Europe accounts for nearly two-thirds of the country’s exports and a similar proportion of the tourist arrivals), the economy grew slightly from 3.4 percent in 2014 to 3.5 percent in 2015. This is due to ongoing efforts to diversify the economy, a modest improvement in European growth and increased exposure to faster growing emerging economies.

While the government appears to be moving away from economic policies based on redistribution and state intervention, towards an emphasis on private sector led economic growth, the government will remain deeply involved in efforts to diversify the country’s “four pillar economy” (based on sugar, textiles, tourism and financial services). In order to increase competitiveness and resilience to shocks, the country will invest in education and infrastructure to boost productivity and shift towards a more service-oriented economy (particularly focusing on financial services, information and communications technology and business outsourcing). Another element of the economic strategy is the further development of the tourism sector, which will also become an increasingly important part of the economy as programmes, will also become an increasingly important part of the economy as

During the delivery of its 2015/16 national budget, the Government of Mauritius announced the set-up of the “Smart City Scheme” to provide an enabling framework and a package of attractive fiscal and non-fiscal incentives to investors for the development of smart cities across the island. The smart-city concept is about providing investors, nationals and foreigners, with options for living in sustainable, convenient and enjoyable urban surroundings. These new cities will be built around the “work-live-play” lifestyle in a vibrant environment with technology and innovation at their core.

Macroeconomic conditions remain stable but the authorities face macro-financial challenges stemming from the recent collapse of a large financial conglomerate, which affected the real economy, as well as risk exposures and potential spillovers from the massive offshore sector and its sizeable inter-linkages with domestic banking activities.

In November 2015, the Bank of Mauritius (BoM, the Central Bank), cut the repo policy rate from 4.65 percent to 4.40 percent due to concerns about economic growth in the small Indian Ocean island.

Macroeconomic conditions remain stable but the authorities face macro-financial challenges stemming from the recent collapse of a large financial conglomerate,

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**KEY FIGURES**

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<th>Key Figures</th>
<th>Value</th>
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<tr>
<td>Exchange Rate: US$***</td>
<td>35.51 Mauritian Rupee (MUR)</td>
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<td>Inflation 2014</td>
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<td>Population**</td>
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<td>Population below national poverty line *</td>
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<td>Unemployment rate (%)</td>
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<td>Average loan size in US$ (mortgage)</td>
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<td>Average loan size in US$ (non-mortgage/micro-lending)</td>
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<td>Price to Rent Radio City Centre**</td>
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<td>Cost (% of property value) to register property</td>
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*** Comml.com – The Currency Converter/CAHF survey data
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**- World Bank’s PostCrisis
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#### World Bank’s Doing Business Survey Data (2016)
#### Number Online User Contributed Database

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which affected the real economy, as well as risk exposures and potential spillovers from the massive offshore sector and its sizeable inter-linkages with domestic banking activities.

In November 2015, the Bank of Mauritius (BoM, the Central Bank), cut the repo policy rate from 4.65 percent to 4.40 percent due to concerns about economic growth in the small Indian Ocean island.

Access to finance

Penetration of financial services is generally good, with 80 percent of Mauritians having bank accounts. Mauritius lost 6 points in terms of ease of getting credit bringing it from 36th place in 2015 to 42nd in 2016, out of 189 countries in the World Bank’s Doing Business indicators. This is mainly due to banks being more stringent on approving credits. According to the International Monetary Fund, World Bank’s Doing Business indicators, there are about 105 commercial bank branches and 210 ATMs per 1 000 km².

As at end-June 2015, 23 banks were licensed to carry out banking business in Mauritius, of which eight were subsidiaries of foreign-owned banks and four were branches of international banks. Two banks were involved in private banking business and one bank conducted Islamic banking exclusively. Twelve banks offer housing related finance.

All of the banks have licenses to carry out banking business locally and internationally. The Mauritius Commercial Bank (MCB) and the State Bank of Mauritius (SBM) are among the largest banks in the East African region. The banking system is highly concentrated, with four of the major banks accounting for 85 percent of the whole banking system’s assets and 70 percent of the country’s financial sector.

The country’s commercial banks are well capitalised, well regulated, liquid and profitable. The capital adequacy ratio (17.2 percent in June 2015) comfortably exceeds the regulatory minimum of 10 percent and the overall quality of assets is good. On the back of the slowdown in economic growth and declines in the construction sector, the ratio of Non-performing loans (NPLs) increased from 3.9 percent in June 2014 to 4.9 percent in 2015. NPLs are highest in construction sector following a period of elevated lending growth, although NPLs are also high for trading, manufacturing and individuals. Nevertheless analysts agree that local banking groups are well placed to absorb these losses. Coverage ratio (provisioning to NPLs) was 40 percent in June 2015.

As at end-June 2015, total advances represented 78.2 percent and 57.4 percent of total deposits and total assets, respectively, compared to 89.4 percent and 62.2 percent as at end-June 2014.

The Bank of Mauritius issued a number of new guidelines and reviewed existing ones with a view to enhancing the financial soundness of financial institutions falling under its purview.

A set of macro-prudential measures were introduced in October 2013 that aim at addressing potential systemic risks and emerging vulnerabilities in the financial system. These measures include, inter alia, a LTV for residential and commercial property loans; a debt-to-income ratio (DTI) for residential property loans; additional portfolio provision; and sectoral credit limits for the construction, tourism and personal sectors.

Besides traditional banking facilities, banks offer card-based payment services, such as credit and debit cards, internet banking, and phone banking facilities. Specialised services such as fund administration, custodial services, trusteeship, structured lending, structured trade finance, international portfolio management, investment banking, private client activities, treasury and specialised finance are also offered by banks. The international banks offer a wide range of global banking and financial services to corporate, institutional and private clients.

Deposits, which represent banks’ main funding source (78 percent of the total banking sector) grew by 23.3 percent during the year under review. The advances-to-deposits ratio, which indicates the extent to which funds mobilised by way of deposits have been utilised to finance lending activities, decreased from 89.4 percent as at end-June 2014 to 78.2 percent as at end-June 2015.

Bank credit to the private sector (excluding the GBL sector) continued to expand in 2015 at the rate of 4.3 percent, though at a much lower pace than the growth rate of 6.3 percent in 2014. There was a slight increase in share of credit to the private construction sector (from 25.4 to 26.3 percent) during the same period. Some 15 banks offer mortgage finance, and the use of mortgage finance is generally high by African standards, although it has declined recently. According to the Mauritius Housing Census, just over 12 percent of houses were mortgaged in 2011, versus 16 percent in 2000. Mauritius has a relatively large pension industry, and 51.4 percent of the labour force are contributors. The national pension fund is also involved in the housing sector and, for example, lends money to the Mauritius Housing Company (MHC).

A key mortgage lender targeting low and middle income earners is the MHC, which emanates from the former Mauritius Housing Corporation, a parasatral body set up in 1963. The MHC was incorporated as a public company in 1989 to address the housing finance requirements of the population, with a special attention to the low income households. In 2015, the MHC held a 10 percent market share. The MHC offers a diverse range of products. A major contribution of the MHC has been the introduction of a special savings scheme in the year 1982. This scheme encouraged Mauritians to save with the MHC so as to be later eligible for a housing loan.

There are constraints to the growth of the Mauritian mortgage market. Affordability constraints as well as informal incomes undermine access to mortgages, and lenders feel that the cost and time of foreclosing on a property increase risk. The Borrowers’ Protection Act of 2007 aims to ensure responsible borrowing and lending, and provides for a Commissioner to examine and have a say in cases of foreclosure. This has resulted in a worsening of the country’s insolvency resolving capacity (from 36th in 2015 to 39th in 2016 in the World Bank ranking). Furthermore, while there are no private credit bureaus, over half of the population (56.3 percent) are included in the public credit registry.

As at end-June 2014, the public credit bureau (MCIB’s) participation base comprised 44 institutions, including the 17 banks, 9 leasing companies, nine insurance companies, the Mauritius Housing Company Ltd, the Development Bank of Mauritius Ltd, the National Housing Development Co Ltd, The Employees Welfare Fund, the Mauritius Civil Service Mutual Aid Association Ltd and three utility bodies, namely, the Central Electricity Board, the Central Water Authority and the Waste Water Management Authority.

Affordability

According to Bhotish (2012), home ownership has been steadily increasing since the 1980s; and in 2011 household ownership in Mauritius stood at approximately 89 percent (compared to eight percent that rent or sub-rent, and another three percent who were living for free in the housing provided by their relatives or employers).

Although Mauritius is a middle income country, a segment of the population is unable to afford their housing. In 2015, Mauritius had an unemployment rate of 8 percent, or over 40 000 people. According to the Central Statistics Office, about 1.5 percent of people earn below US$2 a day. According to UN-Habitat, there are some incidences of squatting as a result of unemployment and the decline of solidarity networks that previously supported vulnerable households.

Mauritius has a relatively comprehensive social security system that includes a range of government subsidies for housing. The government uses state owned companies such as the MHC to improve affordability for housing. Another government driven scheme to increase affordability is offered through the National Housing Development Company (NHDC). This parasatral body was set up in March 1991 to serve low income Mauritians. It offers both fully developed units and rental accommodation.

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The cheapest newly built house by a formal developer costs around US$32,000 excluding the land, and is 120m² with three bedrooms, a living and dining room, kitchen, toilet/washroom and small veranda. Minimum plot size is 250m² in urban areas. A bag of 50 Kgs of cement costs US$6.60 (incl. VAT).

Sheet iron costs are as follows: Profilage Type - Galvanised and pre-coated roof sheeting; US$2.15 per running foot (incl. VAT), thickness of 0.56 mm and width of 800 mm; US$2.60 per running foot (incl. VAT), thickness of 0.63 mm and width of 800 mm. Type 3: US$3.07 per running foot (incl. VAT), thickness of 0.75 mm and width of 800 mm, lastly ordinary 5 sheet Galvanised corrugated roof sheeting US$1.06 per running foot (incl.VAT), thickness of 0.50 mm and width of 800 mm.

**Housing supply**

The 2011 Housing and Population Census reports that there are 356,900 housing units in Mauritius and Rodrigues. According to the Housing and Population Census of 2011, 99.4 percent of households have access to electricity and 94.2 percent have access to water inside their home. Most housing stock in Mauritius is of good quality. 91 percent of the dwellings are durable with only 4.8 percent of the population living in iron/tin walled houses. The Census also found that 90.5 percent have access to water inside their home. Most housing stock in Mauritius is of good quality. 91 percent of the dwellings are durable with only 4.8 percent of the population living in iron/tin walled houses. The Census also found that 90.5 percent have access to water inside their home. Most housing stock in Mauritius is of good quality.

Successive government budget proposals have ensured that all citizens have a house providing decent living conditions. The strategy focuses on Housing Empowerment Schemes, Social Housing and Home ownership for low-income families are worth mentioning.

1. The Housing Empowerment Scheme targets middle-income families earning up to Rs50,000 (US$1,408) a month. Under the scheme, banks require only five percent as minimum down-payment on the purchase of a property instead of the usual or more 10 percent currently applicable, i.e., they advance loans up to 95 percent of the cost of a residential unit. The loans also carry a moratorium period of two years on capital repayment. To make this possible, Government is guaranteeing 20 percent of the loan amount. In addition, to reduce the cost of acquiring a housing unit, Government reimburses VAT up to an amount of Rs300,000 (US$848) on the construction of any house or purchase of an apartment costing less than Rs2.5 million (US$7040). For its part, the Mauritius Housing Company provides, free of charge, at least 12 types of architectural plans for each house of an area of 1 000 and 1 200m². The interest rate is 2.5 percent above the repo rate, presently at 4.40 percent.

To this effect, the Mauritius Housing Company and the Mauritius Bankers’ Association signed a Memorandum of Understanding outlining agreed conditions between the Government and the commercial banks. Twelve banks are involved in this project.

2. The 2014 Budget also announced the launching of a major Social House Construction Programme in 2014, where 1,765 families will benefit from either a housing unit or a serviced lot. Thus:
   - 576 social housing units will be constructed and 80 serviced lots will be completed for delivery throughout the island.
   - 588 social housing units and 151 serviced lots are also in the pipeline.
   - Provision for an additional 450 social housing units to vulnerable families in 2014 through the National Empowerment Foundation.
   - Provision of Rs250 million (US$7.04 million) to improve living conditions in NHDC and ex-CHA Housing Estates through the rehabilitation programme, and Rs80 million (US$2.25 million) for the casting of roof slab scheme.

As part of the social housing policy, the Ministry of Housing and Lands endeavours to ensure housing estates of moderate size, (50m²) which will facilitate integration in local communities and reduce offsite infrastructure cost.

3. In line with the new approach of the National Home Ownership Programme, the Social Housing Fund has been revamped into a National Habitat Fund with wider objects. Hence, the Minister of Housing and Lands brought legislative amendments to give to those families who have a housing unit on leased land belonging to the State, the option to buy the land at a nominal price not exceeding Rs2,000 (US$56.32) per plot. It is a measure that will empower some 17,000 families with very modest means to have full ownership of their lands.

These programmes complement the extensive investment that the public and private sectors have made in housing development. From 2011, the NIEF has constructed more than 300 core housing units of 32m² each. It is projected to build 700 additional such units within the next two years. Furthermore, by 2012, the NHDC had built more than 12,000 units, and a further 10,000 units were in the pipeline. An innovative subsidy scheme offered by government through the NHDC promotes self-build approaches. Households with a monthly income of between Rs10,000 (US$281) and Rs25,000 (US$704) and who have neither received a grant previously nor already own a property are entitled to apply for land that is periodically made available. The land is made available on a lease arrangement and the beneficiary is required to pay the fee. The construction of a housing unit on the land must begin within six months following the signing of the lease agreement, and be completed within 18 months. Beneficiaries can apply...
to the MHC to finance the construction and can access architectural services from the MHC for Rs2 (US$0.06) per ft².

Throughout the NHDC, the government also grants up to Rs75 000 (US$212) for casting a roof slab of up to 210m² to first time homeowners earning up to Rs10 000 (US$281) a month. The government also grants up to Rs65 000 (US$1 830) to households earning not more than Rs10 000 (US$281) a month to buy building materials. The grant applies to a maximum area of 100m². For a house of 50m², the grant is Rs40 000 (US$1 126) on a pro-rata basis. Although the NHDC programs target low income earners, the requirement of a minimum financial contribution means that some households are still unable to participate.

Furthermore, there is also an incentive for developers to develop residential units. Requirements are that the land for development must be non-agricultural and have access to main infrastructure lines and amenities. In addition, developers should provide all basic infrastructure and 25 percent of the development must be for low income households, for which the sale price is determined by the Ministry of Housing and Lands set up a fairly comprehensive array of support and initiatives to address housing needs. Subsidy programmes target both new build construction and self-help housing, and government has made an explicit effort to deal with those with no affordability at all. Spatial data for land use and management and planning is facilitated by the Land Administration Valuation and Information Management System.

Prior to 2006, social housing was solely the responsibility of government. But as demand kept growing and the government could only build around 900 units a year (with a waiting list of 25 000 housing units in 2015), the private sector was called to participate through various Public Private Partnership (PPP) projects. An interesting aspect of the Finance Act of 2009 requires companies, as part of their corporate social responsibility, to pay two percent of their book profit after tax into a Corporate Social Responsibility Fund. This Fund can be used on approved projects, amongst which social or subsidised housing is a high priority.

Opportunities
Mauritius has been emerging as an international financial centre since the early 1990s, and is the easiest place to do business in Africa. It is a favoured country for structuring cross-border investments into Asia and Africa, and particularly into India and China. This reputation as an offshore financial hub should see it continue to become an important player in international financial flows. The country also has preferential access to markets in the Africa region (such as the African Union, SADC, the Common Market for Eastern and Southern Africa (COMESA) and the Indian Ocean Rim Association for Regional Co-operation (IOR-ARC), pointing to its strategic location.

According to the African Executive (2014) in order for Mauritius to become a high income country, it needs to start attracting foreign skilled labour. If labour flows are similar to those experienced by Dubai, Hong Kong and Singapore at a similar stage, over the next decade Mauritius should be ready and willing to accommodate some 5 000 to 20 000 foreigners annually, with a total of 100 000 to 200 000 for the period. In the short run such an influx could be accommodated in the various real estate projects. However, going forward, this offers a greater opportunity in middle to higher end housing finance, as foreign investment and wealth increase in Mauritius.

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Morocco is a lower-middle income country in North Africa with one of the most diversified and developed economies in the continent. Despite its exposure to a succession of crises in recent years (the global financial crisis of 2008, protracted low growth in its European trading partners since 2009, and the onset of the Arab Spring in 2011), the Moroccan economy has remained resilient. Morocco has a number of comparative advantages that provide reasons for optimism for the country’s future. These include relative security compared to the rest of the region, an attractive geographical position for investors, a relatively diversified economic base, and a large pool of young workers. While the country does not have any hydrocarbon wealth, it does have an estimated 70 to 75 percent of the world’s reserves of phosphates, and is the third largest phosphate producer after the US and China. The phosphate and auto industry are the country’s top exports.

Analysts expect Morocco’s economic growth will slow down significantly over 2016 to approximately two percent (compared to 4.4 percent in 2015), as agricultural production collapses on the back of a drought. The all-important agricultural sector accounts for close to 15 percent of Morocco’s GDP and employs close to 40 percent of the Moroccan workforce. On the upside, exports will continue to outperform, and investment will remain elevated, as the country pushes forward with its plan to become a regional exporting hub between Europe and China. The phosphate and auto industry are the country’s top exports.

Despite relatively good growth prospects, the country remains in the bottom half of the group of countries with medium human development. Key reasons behind this low score are the extremely low literacy rates (about 65 percent), and relatively high unemployment rates (10.1 percent in general and 21.4 percent among the youth and 33 percent in urban areas). There are still significant differences in the living conditions of urban and rural communities. Poverty rates are on average three times larger in rural areas. Educational opportunities are lower in rural places, where many children drop out of primary school.

Given prevailing market conditions, Morocco’s property markets continue to slow, with property prices rising only slightly. That being said, the government appears to remain committed to providing affordable housing. Over the past decade, the government has implemented numerous projects and initiatives; crowded-in private sector investors, and mobilised thousands of hectares of available land for social housing purposes.

Access to finance
In recent years, Morocco’s banking sector has deepened (with total bank assets reaching 140 percent of GDP), and become more complex (including a rapid expansion into Sub-Saharan Africa). Banks are well-capitalised and profitable and benefit from stable funding sources. As of the end-2014, in aggregate, the capital adequacy ratio stood at 13.8 percent, well above the Basel III requirements, and bank profitability has been stable despite slower lending activity. However, since 2012, the non-performing loan ratio has been rising due to weaker economic activity and strains in the corporate sector, reaching 7.5 percent in November 2015.

**Overview**
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In June 2015, there were 19 commercial banks, 35 finance companies, six offshore banks, 13 microfinance associations and nine money transfer companies as well as the Central Guarantee Fund that fell under the supervision of Bank Al-Maghrib, Morocco’s central bank. It is expected that in 2016, Morocco will start issuing Islamic Bank licenses, relying on a centralised regulatory approach.

This year marked the start of a series of historic financial reforms that will be implemented by the Central Bank. The Moroccan financial sector is in the process of transitioning to a new exchange rate and monetary policy regime. The Dirham is pegged to a basket of Euros and Dollars, and the Central Bank has recently changed the weights (60 percent Euros and 40 percent Dollars) in order to further deepen the country’s financial markets and help the economy absorb external shocks while preserving its competitiveness. Going forward, authorities will begin to increasingly rely on inflation targets. Furthermore, a new banking law was adopted in November 2014, further implementing Basel III that enhances the systemic risk surveillance. A draft law, which is being discussed and has not yet been sent to Parliament for discussion will further strengthen the Central Bank’s independence and transparency and extend its supervisory powers. It is expected this law will be submitted during 2016.

Morocco has the most advanced and diverse housing finance market in the region. There are a range of sources for mortgage lending in Morocco, from public and private commercial banks, as well as consumer credit companies and microfinance institutions. Typical terms are 15–25 years and housing finance can be between 50% to 100% of the property’s appraised value. Up to 70% of residential properties have fixed interest rates. In March 2016, the Central Bank cut its key interest rate by 25 basis points to 2.25% – its lowest rate since 2000. In 2015 the size of the mortgage market contracted by 24 percent of GDP (down from 25.6 percent in 2014). In February 2016, the annual value of property loans outstanding increased slightly by 0.9 percent to MAD 240.81 billion (US$24.37 billion). These figures comprise of two elements – housing loans outstanding (75% percent by total property loans) and property loans to developers outstanding (25% percent of all property loans).

In 2013, the sector launched a price transparency initiative to make more clear changes over time and in 2014, a white paper was published with plans to reach 3.2 million customers by 2020. Partnerships between banks and the government make lending more accessible to middle and low income families, through the FOGARM mortgage guarantee fund. Launched in 2004, FOGARM guarantees 70 percent of a mortgage loan made to a household with an informal income for the purchase of a unit worth less than MAD250 000 (US$25 303). The level of monthly instalments are capped around US$200 (upper income threshold) and 40 percent of the household’s income (lower threshold). This Fund guarantees approximately 1 200 new beneficiaries each month. Another guarantee programme, FOGALOGE, targets moderate income civil servants, middle class independent workers and non-resident Moroccans buying or building houses up to about MAD 1 Million (US$102,041) in value.

In 2014, Morocco continued to develop the law for covered bonds that is intended to unlock funding sources and overcome maturity mismatches for the rapidly expanding mortgage market. In this law, only banks will be authorised for issuance, where the total amount of covered bonds must not exceed 30 percent of the total assets of the bank and the net present value of the cover portfolio must be, at any time, more than 105 percent of the net present value of the covered bonds. Selected loans for the cover portfolio must have a remaining capital under 80 percent of the value of the asset.

Morocco maintains promising capital markets for housing finance, with a diversity of financial institutions beyond banking. This includes a dynamic insurance sector, growing pension funds and the Casablanca Stock Exchange. Growth in the microfinance sector has been rapid in Morocco since the Microfinance Act was passed in 1999. The two largest microfinance institutions, Al Amana and Attawfiq, control 72 percent of the market and focus on women, who represent almost 80 percent of micro-borrowers in Morocco. MFIs together with the Moroccan government have set high goals for growth; 3.2 million clients and MAD25 billion (US$2.53 billion) in loans by 2020. Loans are given not only for the development of income-generating enterprises but also for housing purchase or construction as well as for connections to basic utilities. There are MFIs that offer non-collateralised housing finance micro loans. The Moroccan Postal Service also plays a key role as a provider of depository, payments and other retail banking services for small savers via Al Barid Bank. With more than 1 800 branches, the postal service serves about 13 percent of the population, though it represents only two percent of total financial sector assets.

**Affordability**

Affordability remains an important challenge for housing in Morocco, a country where disparities remain high (Income Gini coefficient of 40.9 in 2009). According to World Bank data from 2007, approximately nine percent of Moroccans live in absolute poverty, while another 12 percent of the population are living just above the poverty line.

Between 2014 and July 2015, Morocco increased the minimum wage by 10 percent, to US$266 a month, the highest rate in Africa. Average monthly incomes of households in Morocco were recorded at US$996 in 2012 by Euromonitor’s World Consumer Income and Expenditure Patterns Report.

The 2013 Finance Law had set the nominal price for middle income housing at MAD6 000 per m² (US$607), for units ranging from 80 m² to 120 m². That price included all taxes. The 2014 Finance Law increased this maximum price to MAD6000 per m² excluding taxes, which gives a maximum price of US$74 457 for a 120 m² apartment. This type of housing is aimed at people earning up to US$2 068 a month.

The Moroccan government defines two types of affordable housing units; both commonly called “social” housing and differentiated by their maximum price: the first one was created by the 2008 Finance Act with a capped price of MAD140 000 (about US$14 286). It is between 45 m² and 60 m² and targeted at individuals who earn less than twice the minimum wage (now MAD2 570 a month (US$260), up from MAD2 455 (US$248) as of July 1st 2015) or US$531 a month.

The second type of social housing started with the 2010 Finance Act. The covered surface area of these apartments is defined by law from 50 m² to 100 m² but developers usually build them closer to 50 m² as the sale price and tax exemptions are not linked to the surface area but only to the tax max price of MAD250 000. Its price is capped at MAD250 000 (about US$25 303) but there is no maximum income requirement to purchase those “social” housing units. Important tax incentives have made this type of housing very popular among real estate developers.

**Housing Supply**

According to the Ministry of Housing and Urban Planning, the housing shortage between 2012 and 2016 is estimated at 834 500 units. Since 2000, over two million social housing units have been built. Housing demand has been increasing by 150 000 units every year, while annual housing production is only around 100 000 units.

Almost 6.4 million (20 percent of the population) struggle to afford decent housing. Low-income households account for around 75 percent of the total households without access to adequate housing. In contrast, the high-end market is well supplied with around 820 000 units (20 percent of the urban stock or used as secondary or vacation homes. In order to deal with this demand, the government has implemented several housing projects over the past decade, including social housing and the mobilisation of available land. The Ministry of Habitat and Urban Planning has provided incentives for private real estate developers to invest in social housing projects, and as a result these investors have committed to building 900 000 units by 2020.

There is widespread use of public private partnerships between government and private sector; to facilitate housing production. This was clearly seen in the Villes sans bidonvilles programme that ran from 2000 to 2010. The private sector supplied the majority of the 154,000 housing units developed. In the decade since it was launched, 52 cities have been declared free of slums and the programme has improved the living conditions of 1.24 million people. The success of this programme was also underpinned by an innovative financial model that simultaneously attracted private sector participation, while alleviating the access
to finance constraints for the majority of the poor through targeted subsidies. The programme was financed through the following means: 40 percent from the general budget, 30 percent through beneficiary household contributions; a tax of US$12 per tonne of cement; profits earned from upper-income house sales; as well as international donor contributions.8

Since 2004, the government has started establishing new master-planned suburbs and cities to better channel further population growth and limit urban sprawl (especially in its biggest cities of Rabat and Casablanca). Some of the country’s largest housing projects in Casablanca include: a 60,000 housing unit development 20km to the south-west the city (being developed by Al Omrane); and an eco-city that is expected to accommodate 300,000 inhabitants and be completed by 2030 by Societe d’Aménagement Zenata. Saudi-Moroccan real estate developer, GARAN is developing a new urban pole in Bouskoura that will accommodate 150,000 people and is set to be completed by 2016. Other developments include Tamesna, located 18km from Tangier; will develop 30,000 housing units by 2020 and accommodate 150,000 people. While Temansour, which is 10km from Marrakech is now designed to accommodate as many as 250,000 people (a five-fold increase from its existing 50,000 residents).9 Furthermore, the International Finance Corporation (IFC) has also committed to investing US$5 million in Moroccan construction company Alliances Group to boost affordable housing builds. Alliances Group aims to construct 110,000 affordable housing units.

New supply of affordable housing tends to be apartment-buildings of typically three to five levels, in large-scale projects located on government provisioned land in peripheral locations. In addition to the cost of land, the average middle class self-built house will cost MAD2,800 – 3,000 per m² (about US$283 – US$304) for a villa, and MAD2,000 – 2,500 per m² (US$202 – 253) for a traditional Moroccan home, and take eight months to construct.

Property market
Morocco’s law requires the registration of land rights. Two systems of land registration exist: a formal and relatively sophisticated land market maintained by local leaders. Approximately 30 percent of the land in Morocco (almost all in urban areas) is registered under the formal system.10 The country has made significant progress in streamlining its registration process. According to the World Bank, it takes approximately five procedures, 30 days and costs almost six percent of the property value to register a property.11

In 2016, Morocco’s property market continued to slow with property transactions remaining depressed and only nominal increases in prices. This is part of the general drop in real estate activity following the global financial crisis that marked an end to the sector’s boom years. The real estate price index (REPI) (which gives detailed information on all formal property transactions in the country), only rose by 0.9 percent annually in 2015, while all land prices increased by 1.7 percent over the same period. Property prices increased in the cities of Rabat, Fez and Tangier while Casablanca and Marrakech experience slight drops in their overall property prices.

According to the Central Bank, the number of registered residential property transactions dropped by 7.1 percent in 2015. By property type the number of apartments sold fell by 6.9 percent year-on-year in 2015. Over the same period, house sales fell by 7.6 percent while villa sales declined by 12.8 percent. Urban land transactions also dropped by 2.8 percent in 2015. Of the total real estate transactions, apartments represented approximately 59 percent of total sales, 27.2 percent urban land, houses 49.4 percent, and villas 1.2 percent.12

However, the real estate industry does show signs of sustained recovery. The sector continues to be buoyed by the government’s incentives to attract affordable housing developments for low- and middle-income earners. This is also supplemented by a range of mix-use projects and master planned cities described above. Furthermore, transparency in the sector is improving with the quality label and pricing reference that was introduced in 2014.

Policy and regulation
The Government has devoted significant human, financial and technical resources to implement its national urban strategy. The government considers cities as engines for regional and national growth plans and central to the country’s overall competitiveness. The government has encouraged investments in skills and connective infrastructure and has focused on the development of new towns.

In recent years, considerable efforts have been made to increase transparency in the sector in terms of pricing, oversight and contracts. In 2014, the Ministry of Habitat and Urban Planning introduced a new regulation making written leases mandatory. This was complemented by the work of the Ministry of Economy and Finance that adopted a pricing reference for real estate transaction, which bases taxation on the minimum price per square metre for different types of real estate. And, as mentioned above, REPI, which was developed by the Central Bank in cooperation with the Land Registry, has helped reduced disparities and price gouging.

Policies that directly or indirectly have an impact on affordable housing include:

a) Constitution of 1996:
- Guarantees private property rights.

b) Strategie Nationale de Developpement Urbain:
- Emphasis on the creation of regional growth poles and competitive cities while prompting social cohesion and the efficient use of resources.
c) 2015 Finance law:
- Rental housing targeted at the low and lower middle-classes benefited from tax exemptions with the condition to respect a ceiling rental price.
- For the MAD250,000 type of social housing, the maximum rent was increased from MAD1,200 to MAD2,000 a month.
- For the MAD140,000 type of social housing, the maximum rent was increased from MAD700 to MAD1,000 a month.
- Those incentives, that previously had little impact on the rental market, did not change the situation any further when improved.

d) 2014 Finance law: The sale price per square meter of housing for the middle class was limited to MAD6,000 all taxes included in the 2013 Finance law. The 2014 Finance law increased this maxim price to MAD6,000 excluding taxes.

Opportunities
Over the longer term, Morocco’s economic prospects are among the most promising in the Middle East and North Africa region. The country has a young and growing population, an improving business environment, and is well-placed to serve as a manufacturing hub for exporters to Europe and rapidly-growing economies in Sub-Saharan Africa.

While the real estate and construction sectors are currently experiencing a slower period, demand for affordable housing is still high, particularly among the low and middle-income population. This demand, coupled with government led initiatives and incentives, could continue to present opportunities for investors. Although slow to develop, covered bonds will be another significant innovation for Morocco, opening up the market for longer and more affordable housing finance.

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Overview

Mozambique is facing major near-term liquidity risks, with currency depreciation exacerbating the country’s sizeable external debt burden and opaque public borrowing prompting donors to withhold aid. Owing to drought and a sharp drop in investment, real GDP growth is forecast to slow to a 15-year low in 2016. The ruling party, Frelimo, is expected to remain in control (despite internal divides), but long-standing tensions with Renamo, the main opposition party, may stir violent insecurity1.

Mozambique’s economy has been growing at an average of between 7.5 to eight percent over the past decade and its future economic potential is underpinned by natural resources. Mozambique is now facing difficult economic challenges and IMF has noted that economic growth this year will be below 4.5 percent, which is 3 percent below historic levels. Inflation hit 16 percent in May, far from the 3 percent level predicted for this year. As a result of the current economic situation major near-term liquidity risks, with currency depreciation the country’s sizeable external debt burden and opaque public borrowing prompting donors to withhold aid. Owing to drought and a sharp drop in investment, real GDP growth is forecast to slow to a 15-year low in 2016. The ruling party, Frelimo, is expected to remain in control (despite internal divides), but long-standing tensions with Renamo, the main opposition party, may stir violent insecurity1.

The situation of Mozambique did not change much from last year. The country is predicted for this year. As a result of the current economic situation major near-term liquidity risks, with currency depreciation the country’s sizeable external debt burden and opaque public borrowing prompting donors to withhold aid. Owing to drought and a sharp drop in investment, real GDP growth is forecast to slow to a 15-year low in 2016. The ruling party, Frelimo, is expected to remain in control (despite internal divides), but long-standing tensions with Renamo, the main opposition party, may stir violent insecurity1.

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four percent, in accordance with international standards. Lending rates remain very high; Banco de Mozambique decreased its benchmark rate by 7.5 percentage points since January 2012 and prime lending rates fell to 14.8 percent in 2013 from 19 percent in 2011. Because of the current economic situation, Banco de Mozambique has raised the Standing Lending Facility to 14.25 percent in June 2016 and prime lending rates have increased to 20 percent. This means mortgage interest rates are around 25 percent with a term of 15-20-25 years and a minimum down payment of 20 percent.

Most of Mozambique’s commercial banks offer a mortgage product, but the mortgage loan to GDP ratio is very low measuring 0.91 percent in the end of 2014 according to Banco de Mozambique. Banks’ mortgage portfolios represent 2.42 percent of total outstanding loans according to WDI. The conditions for mortgage loans are generally restrictive reflecting the banking industry’s caution. Loan-to-cost maximums are generally set at 80 percent. Commercial banks request another property or fixed assets as collateral for a transition loan at least until the construction is 80 percent finished and thus can then be mortgaged. Mortgages in Mozambique have a maturity of 10, 15 or 25 years. Approximately only 15 percent of residential properties with mortgages have legal titles. For housing loans, the average annual effective interest rate is calculated based on the banks’ prime rate of 20 percent plus a mark-up of up to five percent depending on the client’s credentials (typically 25 percent). The minimum loan amount is around MZN 300 000 (US$5 000).

To make housing loans more accessible, some banks offer property leasing or rent-to-buy schemes in which the property is made available on a rental basis to a tenant who has an option to buy the property at the end of the lease. The Fund for Housing Promotion (FFH) has agreements with several banks to make mortgage loans accessible for potential beneficiaries of its projects. Banks also offer construction and renovation loans. These have shorter terms, sometimes five to ten years, made available as unsecured loans and therefore at a higher interest rate of about 30 percent. In some cases, the lender requires a guarantee or other form of collateral. Developer finance is considered to be too limited and expensive, with rates up to 30 – 35 percent.

Although the microfinance sector is vibrant – only five microfinance institutions offer housing microfinance as a product. There have been significant changes in this industry over the past few years and the depth of financial intermediation remains low. Currently only Socremo, at a very small scale, offers housing loans for home improvements and rehabilitation.

Affordability

The country’s expectations with commodities wealth was the main reason that house prices soared as there was a significant demand with a small offer in the housing market. Recent public debt crisis and medical devaluation has reduced the demand and so house prices are lower. New built condominiums have increased the offer in the upper market contributing to lower prices. There are several additional reasons for high housing costs such as: high construction costs (30 percent higher than South Africa) due to higher material cost, low labour productivity and high financing costs. A small percentage of construction materials are locally manufactured, most materials are imported from South Africa, Portugal and China. Just the most basic materials (such as cement and wood) are sourced locally. Furthermore, the lack of basic infrastructure adds to the total costs of the development. Plots are often far from main roads and not linked to the public water and electricity network. Plots that are already developed are transferred at high prices even though the law clearly outlines that land is government owned and may not be acquired, the right to use the land may be passed on.

Furthermore, although the minimum wage was revised to MZN3 298 (US$55) a month in April 2016 as the metical has depreciated, the majority of population earns less than US$30 a month. Banks offering mortgages have a minimum loan amount of MZN300 000 (about US$53 000), which is far out of reach of the majority and far from the cost of a house. At the current rate of 25 percent, the minimum loan would be affordable only to a household with a monthly income of about MZN20 000 (about US$330). The family would also need to save a further third of the purchase price to cover the deposit requirements, registration costs and taxes, and valuation and origination fees. With regards to the lack of affordable housing and the lack of access to finance, most families rely on their own savings, local materials and self-build for housing construction. UN-Habitat suggests Mozambican families have invested at least US$3 billion in informal housing in Maputo alone. Housing affordability is also a challenge in the rental market, where high demand and the lack of adequate supply have resulted in highly inflated prices across all sectors with owners setting monthly rents in the upper market from US$1 000 to US$10 000 per property in central Maputo.

Housing supply

FFH estimates a housing deficit of two million units. The equivalent of 2.5 million families, or 60 percent of the Mozambican population live in substandard housing, approximately 70 percent of households in Maputo live in informal housing. In Maputo, the demand has been estimated at 23 000 units over the next four years in the areas of Beixa, Museu, Polana, Sommerschield I, Sommerschield II and Marginal neighbourhoods. Only 4 500 new housing units are expected to enter the market in central Maputo over the same period. Furthermore the housing deficit is also felt in other emerging economic centres in the country, such as Tete, Nampula and Pemba. Until 2020, housing demand in Nacala is expected to grow to 4 475 units and 6 500 units in Pemba.

There is very limited investment in the low-cost housing sector; as investors prefer high-end projects. Low-cost housing developers are also put off by the need to build the supporting transport and services infrastructure for the new sites and the lack of government support for low-cost housing schemes, but the main problem is still the limited ability of low-income households to access affordable finance. Some private projects aim to deliver affordable housing, Casa Jovem in Costa de Sol Maputo is often mentioned as one such example as well as Intaka. Casa Jovem is a 36 hectare housing project under development on the outskirts of Maputo. The project comprises 1 680 flats in four to eight storey walk-ups, and 300 houses. To date, 100 flats have been constructed. However with prices of flats between US$47 000 and US$130 000, it is out of the reach of most Mozambicans.

In its five-year plan (2010 – 2014), the government committed to build 100 000 houses and service 300 000 plots of land by 2014. According to local sources, the government only delivered 1 922 houses by the end of 2014. The housing target in the new five-year plan (2015 – 2020) is less ambitious with the state committing to build 35 000 houses by 2019 (7 000 per year). Some projects have begun in Marracuene this year. Through the ‘Housing Action Plan for the Young, Civil Servants, and Old Combatants’, these broad delivery plans get more detail: 20 percent of the planned housing delivery is to be completed by government, 30 percent by the private sector and 50 percent by residents themselves through self-construction. Only five percent of houses are to be fully subsidised. The FFH will take the lead in the implementation of the action plan and will collaborate with all municipalities. The FFH foresees the development of public private partnerships to diversify its financial resources. Projects in Marracuene, Tete and Nampula are on-going.

Over the years, there have been some noteworthy public private partnership arrangements. This includes the construction of the project Intaka (started in 2012), with the intention of building 5 000 houses in the southern city of Matola, in partnership with Henan Gouji Imobiliária. Unit prices are between US$63 000 to US$158 100. An agreement with the Chinese government promised a further 5 000 houses in other cities. A partnership with a Spanish construction group will see the development of 4 500 houses in three provinces, with prices starting at US$30 000 in Maputo city. Construction was supposed to launch in 2014.

In 2013, FFH launched the building of 100 houses in Mutaukh (Nampula) financed through the sale of houses in the Olympic Village. The first phase has been completed. Furthermore 240 apartments were expected to be constructed during the second phase of construction in the Olympic Village with a total value of US$30 million increasing the housing stock of the Olympic Village to about 1 100 homes. Other developments include a US$21.7 million facility provided through three credit lines by the Indian government in 2013 to fund public works and housing projects. The projects included the construction of 1 200 houses in Tete (400 units), Zambézia (400 units) and Cabo Delgado (400 units). In addition, FFH also signed agreements for a new social housing project in the Provinces of
Apart from the fact that they are difficult due to the protracted procedures and consents necessary because of leasehold tenure, owners also avoid the risk of forfeiting current rights in the process of sale (fearing, for example, that the title may be questioned). The problem of collateral enforcement is exacerbated by the long times it takes to go through the courts (on average three years), and that there are many instances of fraudulent titles.

Some rental housing stock converted to private ownership is emerging from government’s policy since 1991 of divestiture to existing tenants at concessionary prices and interest rates. The majority of this stock has already been sold.

Property and regulation

Many of the laws governing property date as far back as the 1960s and have not been updated since. Housing is coordinated through two government organisations. The National Directorate for Housing and Urbanisation (DNHU) and the Fund for Housing Promotion (FFH), both under “Ministério das Obras Públicas e Habitação” (MOPH), are the two government agencies with specific mandate for housing. With the reorganisation of the MOPH in 2010, the different departmental roles were clarified so that DNHU is in charge of the politics side and FFH has the mandate to act as an implementation agency. At the same time, within the MOPH, a Directorate that is responsible for the building materials was also created.

The policy and regulation frameworks governing the housing sector is based on article 109 of Mozambique’s Constitution of 2004 and states that all ownership of land vests in the state and all Mozambicans shall have the right to use and enjoy land as a means for the creation of wealth and social well-being. The Constitution further provides that the state shall recognise and protect land rights acquired through inheritance or by occupation, unless there is a legal reservation or the land has been lawfully granted to another person or entity.

The Land Law of 1997 reasserts the state’s ownership of land and provides that individuals, communities and entities can obtain long-term or perpetual rights to use and benefit from land. The Land Law protects the customary rights of communities to their traditional territories and recognises rights obtained through traditional and good-faith land occupancy, as equivalent to rights obtained by government grant. Community land use rights are legally equivalent to rights granted by the government to individuals and entities. Women and men have equal rights to hold land. Nationals have unrestricted rights of access to land; foreign individuals and entities must have a local residence and an approved investment plan.

Rural Land Law Regulations of 1998 provides rules for the acquisition and transfer of use-rights. The process for identifying and recording the rights of local communities and good-faith occupants is governed by the 2000 Technical Annex to the Land Law Regulations.
There is a significant need for greater supply of affordable housing. With housing finance remaining largely cash-based, there are many opportunities for housing financiers in the market.
Windhoek (capital), Walvis Bay, Swakopmund.

**Overview**

Namibia is a middle income country in Southern Africa, with the GDP per capita of US$4,695 in 2015. Namibia is one of Sub-Saharan Africa’s most stable countries, it is also one of the most attractive investment destinations in its region.

The country recorded a slight decrease in the real GDP growth from 6.7 percent in 2014 to an estimated 4.4 percent in 2015. This decline is forecasted to weaken further to 4.2 in 2016 according to African Economic Outlook, even though statistics by the NSA (2016) indicate that the real GDP for the first quarter of 2016 recorded a slow growth of 3.5 percent compared to 7.3 percent registered in the corresponding quarter of 2015. The highest improvement was in construction which went from 19.2 in 2014 to 27.8 in 2015 according to NSA.

The high unemployment rate in Namibia has been improving over the past few years. It stood at 28.1 percent in 2014; this represents a -1.5 percent decrease from the 29.6 percent recorded in 2013 according to African Economic Outlook. According to the Bank of Namibia website (2016) the inflation rate for Namibia was recorded at 6.7 percent.

The bulk of Namibia’s imports, including most food products, are sourced from South Africa. As a result, domestic inflation will remain heavily influenced by inflationary trends in South Africa. According to the Bank of Namibia website (2016) the inflation rate for Namibia was recorded at 6.7 percent.

**Access to finance**

Namibia has a mature and efficient banking system. There are 12.8 commercial bank branches per 100,000 adults and 53.68 ATM’s per 100,000 adults in Namibia (2014). Namibia scores high in terms of ease of getting credit; ranking in 59th place out of 189 countries in 2016, thus up two places from 61st place recorded in 2015 according to the World Bank’s 2016 Doing Business Indicators Report.

There are four large privately owned commercial banks in Namibia. Three of the banks (Nedbank, Standard Bank and FNB Namibia) are subsidiaries of South African banks; the fourth (Bank Windhoek) is Namibian-owned. EBank, a branchless commercial bank that began operations in November 2014 is Namibian owned. FIDES Bank Namibia, a micro-credit bank and the SME Bank focus on small and medium-sized enterprises. Furthermore, there is Development Bank of Namibia which is responsible for financing development infrastructure, one savings bank (Nampost), an ABSA Representative Office and 31 insurance companies according to NAMFISA. Namibia’s banks are regulated by the Bank of Namibia (BoN or Central Bank) while insurance companies and microlenders are regulated according to NAMFISA. Namibia's banks are regulated by the Bank of Namibia (BoN or Central Bank) while insurance companies and microlenders are regulated according to NAMFISA.

According to the NSA GDP, the banking sector slowed down in the first quarter of 2016, recording a growth of 6.0 percent compared to 9.3 percent in the same quarter of 2015. The insurance subsector activities slowed down to 0.7 percent in the first quarter of 2016, compared to the growth of 5.0 percent recorded in the corresponding quarter of 2015.

Commercial banks in Namibia are generally regarded as well-capitalised and profitable. Although the banks appear to be healthy, they are nevertheless exposed.
1) Government grants and subsidies: The government will provide, within its resource capacity, annual grants to households in the income bracket of between N$1 500 (US$105.82) and N$4 900 (US$345.69) per month. To start with, government subsidies will mainly go towards land development, whereas bridging financiers are those that provide funding to enable the roll out of projects and immediately recoup their investment at the completion of such projects. End-user financing is provided by commercial banks that have entered into partnerships with NHE to finance part of the clients, while NHE finances the remainder of the clients. The first phase of the programme is being implemented using conventional building materials (brick and mortar) whereas alternative building materials may be considered in subsequent phases.

2) Public Private Partnerships: Significant financial resources will be mobilised through public private partnerships to be entered into between the National Housing Enterprise (NHE) and private sector entities. The partnership model, which is already being pursued by the NHE in its current capital financing operations, entails the mobilisation of funding through turnkey solutions, bridging finance and co-end user financing. Turnkey funding solutions are provided by companies that bring in finances and have the technical capacity to construct, whereas bridging financiers are those that provide funding to enable the roll out of projects and immediately recoup their investment at the completion of such projects. End-user financing is provided by commercial banks that have entered into partnerships with NHE to finance part of the clients, while NHE finances the remainder of the clients. The first phase of the programme is being implemented using conventional building materials (brick and mortar) whereas alternative building materials may be considered in subsequent phases.

3) Debt financing by local and foreign financial institutions: The option of debt financing through the conventional way of borrowing will also be pursued in financing part of the programme. In certain instances, borrowing by NHE will require Government support through the provision of a guarantee or other facilitative support.

4) Savings of households involved in SDFN housing schemes: The utilisation of savings of households involved in the Shack Dwellers Federation of Namibia (SDFN) housing saving schemes will also be used to partly fund land servicing and the people housing processes component of the programme. An annual budgetary allocation of N$50 million (US$33.3 million) will be made to the Twa-hangana Fund operating under the auspices of SDFN assisted by Namibian Housing Action Group (NHAG).

The Minister of Urban and Rural Development, Sophia Shaningwa, instructed the NHE in May 2015 to halt construction being carried out through the Mass Housing Programme. The New Era newspaper reported that the decision to withdraw the implementation from the NHE was taken by Cabinet on July 21st 2016. Part of the cause for the withdrawal of the project was that it failed to make a dent in the housing backlog after only 1 468 houses out of the planned 10 000 units were completed during the first phase. Another was lack of funding. The government has given the National Housing Enterprise the mandate to finance and sell houses constructed in the first phase. It is speculated that this will have an impact on the original pricing planned for the housing units.

**Affordability**

According to the December 2015 First National Bank (FNB) Housing Index, the median house price for 2015 was N$800 000 (about US$56125.00), up from N$700 000 (US$49 109.67) by a private developer in 2014.

The annual median house price for Namibia has been increasing by a percentage of 14.29 percent per year. Hence the relative change from N$640 000 (about US$44 900) in 2014 to N$700 000 (about US$49 109) in 2015 (FNB, 2015). Besides being influenced by poor land delivery, the price growth is also a result of increasing demand due to increase in the labour force. The potential introduction of new taxes, higher interest rates and higher inflation of basic goods which will impact consumers’ disposable income pose further downside risks to this sector according to the FNB Housing Index, 2015.

According to African Economic Outlook 2016, the rate of urbanisation in Namibia has been higher than the population growth rate. This has led to a proliferation of informal settlements in the major towns and urban centres, largely resulting from low access to serviced land and low incomes among unskilled and semi-skilled immigrants. About 74 percent of Namibian households cannot afford conventional housing as access to credit remains difficult. The “Getting Credit” section of the World Bank’s Doing Business 2016 report ranks Namibia at 60 out of 189 countries. Low incomes and high costs for servicing of land have excluded many poor people from acquiring land and constructing their own houses. This is evident in that towards the end of 2015 the average price per square meter was N$972 (about US$33.30) for new property coming into the market.

**Housing supply**

The National Housing Enterprise, a state-owned company mandated to provide housing solutions in order to alleviate the national housing need, faces a backlog which is estimated to be around 110 000 and growing at an annual rate of 3 700 units according to the Central Bank of Namibia. The NHE’s waiting list has dramatically increased from 18 000 in 2013 to 76 800 in 2016.

According to FinScope Namibia 2011, the majority of Namibians claim they own their housing, although the majority cannot prove this with a title deed. Only 24.3 percent say they bought their home; the majority (62.4 percent) say they built it themselves. A further 11.8 percent inherited their homes. Some 38 percent funded the ownership (purchase or construction) of their housing themselves through savings. An additional 36 percent said that their housing did not cost anything as they had used materials they found to construct the dwelling which suggests a high level of informal housing. Approximately 80 percent of people have access to water within their yard, 52 percent have piped water into their dwelling or yard and 25 percent have access to a public tap.
Since 2003, the NHE has built about 450 houses per year for its target market: households earning between N$5 000 (US$352) and N$20 000 (US$1 410) per month. Apart from constructing houses, the NHE has also been involved in servicing land in a number of local authority areas, resulting in a total investment in service infrastructure of about N$145 million (about US$10.23 million) between 2006 and 2012. Small NHE houses cost about N$275 000 (about US$19 401), on average inclusive of land cost. NHE loans are offered at a maximum of prime (10.25) minus one percent.

The Otjimuise project is implemented by the National Housing Enterprise and the City of Windhoek. Its purpose is to help meet the dire need for adequate housing to reduce the number of people still living in shack dwellings and forms part of the Namibian Mass Housing Programme. Igen Africa has been appointed project manager and is partnering with the South African division of Calgro M3 and Namibian Contractor, Afrikumba, in a joint entity named CalkuumBA. CalkuumBA was initially contracted to build 1 191 units in the Otjimuise township in Windhoek, but made the decision to build 2 542 units instead following a redesign. The initial estimate was based on free standing simplex houses, while the new plan will provide more housing typologies including free-standing, multi-storey and semi-detached houses. The project awarded to CalkuumBA will amount to approximately NAD1 billion (about US$72 665 190). This three-year project, which started in 2014, is intended to provide 2 542 units during phase one and two. Thereafter, a planned phase three is anticipated to produce 12 000 units, according to Igen Africa.

The Ministry of Urban and Rural development released in early 2016 that there are about 27 310 serviced plots available countrywide, while over 89 399 plots are ready to be serviced. This means that around 116 709 plots will be given to land seekers countrywide. However, the exact time frame on when these 116 709 plots will be made available has yet to be announced, according to the Namibian.

The private sector continues to engage with the demand for affordable housing. To this end, Ohorongo Cement, FNB Foundation and Pupkewitz Foundation have partnered with the Shack Dwellers Federation of Namibia (SDFN) for the construction of houses for low-income families in Otavi in early 2016. The three private companies joined hands to support the provision of community-driven houses for low-income families, by pledging NAD 3 million (about US$217 995) to SDFN and National Housing Action Group in early 2016. The quest to build 91 houses for 2016, the identified projects are currently manufacturing bricks in Otavi. In Tsundwe, the group has commenced with land clearing and planning of houses. In Tsandb, building materials have been purchased and construction should be completed by September; while in Otavi housing plans have been approved with the first foundations laid and brick-making in full swing.

### Property markets

According to the World Bank’s 2016 Doing Business Report, Namibia ranks 174th out of 189 countries for ease of registering a property, a drop from 2015’s ranking of 173. On average the eight procedures involved in registering a property take 52 days and cost 1.37 percent of the property value. In mitigating risks associated with quality, Namibia made transferring property more difficult by requiring a building compliance certificate before conveyancing can go ahead. The limited availability of serviced land is mainly due to a lengthy and outdated approval process for proclamation, surveying, subdivision and registration of land according to the President (2013). The various cumbersome procedures applicable in the process of acquiring a property in Namibia have a bearing on escalating property prices of the limited housing stock available.

When calculating the cost of transfer and registration of full title residential property, a house that costs N$800 000 will be N$14 420, which is 1.8 percent of the purchase price. However, for sectional title of the same property price transfer and registration will cost 1.6 percent of the purchase price according to calculations on Namibia Real Estate website.

The scarcity of available serviced land is both slowing down the process of housing delivery and pushing up the prices of serviced land, and is the key challenge facing the housing sector. Land prices saw an increase of 109 percent month-on-month in May 2014 and averaged N$122 000 (about US$89 998) for a 300m² serviced stand and is therefore likely to add inflationary price pressure to new housing delivery further down the line. Land auctioning, the main technique used by local authorities to dispose of land until recently, is yet another contributing factor to the rising property prices.

### Policy and regulation

According to the Presidency (2015) the Vision of the Namibian Government is to eradicate poverty in its entirety by among others, providing affordable housing to all Namibians in line with Vision 2030.

The National Development Plan (NDP) was adopted as a medium term plan developed after the launch of Vision 2030. All the national development plans starting from the first (NDP1) to the last (NDP4) are supposed to implement programmes and plans that help achieve the goals of Vision 2030. Within the context of the 4th National Development Plan (NDP4), Government undertakes to have a “robust and effective housing delivery programme where affordability is the key feature of the programme”; a concept that has seen the initiation of the MHDP as well as the MLSP. If these programmes are implemented effectively, Government may attain its objective of housing 60 percent of its population by the end of NDP4 (2016/17).
In 2013, a National Housing Technical Committee was also established to develop a mass housing development strategy. A member of the group, the NHE highlighted limited access to affordable, serviced land, the inflexibility in the current land tenure system, legislative and policy constraints that slow delivery and a rapidly appreciating property market as some of the challenges. The proposed plan sets out a differentiated funding model to cater for different economic and social segments of the Namibian population, drawing on government, private sector and household financial resources.

The National Housing Policy guides all actions taken by the Directorate of Housing in the field of housing administration. The Housing Policy identifies the need to develop a National Shelter Strategy and to implement a National Housing Programme. It further guarantees the right to a house especially for the formerly disadvantaged groups of the society. The Local Authorities Act, No 23 of 1992 was enacted with the vision of empowering local authority councils to contribute towards the improvement of the inhabitants within their geographical reach. Section 57 to 62 of the Act deals with Housing Schemes. The Namibia Estate Agents Act of 1976 was established to provide for the establishment of an Estate Agency Affairs Board and an Estate for the control of certain activities of estate agents in the public interest. The National housing enterprise Act, No 5 of 1993 (NHE) is a state owned enterprise governed under the auspices of the Ministry of Regional and Local Government, Housing and Rural Development (MRLGHD). NHE is tasked to provide financial assistance by the delivery of affordable housing and credit facilities in the form of housing loans to low- and middle-income households. The Pension Fund Act of 1956 makes provision for registered pension funds to be used as a guarantee. The Namibia Financial Institutions Supervisory Authority Act was put in place to establish an Authority to exercise supervision over the business of financial institutions and over financial services. The National Housing Development Act, No 28 of 2000 establishes a National Housing Advisory Committee (NHAC) that is responsible for the establishment of a Housing Revolving Fund by local authority councils and regional councils.

Opportunities
Over the past two years, government has showed renewed interest in addressing the housing needs of the country by allocating more resources into the housing portfolio. The MLSP is expected to contribute to the enhancement of the affordability capacity of many Namibians as the cost of servicing this land will be subsidised by government (100 percent). This will impact positively on the end prices of houses.

Regarding alternative building methods, a trial by NHE in which land was offered to alternative building technology developers to showcase their products proved that this building method does not necessarily offer cheap products as prices were generally the same and in some instance more expensive. The only advantage that could be drawn from ABTs is the time frame for delivery of houses which is faster compared to traditional building methods. Therefore, construction using traditional brick and mortar may dominate the housing market in the foreseeable future.

Not much has changed regarding the status of commercial banks as they remain overexposed to mortgages, which remains an ongoing concern in the economy. Therefore, there have been calls to provide greater opportunities for fundraising through securitisation, for example. This could increase the number of investment instruments and deepen the financial sector, as well as enable local authorities to raise the funds necessary for urban infrastructure development and thus increase the housing provision.

The recognised successes of the Shack Dwellers Federation of Namibia through its group savings and lending methods, incremental approaches to housing and use of land laws such as the Flexible Land Tenure System suggest a high potential for housing microfinance.

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Overview

The Niger Republic is a landlocked country in the north-western part of Africa. It is bordered by Algeria and Libya to the North, Benin and Nigeria to the south, Burkina Faso and Mali to the west and Chad to the east. It covers 1,267,000 km² with two-thirds of its land mass desert. The population is concentrated in the narrow stripe in the south where the main economic activities are farming and herding. Only 12.3% is arable land and the main cash crops are onion ‘Violet de Galmi’, peanuts, sesame and black eyed peas “niebes”. The country is rich in natural resources; uranium, petroleum, coal, gold, molybdenum, tin, phosphates, iron ore, gypsum and salt. Among the natural resources uranium, gold and petroleum are currently exploited and Niger is one of the largest producers of uranium in the world. In spite of its resources, Niger remains one of the least developed countries in the world with the lowest human development index, which, at 0.348 in 2014 ranked last out of 188 countries. The country enjoys a relative political stability with a peaceful presidential and parliamentarian elections in early 2016 but continues to suffer from external threats along its borders; conflicts in Mali and Libya and religious conflicts such as “Boko Haram” in Nigeria.

The real GDP growth rate in 2015 decreased to 3.6% from 7% in 2014. Niger’s economic growth in 2015 was drastically affected by the fall in world prices of uranium, oil, climatic problems, and the conflicts in the neighbouring countries especially the raids from Boko Haram in the Diffa region. The raids have not only paralysed social and economic activities of the region but have created a state of emergency with internal human displacements and refugees from Chad and Nigeria. The insecurity in the Diffa region due to Boko Haram remains a major emergency with internal human displacements and refugees from Chad and Niger. The insecurity in the Diffa region due to Boko Haram remains a major economic, social, security and budgetary challenge. However, the country’s economic prospects are quite good mainly because of expected expansion of extractive industries and more investment in agriculture and transportation. Growth is projected to improve to 5% in 2016.

Niger Republic has a young and growing population, 19.9 million inhabitants in 2015 with 18% living in towns and cities, making the country lightly urbanised compared to other countries in the region. With a fertility rate of 7.6 children born per woman, one of the highest in the world, the urban population is estimated to double in 12 years and the demand for housing and other urban infrastructures to remain very high.

Access to finance

Penetration of formal financial services remains very low in Niger as illustrated in 2015 by World Bank financial inclusion data/Global Findex, 6.5% of adults 15 and above have accounts compared to the average of 34.2% in sub-Sahara Africa. There is one central bank, 11 commercial banks, with branches mostly concentrated in Niamey, the capital and some other big cities, a bank of agriculture (Bagri) established in 2011 with branches in 2015 in Niamey and two other cities, a mortgage bank (Banque d’Habitat), created early 2011 but still not operating, some insurance companies, two pension institutions and some microfinance institutions. The practice of microfinance in the country is steadily growing, with 15 active Financial Service Providers (FSP). These 15 FSPs reported to the Mix Market (an online repository of microfinance performance data and analysis) in the second quarter of 2016, and disbursed a total of US$41 million loans to 176,000 borrowers. These FSPs also held US$29 million in deposits from 336,000
consumers in the country. ASUSU remains the leader of FSPs in Niger with US$27.29 million in disbursed loans, 1,145 active borrowers, US$23.4 million deposits from 250,750 depositors. In 2016 Mix Market data included Assusu S.A., data however it is difficult to estimate the amount used for housing.

Prior to 2000, the government of Niger offered housing finance and government subsidised homes to government employees through a public and private owned land and loan institution known as Crédit du Niger (CDN) and through a government-owned housing development company called Société Nationale d’Urbanisme et de Construction Immobilière (SONUCI). The SONUCI is still operating but CDN has been liquidated, and in 2011 it was replaced by Banque d’Habitat which to date is still not operating.

In 2016 all the commercial banks operating in Niger offer housing loans to employees of formal registered companies and other international governmental and non-governmental organisations. Some of the banks have agreements with the companies and organisations to offer preferential interest rate to the employees. The loans are secured by the employer, or are mutual guarantee loans. The interest rate is between 6.5% and 9%, and in most cases 10% down payment is required at a maximum term of 20 years.

Mortgage financing is still in an embryonic stage due to the low average income of employees in Niger, as well as other constraints, such as the low percentage of the population who are employed. There is no mortgage bank in Niger however all the commercial banks as stated above offer housing loans under certain circumstances such as having a fix employment for an individual seeking loan with the employer as collateral and having a partnership or other agreements for developers or institutions in the housing industry. In most cases the down payment is a minimum of 10% – 25% of the loan. The interest rate is between 8% and 10% at 7 to 20 years. Apart from banks and other formal enterprises some private but informal housing promoters use their personal funds to build houses for low income and higher income brackets for rentals. Other forms of housing finance include personal savings, remittances and family assistance.

As with the majority of the West African Economic and Monetary Union countries, long-term funding remains a major challenge for Niger’s housing market. Nevertheless, there are opportunities for developing national and regional mortgage banks and credit bureaux.

Affordability

Access to mortgage finance is limited, and when available, interest rates and loan tenure render the cost of borrowing very high. As such, the majority of the population cannot afford housing. The smallest mortgage available as of 2016 is FCFA Francs 7.5 million (about US$12,804, which, at an interest rate of 10.5% for 20 years, would require a monthly repayment of US$71). About 7% of the country’s population earn below US$100 a month and repayable over seven to 15 years, would require a monthly repayment of US$71 (maison en dur) modern homes. The average cost of construction of the different categories is required at a maximum term of 20 years.

The majority of the population in the urban areas rent their homes. Rental homes are provided primarily by informal housing promoters and SONUCI. Rents vary according to the quality and location of homes. They range from the equivalent of US$169 to US$3,000 a month for middle and upper income in Niamey. These are modern houses with amenities, two to three bedrooms villas for middle income and luxurious villa with three to five bedrooms, garage, garden and swimming pools in Koiri Kano and Plateau. Other forms of rentals include the popularly known ‘rooms’ or ‘room and parlour’ arrangements. These are found all over Niger, especially in the popular streets of the capital, and the average rents are between US$25 and US$100 a month. At present no company or institution provides rentals on a larger scale, not even SONUCI that used to do so in the past. Additionally, less than 0.1% of the population has access to government subsidies for housing due to the fact that only salaried workers (and particularly government employees) qualify for subsidised houses.

The price of cement in Niger is currently (5,500 fcfa) for a 50kg bag of cement, 1,000 fcfa less than last year’s price but still very high compared to (3,000 fcfa) in Senegal.

Housing supply

Housing stock in Niger can be classified into three categories, based on the material used for construction, construction with mud and straw, and ceilings of wood (maison en terrecuite/banco); construction with mud and plaster with cement, and corrugated iron sheet for the ceiling (maison en semi dur); and construction with cement, concrete and stone, and corrugated iron for the ceiling (maison en dur) modern homes. The average cost of construction of the different categories depends on the geographical location, the size of the land, the plan and the quality of the material used. The three categories are found all over Niger. In the capital, housing stock is predominantly constructed with durable materials, cement and concrete.

According to Sahel Dimanche, the public national newspaper, the rate of housing supply is insufficient to meet the demand, as illustrated by different national surveys. Demand is estimated to be 50,000 units per annum, for the whole nation and 6,000 for Niamey, the capital. The economic growth and the rate of urbanisation have accentuated rents and demand for houses in Niamey as well as in other cities. The absence of mortgage banks in the provision of end-user finance is a major challenge to the development of housing.

There are no recent statistics about the number of registered companies in the construction industry but majority of the companies are in roads and other urban
Property market

Property prices have risen steadily over the past decade given an increase in demand for houses (and insufficient supply) due to economic growth and the boom in the civil society activities. Niger has witnessed the influx of non-governmental organisations. Also due to the nascent petroleum industry and the increase in urbanisation, there is a high demand for property. Rich Nigerien citizens and Nigeriens from the diaspora are buying properties and investing heavily in modernising the stock of residential and commercial properties in the capital and other cities. The growth in the market is expected to continue due to the growing demand for houses and commercial outlets, coupled with the ambitious programme of the president, known as ‘Niamey Nyla’ or ‘Niamey the cute’, a programme to metamorphose Niger’s capital city Niamey into a modern, attractive city.

According to the World Bank’s 2016 Doing Business Report, Niger ranks 160 out of 189 economies in terms of ease of doing business, 178 in dealing with construction and 126 in terms of registering property. Four procedures are required to register property (less than the six procedures required, on average, across Sub-Saharan Africa), and the process takes 35 days (almost half the Sub-Saharan African average). Niger has maintained property value, 9% for the past three years compared to 11% of 2013, but the cost of registration is still relatively high.

Policy and regulation

Since the late 1990s, there has been a significant evolution in urban planning and urban management. The Niger Republic’s National Policy and Regulation on Land (Politique Nationale en Matière d’Habitat) was adopted on 29 December 1998. The law defines the procedures for housing finance and the approach to promoting housing development. These include creating a national housing fund scheme, creating a national research centre to promote construction materials and technology, and transforming CDN into a housing finance bank. The National Policy on Habitat advocates for housing loans by commercial banks, and encourages private investments and savings. To date the National Housing Fund Scheme and the National Research Centre have not been created.

In 2012, the Public Private Partnership Act was adopted. This relates to the development of urban infrastructure, especially housing, where long-term financing is crucial. The goal of the Act is to promote private interest in the development of housing and other urban infrastructure.

In terms of urban planning and land administration, the Land Administration Law (Loi d’Orientation sur l’Urbanisme et l’Aménagement Foncier or LOUAF) was adopted in March 2008. LOUAF deals with customary property rights and decentralisation. The adoption of LOUAF has contributed to the clarification of responsibilities between the central authority and communal authorities. This in turn facilitated the registration of properties in rural areas. Prior to implementation, it was impossible to register rural land or properties. There are no recent statistics on the number of registered properties. Research is needed to measure implementation and evaluate the impact on the decentralised communities and on the development of housing and housing finance in Niger and other UEMOA countries.

There are different ownership rights (for example, full and temporary rights, as well as customary rights). Although there has been reform in land administration, the registration of properties to obtain full ownership rights of land and property – land and property titles, or Titre Foncier – remains a challenge. The difficulties encountered will hopefully be addressed by Sheida, the reform system adopted by the UEMOA countries in 2006 to simplify the process of obtaining full ownership title. The reform has reduced significantly the cost of registration, and has eliminated unnecessary bureaucratic authorisations. The outcome of the reform can be measured in terms of the number of land titles awarded before and after the introduction of Sheida: 150 before and 1,000 after. There are no recent statistics and there is an urgent need to update these figures and evaluate the impact of Sheida.

Sheida, LOUAF and the new investment code will certainly contribute to accelerating the development of housing and housing finance in Niger.

Niger has adopted a law (law No. 2013 – 28 of June 2013) laying down the foundation of urban planning and urban management since 2013. The decree to implement the law (2014/555) was signed last year and this is a major reform in urban regulation. It is expected that the decree 2014 – 555 dated 31st of July 2014 to enforce the law, will facilitate the implementation of projects of upgrading slums and contribute to making urbanisation a tool for economic and social development.

Opportunities

Niger offers great opportunities for housing and mortgage products, for the following reasons: a huge deficit in affordable and adequate houses, the uranium exploitation, the exploitation of petroleum in spite of recent drop in global demand, construction of a second cement factory by Danjote, authorised since 2015, the ambitious political program of President Issoufou Mahamadou re-elected in 2016 and a significant increase in the income of middle class Nigeriens. Niger is very rich in mineral resources especially resources such as limestone and gypsum used in making cement. In spite of the abundance of resources, there is only one company that manufacture cement in Niger ‘Societe Nigerienne de Cimenterie, SNC’. Although SNC has a very good product but its production cannot meet local consumption the country therefore has to import to satisfy its needs. Niger being a landlocked country pays a relatively high cost for logistics. Cement production can be very costly in terms of energy consumption, that is probably
why the industry was not developed, but the rate of urbanisation, the government program for housing and the development of energy and infrastructures favour the development of cement industry. Apart from Dangote there are other foreign investors interested in the production of cement in Niger some of them are in the process of obtaining their authorisation among which are ADOHA group, a Moroccan group and one of the big producers in northern Africa. The development of cement industries will definitely contribute to local supply of cement, generate employment, revenues for the government, make cement price competitive and accelerate the development of urban infrastructures and housing.

The Niger market also offers potential for other urban infrastructure investment. There is a need for long-term financing to develop affordable houses for the majority of people in Niger, and higher income properties for the minorities and expatriates. The ambitious government programme to transform the capital city of Niamey into a modern city also bodes well for increased investment. The reform in land management, registration of properties and fiscal advantages offered by the government of Niger Republic to formal private enterprises are incentives for promoting a dynamic housing development business and housing finance.

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Overview

2016 has so far been a year of vast uncertainty for Nigeria. President Muhammadu Buhari has been negotiating choppy waters since taking office. Oil prices remain low. The Naira recently adopted a flexible exchange rate against the US Dollar which helped to address the foreign currency accessibility that was hampering the import heavy economy. The national budget was passed 6 months after its initial introduction, thereby causing a delay in starting capital expenditure projects. With the merging of the housing sector under the Ministry of Power, Works, and Housing, there is fear that although under a competent minister, the sector might get overlooked.

The Nigerian real estate sector is growing fast and is now the sixth largest sector in the economy. The new government is framing its housing agenda on addressing legislative hurdles around housing and producing 1 million standardised affordable housing units yearly. In 2016, The Federal Government budgeted N40bn ($13.406 million) with the intent to build 250,000 homes. State Governments are also expected to collectively produce a further 250,000 units. 50% of the housing supply deficit is expected to be covered by private investors. The Minister for Power, Works, and Housing, Babatunde Fashola has declared this as the policy the administration will follow while it finalises a specific national plan.

Almost half of Nigeria’s population lives in cities, with 64.2 percent living in slum conditions. Rapid growth of cities has engulfed nearby towns and villages, and pushed back mangrove, while the lack of adequate infrastructure and planning have caused deforestation, congestion, poor health, and poverty. Lagos, Nigeria’s commercial hub has a quality of life of 0.63, which is low compared to commercial centres in Europe like Paris with 0.93 or London with 0.90 according to UN-Habitat.

For the majority of Nigerians, mortgage finance is not an option due to the lack of a robust system. Nigeria has a low homeownership rate of 25 percent, lower than that of Indonesia (84 percent), Kenya (73 percent), and South Africa (56 percent).1 The major issues that continue to affect housing in Nigeria include inadequate access to finance, slow administrative procedures, and the high cost of land registration and titling.

### Key Figures

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<th>Main Urban Centres</th>
<th>Lagos (capital), Abuja, Port Harcourt</th>
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<td>Exchange Rate</td>
<td>1 USD *** 298.38 Nigerian Naira (NGN)</td>
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<tr>
<td>Inflation 2014</td>
<td>7.8  9.0  10.1  9.4</td>
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<td>Population*</td>
<td>Population growth rate (2013)* 182,202,000  2.63</td>
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</tbody>
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### Access to Finance

The Nigerian banking sector has grown tremendously over the past few years, both in volume of activity and sophistication. The commercial banking sector assets, according to the Central Bank of Nigeria, grew by only two percent between 2014 and 2015, compared to its 13 percent growth rate between 2013 and 2014.

While consumer credit2 has dropped by seven percent between 2014 and 2015, from N418 billion (US$2.84 billion) to N768 billion (US$2.63 billion); the ratio of consumer credit in comparison to the total credit of the private sector has remained relatively flat. Regardless of the several credit growth initiatives being conducted across the board, portfolio diversification within the Nigerian banking sector has not improved.

The microfinance banking industry experienced a slight increase in assets by 1.4 percent in 2015, but saw a six percent decline in its net loans and advances also as a result of the slow growth economic environment. Within the same time...
period, growth attributed to the standardisation of the microfinance banking model has led to increased partnerships and better funding practices. Even with the recapitalisation of the microfinance banks, which led to a 13.4 percent increase in paid up capital, the number of microfinance banks grew from 937 to 958 within the same time period, most of which are state level microfinance banks. However, the impact of the microfinance industry has so far been minimal on the real estate sector. It is estimated that a more prominent role will emerge once much needed low income housing units become available from the supply side.

According to Global Findex (2014), between 2011 and 2014, access to finance grew from 30 percent to 44 percent. The increase has been driven by growth in payments; however there has been a significant lag in the impact on access to bank loans – two percent in 2011 to five percent in 2014. Mortgage finance is still a small percentage of Nigeria’s GDP, at 0.58 percent – in comparison to the UK (80 percent), USA (77 percent), and South Africa (31 percent). It is clear that the mortgage finance industry in Nigeria is still in its infancy, primarily targeting middle income earners and largely excluding low income earners. The Federal and State government are consciously trying to bridge this gap through initiatives and funds – focusing on affordable and mass housing schemes, and to improve accessibility to mortgage finance. There are 35 Primary Mortgage Banks (PMBs), and 19 registered banks which also offer mortgages. Interest rates are high and vary considerably from bank to bank. As at July 2016, prime mortgage rates among commercial banks ranged from 11 percent to 27 percent, and maximum mortgage rates ranged from 18 percent to 31 percent. For leading commercial banks offering mortgages, a down payment is required of 25 percent, on average, of the property value, and a repayment term that ranges from 10 – 20 years.

The Federal Mortgage Bank of Nigeria (FMBN), Nigeria’s apex mortgage institution, promotes mortgage lending and manages the Nigerian housing policy. The FMBN raises capital through the National Housing Fund (NHF), which obtains funding mostly by contributions from salaried employees earning N3 000 (US$15.13) and above monthly, or 2.5 percent of their salary. Although the scheme is open to all, the recruitment structure has mostly targeted larger establishments, recruiting middle income earners and ignoring the low income earners in Small and Medium Enterprises (SMEs). Contributors receive a two percent interest rate per annum and are entitled to apply for the NHF-sponsored loan. Up to N15 million (US$50 234) can be borrowed, and the borrower must make a deposit of between 10 percent and 30 percent. The FMBN raised N191.9 billion (US$642 million) by March, 2016 from 4.14 million registered contributors under the National Housing Fund (NHF) scheme with over 70 percent coming in the last five years. Additionally, N5.9 billion (US$19.75 million) was refunded to 118 284 eligible individuals.

Last year the Nigerian Mortgage Refinance Corporation (NMRC) raised an additional equity capital of N7.05 billion (US$24.96 million) through general shares flotation. NMRC are looking to further subscribe shares with the International Finance Corporation (IFC) and Shelter Afrique. The move to raise additional capital was to generate confidence in the credit standing of the NMRC as a bond issuing institution. NMRC has disbursed N1 billion to Imperial Homes Mortgage Bank Limited (formerly GTI-Homes Limited), in the last quarter of 2015 making them the first mortgage bank to benefit from the refinancing. While the NMRC has launched initiatives mostly addressing market structure issues the impact on the housing delivery has been poor. The agency launched its first application for 10 000 housing units in July 2014, and approximately 66 402 applications were received. Of this figure, 25 000 applications were said to have pre-qualified, and 9 000 were given an offer letter. Many had only been disbursed to 33 Nigerians to acquire their homes before the 2015 elections, were a change pre-qualified, and 9 000 were given an offer letter. Monies had only been disbursed of 2016, representing a sixth consecutive quarter increase. Coupled with the high rate of unemployment, minimum wage remains at N18 000 (US$60.28) per month. Home purchase and rent prices have grown ahead of general inflation, a standard three bedroom middle income apartment currently commands a rent of US$55 000 per annum and purchase price of US$100 000. The Federal Government’s National Housing Fund finances housing schemes with a minimum loan of N5 million (US$16 745) paid over a maximum of 30 years. This requires a 10 percent equity payment amounting to N500 000 (US$1 675) and additional monthly repayments of N1 250 (US$41.86) per month. In an agreement with National Housing policy that states that no more than 20 percent should be spent on housing expenditure, the average monthly income of a Nigerian should be N62 500 (US$209.31). This is unrealistic for the majority of Nigerians who earn the minimum wage of US$60.28 per month. Mostly, the equity payment, which requires almost nine years of salary savings has been too restrictive resulting in weak take up of the schemes.

There are several factors that contribute to the high cost of housing; land allocation costs, high cost of funding, high cost of building material and therefore construction, logistical challenges, and the dearth of skilled artisans. In addition, taxes and fees also increase the sale price of a house. In Nigeria it takes an average of two and a half months, and 13 procedures to obtain land titles (paying stamp duty, registration of land title and obtaining Governor’s consent), while getting the Certificate of Occupancy is an expensive process that often takes upwards of five years. This has led to a large number of people residing in informal settlements, outnumbering those who stay in decent accommodation in high density urban areas like Lagos, Port Harcourt, and Kano. Fifty to sixty percent of the total construction input goes to building materials, and with the floating of the naira to the dollar this year it is expected that the price of construction would slightly increase as many construction items remain on the government’s list of 44 items disqualified from getting foreign exchange from the Central Bank of Nigeria (CBN) forcing importers to source from a scarcer black market. Eventually, with a focus of this administration on building up the local industry through standardisation and national production, contractors will be able to source materials locally, and prices will fall.

In an effort to ensure that land transactions are carried out with minimum difficulty, in January 2015, Lagos State cut down land use charges from 13 percent to 3 percent of the property’s value. The Federal Government is also pushing for a reduction in land transaction fees from 16 percent to three percent. As a result of the high cost of housing in Nigeria, 51 percent of Nigerians live in rented accommodation, 40 percent of which are paying between N20 000 (US$66.98) and N100 000 (US$334.89) yearly (Kolawole 2014).

With the majority of the population forced to rent and low regulatory monitoring regarding rentals, landlords and estate agents dictate the market. To curb this, the Lagos Tenancy Bill of 2011 was promulgated as a law. Amongst other aspects, it states that landlords can only charge for one year’s rent in advance. However, the law is not being enforced and people seeking rental accommodation still face issues of landlords requesting payments of two or more years. Agency fees are another expense the Lagos Tenancy Law has been unable to govern, and it is very high in Nigeria, at 10 percent, in comparison to countries such as; Ghana – five percent, and Kenya – 1.25 percent. In some cases this law has led to agencies charging 20 percent to ensure they receive the two years’ worth of commission. This is fuelling the rise of innovative schemes by property developers such as rent to purchase, in which you pay a larger rent than usual, but have the option of purchasing the home at the end of the rent stay.

Overall, there is a strong push by the administration to focus interventions on lower income earners who are aspiring to be homeowners, and have been traditionally sidelined by the property market which is predominately controlled and used by the elite.

Housing supply
In Nigeria, neither the government nor the private sector provides sufficient housing units especially for the masses that need and demand it. Housing production is at approximately 100 000 units per year and this is highly inadequate because at least 1 000 000 units are needed yearly to bridge the 17 million housing

Affordability
More than half of Nigeria’s estimated population of 182.2 million live on less than US$1 a day. The unemployment rate increased by 12.1 percent in the first quarter of 2016, representing a sixth consecutive quarter increase. Coupled with the

Housing supply
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Affordability
More than half of Nigeria’s estimated population of 182.2 million live on less than US$1 a day. The unemployment rate increased by 12.1 percent in the first quarter of 2016, representing a sixth consecutive quarter increase. Coupled with the
deficit. It is estimated that it will cost US$363 billion to curb the current housing deficit and the number is expected to grow to two million houses per year at a constant population growth of 2.7 percent per year.

The rapid population increase and rural to urban migration have contributed to the shortfall of housing in Nigerian urban centers. The cost of building materials, access to infrastructure, deficiency of housing finance arrangements, stringent loan conditions from mortgage banks, time to process legal documents and inadequate government housing policies are also major issues affecting housing delivery. Lagos State has announced a housing scheme to build 50 housing units in each of the 57 Local Government Areas in five years to mitigate rural urban migration.

The Nigerian government has identified the need for public-private partnerships for low-income housing supply. In October 2014, the Minister of Lands, Housing and Urban Development, stated that the Federal Government has created an enabling environment for the private sector to take the lead in the provision of housing for millions of Nigerians. In addition to requiring that all Armed Forces and Civil Service Agencies increase their housing stock for their staff, the Federal Government has also requested that all universities be able to house their entire student populace.

In May 2015, Lafarge Africa Plc, in partnership with LAPO Microfinance and Fortis MFB announced their construction of 500 housing units in the Federal Capital Territory; this is in addition to schemes in Cross River, Gombe, and Ogun State where 3,000 units have already been delivered in the Naira-low-cost housing project. Another development on going with a public/private partnership model is the 10,000 unit Rock City housing project taking place in Abuja. The partnership is between Rock of Ages Properties (Chicason Group) and the Federal Capital Development Authority’s Development Control Department. Chicason is aiming to expand this to Nigeria’s 36 states and deliver a total of 100,000 homes.

The informal workforce is one that continues to be left out of government and private sector led initiatives. Instead they find unused pockets of land to build and develop units in un-serviced areas leading to increased slum formations.

**Property markets**

Business Monitor International Research (BMI) estimates that the real estate industry value will grow from US$11.4 billion in 2015 to US$16.5 billion in 2017. This fast growth was attributed to the fast growing middle-class driving demand for residential property development and, indirectly retail, industrial and commercial real estate development. However, economic insecurity has curtailed the growth of higher income housing as many remain unoccupied, a bigger squeeze on the middle income sector which is seeing increasing defaults in rent payments, and a stronger focus by the government on lower income housing.

Nigeria’s property market is currently stimulated by several large scale projects, including Eko Atlantic, the World Trade Centre Project in Abuja, and the Wings Project in Lagos. However, the Federal Government is focused on the affordable housing market but growth is stilted due to structural issues like predominance of less quality housing and low number of titled land. Land prices are on the rise, driven by low availability, increase in inflation, and speculation. However, as a result of the higher impact macroeconomic drivers have on the cost of building, real estate companies are increasingly selling more land parcels than home units, to protect their profit margins. Stakeholders in the real estate market have alluded to the speculative pricing approach of both land and home units, rather than the assessment of demand characteristics of the area where the land and housing units are located – poor data and quack surveyors have been identified as driving factors to this practice. Nigeria’s 5,000 estate surveyors are grossly inadequate to service the property market, and this has allowed for unofficial middlemen to increase prices as they pose as agents, grossly distorting the market particularly in high-brow areas of Lagos, Abuja, and Port Harcourt.

According to the World Bank’s Doing Business 2016 Report, Nigeria ranks close to the worst globally, positioned at number 169 out of 189 countries for registering property. The World Bank estimated that this registration process takes 77 days in 2016 (70 days in 2015), and costs about 10 percent (18.6 percent in 2015) of the value of the property, which highlights some incremental progress.

**Policy and Regulation**

The 1999 Nigerian Constitution states that all citizens have the right to acquire and own immovable property. Similarly Vision 2020 advocates for adequate housing for all Nigerian citizens. The current administration has vowed to tackle the obstacles hindering land acquisition with an aim to shrinking the housing deficit and meeting the demand of the Nigerian population. To this regard, Senate President, Bukola Saraki, says the Senate is working to repeal the 1978 Land Use Act by December 2016.

The Land Use Act (1978) continues to dictate and hinder the land market in Nigeria. To date the objectives1 of the Act have not been achieved and further to this, the law has led to further distortion and abuse of citizens’ rights to access and own land. Due to the Land Use Act, urban land is managed by the Governor of a state through a Land Use and Allocation Committee who dispense land and own immovable property. Similarly, Vision 2020 advocates for adequate housing for all Nigerian citizens. The current administration has vowed to tackle the obstacles hindering land acquisition with an aim to shrinking the housing deficit and meeting the demand of the Nigerian population. To this regard, Senate President, Bukola Saraki, says the Senate is working to repeal the 1978 Land Use Act by December 2016.

The Land Use Act (1978) continues to dictate and hinder the land market in Nigeria. To date the objectives1 of the Act have not been achieved and further to this, the law has led to further distortion and abuse of citizens’ rights to access and own land. Due to the Land Use Act, urban land is managed by the Governor of a state through a Land Use and Allocation Committee who dispense land through the granting of Certificates of Occupancy. ‘Other lands’ (not urban) is managed by Local Government through a Land Allocation Advisory Committee. Legally a Nigerian who has a Certificate of Occupancy, which is expensive and often times upwards of five years to obtain, does not own the land but is a statutory occupant. This Act is constantly in contention and a committee was created to develop a bill to amend it. However, even though a conclusion was met in 2014 where amendments were made, the core of the Act remains the same, stating that the Governor of the State owns all land in that State and...
therefore is responsible for the allocation of land. There were slight adjustments such as an increase in the amortisation period from 25 years to 30, interest on NHF loans to PMIs were marginally reduced from 5% to 4%, while the lending rate to contributors dropped by three percent points to six percent.

Nigeria has three distinct land markets: 1) a market for direct state allocation, 2) a market for pre-1978 land rights, which have not been converted, and 3) an informal market where no statutory of occupancy exists, resulting in the majority of transactions being informal or private. It is estimated that one percent of land transactions occur on the formal market and 25 percent involve a certificate of occupancy but the transactions are done without required consent, payment of taxes or registration.

The National Housing Policy of 2012 emphasises the role of private sector financing highlighting that it should be involved with mass housing, skills acquisition, disaster management, urban renewal, slum upgrading, and job creation. The target of the policy is to guide the building of one million houses yearly through a variety of schemes such as NMRC.

Other policies and regulations that impact the housing market are the National Housing Fund Act (1992) and the Federal Mortgage Bank Act (1993). Both Acts aim to ensure a constant supply of loans to Nigerians for the purpose of building, purchasing and improvement of residential properties. FMBN, as part of the Federal Mortgage Bank Act, serves as a secondary mortgage institution, providing credit facilities to primary mortgage institutions, real estate development companies or bodies, housing corporations and housing co-operatives. FMBN administers, collects and manages the Federal Housing Fund.

Opportunities

While traditionally growth in the housing sector was fuelled by serving the high income customer segment, a harsher economic climate is curtailing the oversupplied and mis-priced luxury residential market. The mid to low income segment, where the housing gap lies mostly, is clearly the focus of this administration. With strong emphasis on housing the civil servants, the military forces, students, and low income workers, there should be significant growth in this segment. As seen in the other emerging markets, housing for the mid to low income segment is profitable. Indications from this administration also point to strengthening the local housing manufacturing sector, and easing the legal process.

Regardless of the issues facing the low-income housing sector, real estate projects with greater investments are increasingly being launched and completed across the socioeconomic spectrum. With several housing initiatives (e.g. NMRC, FMBN etc.) playing a dual role of ensuring long term funding as well as driving initiatives that address the structural issues facing the property market, especially within the residential property sector, it is bound to grow.

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Overview

Rwanda pursues a series of reforms aimed at improving living conditions and service provision to the population. Over the last 10 years, Rwanda’s GDP grew 8% on average. As at March 2016, Rwanda’s credit rating was rated as B with a negative outlook, by credit rating agency Standard and Poor. Rwanda was ranked Africa’s most efficient Government in the 2014 – 2015 Global Competitive Report and the 2nd most competitive place to do business in Africa after Mauritius. It is positioned 62nd out of 189 countries in the World Bank Doing Business 2016. Such achievements can be attributed to strong political will driving these positive changes.

The national five-year development plan – Second Economic Development and Poverty Reduction Strategy 2013 – 18 (EDPRS2) – emphasises on coping with the challenges of the urbanisation process by taking a proactive approach to well position Rwanda for the future. The overall goal is to promote good urban and human settlement development that enhances local and national economic growth and ensures good quality of life for everyone. A fundamental concern in the context of accelerated urban and demographic growth is access to housing. Since the early 2000’s, the way to an exemplary housing policy had been paved, with the uniform registration of land available framework, important for modern housing finance, is characterised by i) an electronic land registry; ii) a modern mortgage law; iii) a law enabling off-balance sheet securitisation of mortgage assets and other asset-backed securitisation; and iv) a law enabling real estate investment trusts.

The understanding of the actual housing demand in the context of financial resources available to average private households made housing a high level priority. Housing construction shall no longer benefit only a minority, and urban renewal processes must be based on socially acceptable strategies. In the foreground of the National Housing Policy, 2015, stands the vision of “access to housing for all”. The challenges of the urbanisation process by taking a proactive approach to well position Rwanda for the future. The overall goal is to promote good urban and human settlement development that enhances local and national economic growth and ensures good quality of life for everyone. A fundamental concern in the context of accelerated urban and demographic growth is access to housing. Since the early 2000’s, the way to an exemplary housing policy had been paved, with the uniform registration of land available framework, important for modern housing finance, is characterised by i) an electronic land registry; ii) a modern mortgage law; iii) a law enabling off-balance sheet securitisation of mortgage assets and other asset-backed securitisation; and iv) a law enabling real estate investment trusts.

Access to finance

Bookstaber, in a study for the Rwanda Development Bank (BRD), noted that Rwanda’s policy environment for mortgage lending, home building and investment in affordable housing stock is increasingly enabling, but insufficiently used. The available framework, important for modern housing finance, is characterised by i) an electronic land registry; ii) a modern mortgage law; iii) a law enabling off-balance sheet securitisation of mortgage assets and other asset-backed securitisation; and a law enabling real estate investment trusts.
So far, while more than banks are registered to provide the service, few banks offer mortgage lending. There are five banks active in providing housing mortgages, which are the National Bank of Rwanda (BNR, for staff), Rwandan Development Bank (BRD), I&M Bank of Kigali (BK), and Kigali City Bank (KCB). Rwanda’s financial sector consists of nine commercial banks; three microfinance banks; one development bank and one cooperative bank, and by microfinances institutions (11 limited companies, 63 savings and credit co-operatives (SACCOs) and 416 savings and credit cooperatives at Sector level (UMURENGE SACCOs)). Those are complemented by non-bank financial institutions, including ten private and two public insurers; and one public and 52 private pension funds.

Bootsbaker estimates the total mortgage debt outstanding at roughly US$200 million (in 2015), which is about 2.5% of GDP. Mortgages had a 27.5% share of all loans, and the growth of new authorised loans reported by the Central Bank has decreased from 23.6% in 2014 to 19.1% in 2015. According to EICV4 (2013/14), 6.2% of households have a loan from a commercial bank. The levels of saving are generally low with only 21% of Rwandans having a savings account. Only a few benefit from conventional mortgage finance schemes, which usually require high down payments and a minimum monthly household income of US$380, which are characterised by high minimum loan rates and mortgage interest rate margins between 16% and 18%. Less than 10% of the labour force is employed in the formal sector; restricting access to formal borrowing sufficient for house construction.

To make housing more affordable, a mixed set of instruments targeting the supply and demand side of housing is being considered by the government, of which the first two – supporting developers – are operational. The government already supports construction of infrastructure services and facilities related to affordable housing projects. It further supports the preservation and upgrading of urban neighbourhoods and acknowledges the importance of the existing housing stock. Further discussed are funding to emergency repairs as part of disaster response, schemes for material bulk purchase for government assisted housing programs, and enabling of access to capital for subsidised low cost and social housing programs.

The immediate goals in the housing finance sector are to develop the long-term investment sector including the insurance industry and long-term savings schemes; active and fair competition in mortgage lending; and facilitation of liquidity in mortgage lending through securitisation legislation. BRD proposes a Secondary Market Facility to serve the overall Rwandan mortgage market by sustaining mortgage liquidity. The entity would link between the banking sector and the capital markets; buy mortgages and either hold them in its own portfolio and/or pool them into securities for long-term investors. While BRD would service one regulated construction mortgage finance line, the risk for large scale affordable housing projects would be spread to several banks. To foster a high volume of lending as quickly as possible, BRD further proposes a Revolving Credit Line Facility. BRD intends to collaborate with banks who are interested in developing their own construction finance departments under their own corporate identity.

Affordability

Rwanda has the highest discrepancy between the Gross National Income per capita and the cost for cheapest newly constructed (formal) house in Africa. Consequently less than 10% of households are able to afford a formal housing unit. High subsidies would be required to make units accessible to poor families and those families with median income, while the housing deficit is expected to increase since the required expenses would not meet demand. In the EDPR2, the Government targets a framework which facilitates private sector-led housing finance and construction. The National Housing Policy identified the discrepancy between incomes and formal sales costs and has initiated a discussion about how to enable access to housing for all. Its vision is: “Everyone independent of income, base of subsistence, and location shall be able to access adequate housing in sustainably planned and developed areas reserved for habitation in Rwanda”.

Monthly household incomes valid for the City of Kigali, in the market quintiles: I) very low (8.03%), 2) low (11.25%), 3) mid (17.5%), 4) high (24.1%) and 5) very high income (1.13%) are about US$> 380 for the first quintile, U$380 – 720 for the second quintile, U$720 – 1,140 for the third quintile, U$1,140 – 1,900 for the fourth quintile, and U$>1,900 for the fifth quintile. Countrywide, the average household income differs significantly from household incomes in Kigali: the national average annual household income is US$368, which is a monthly income just above US$30.

The disproportion between affordable house costs compared to actual house costs is significant. To be able to afford the lowest cost formal house in the market, which is above US$25,000; an urban household income would have to be more than triple the current average; to be able to afford a commonly available house of US$125,000, incomes needed to be more than 16 times higher.

The National Housing Policy highlights that, despite the constraint of high interest rates prevalent in Rwanda, the bigger challenge is the value and regularity of household income. Lowering the interest rate for home owner mortgage would not cause significant change for the lowest income earners. A wide approach is needed to make housing affordable by addressing: i) cost-efficiency in design, construction, and construction management; ii) increase of available material resources; iii) decrease of unit sizes and floor area per person; iv) use of technologies which allow lower construction cost; and v) settling households closer to economic opportunity. Above areas are now consistently integrated as part of the guiding framework.

Rwanda, since 2015, has financially incentivised large scale private investment into affordable housing, and in collaboration with the banking sector addresses accessibility of financial products. Government supported affordable housing development projects must fulfill predefined eligibility criteria and target specified beneficiary profiles. The criteria state that a project must offer a variety of housing unit categories and sizes; exceed the minimum density provided for by urban planning code; and be designed under predominant use of locally produced or locally prefabricated construction materials as far as this is possible. A developer is expected to include an on-site training program and to contract local or national small and medium enterprises for more than half of the works. Housing development will also be financially supported if meeting one of the following requirements: the sales cost per square meter of a housing unit, excluding the cost of public infrastructure, shall be below a set benchmark; beneficiaries shall be offered an affordable financial scheme to access a unit; or the developer may be a cooperative formed by individual land holders of the housing planning area, with members fulfilling the beneficiary conditions.

Housing supply

According to EICV4, 62.6% of all urban households country-wide live in unplanned urban settlements. The reason for this is the accessibility of housing units corresponding to quantitative demand and most households’ financial capacities. There is a supply backlog of 344,068 formal housing units in Kigali alone. About half of the demand is among households with monthly incomes of up to US$250. With Rwanda’s Vision 2020 supporting an urbanisation rate of 35% by 2020, an additional demand of 350,000 units is estimated country-wide.

A National Affordable Housing Approval Committee, established as part of the Prime Ministers Instructions No 004/03 of 13/09/2015, which ensure transparency in Government support provided to projects. The committee has approved the first affordable housing development, Batsinda, with more than 5,300 housing units to be developed. Seven other housing development sites with a total land area of about 257.5 ha are open for investors to develop high density mixed use housing; mixed land use is considered important to assist residents in increasing their socio-economic levels through proximity to local economic opportunities. At least 22,000 housing units are estimated to potentially result from this in the mid-term.
Over the course of the coming three to five years, 4,500 affordable housing units are expected through involvement of the BRD with 20 – 30% equity participation. There are currently plans for a Rental Housing Company with BRD and RSSB as shareholders, support from Shelter Afrique, and Guarantco involved in the bond interest guaranteeing. Planned are a minimum of 800 rental units targeting households with monthly incomes around US$500. The intention is to trigger the formalisation of a formal rental housing market which would integrate professional asset management. An important long-term strategy is to increase awareness about the opportunities in collaborative development as part of urban renewal, where original land holders either form cooperatives to finance their development projects, or team up with a private investor and hold shares in the redevelopment, with administrative procedures guided and supported by local governments.

**Property markets**

The foundation for a formal property market has been set with the National Land Policy and the Land Tenure Regularisation Program (LTRP), which implemented the Land Policy from 2008 onwards. The LTRP resulted in the issuance of registered titles to every landholder in an effort to unlock the potential for sustainable growth, based on a clear framework which would be equally valid to all users of land. The land and property market activity is increasing as a consequence of the reform, and the real estate and construction industries have formed and become potential drivers of economic growth in Rwanda.

No complete and comprehensive property market studies are available so far. However, a case study from 2015 helps to confirm market activities after land reform implementation. The case study identified 27 land or property transactions among 120 respondents between 2011 and 2013, and 30 transactions between 2014 and 2015. Although the case in a neighbourhood in Kigali may not be representative of all urban areas, it does however highlight that about half of the respondents have made a form of transaction within four years; before land reform implementation, only about one fifth of (mostly informal) house owners considered the option of a future sale. With property registration effective, efficient and accountable building permitting, and with urban master planning documents available, a continuous increase of property transaction is expected especially in the City of Kigali and the six secondary cities promoted since the EDPRS2.

**Policy and Regulation**

The National Housing Policy, adopted in March 2015, envisions enabling everyone irrespective of income, base of subsistence, and location to access adequate housing in sustainably planned and developed areas reserved for habitation in Rwanda. The Policy strategies the way toward positive, impact on the increase of employment rates, skills transfer, and on quality enhancement in the local construction industry – all seen as factors contributing to the vision of increasing wealth for all. In three policy pillars, the document covers the aspects of access to housing, resource efficiency, land, infrastructure, skills development, enhancement of the local construction industry, construction materials and technology, townscape and liveability, as well as public responsibility. The Policy provides a framework to enable the private sector to satisfy the current and growing demand for housing in terms of quantities and access costs offered to clients. It addresses support to purchasing power among the population through saving for housing, and pooling of individual resources, and financing models accessible to the full range of residents, including low income earners. Lastly, it emphasises principles of quality and professionalism in the planning and construction of neighbourhoods and housing, and combines land, land use, urban planning and housing policy directions in order to achieve the efficient use of land and resources when developing housing.

The Law No. 10/2012 of 02/05/2012, Governing Urban Planning and Building in Rwanda, guides the overall framework for urban planning and building. It is implemented through a set of implementation orders. The orders in their co-existence support cross-sectoral and cross-hierarchy coordination and consider different types of planning and framework for the integration of civil concerns. They provide clear procedures for local management to support sustainable, integral and inclusive development, clear institutional framework and decentralisation, local economic development, citizen participation and accountability mechanisms. The orders further specify urban plan processes to be followed, the legal basis for building and real estate development permitting, and for development management at plot and site level. They provide for public administrative procedures, such as planning auditing, public inspection, and guidance to physical principles of urban planning and building.

Two legal documents adopted in 2015 intend to facilitate private investment in affordable housing. The Prime Minister Instructions No. 004/03 of 13/09/2015, Determining the Conditions and Procedures for Obtaining Government Support for Affordable Housing Projects, are a step toward the collaboration with the private sector in housing delivery. The instructions represent a commitment by the Government to finance neighbourhood infrastructure. They also relate to the profiles of beneficiaries of supported housing units, affordability of access schemes to housing (which may either look at the sales prices or affordability of financing schemes), resource-efficiency, and local skills enhancement through collaboration with local Small and Medium Enterprises.

The Law No. 06/2015 of 28/03/2015, Investment Promotion and Facilitation, incentivises investment in affordable housing. It offers tax incentives, such as a preferential corporate income tax rate and accelerated depreciation for investments in construction projects worth US$1.8 million or more.
Opportunities

Rwanda’s National Housing Policy reacts sensitively and holistically to the country’s housing situation by demonstrating innovative solutions under strict adherence to the challenging starting conditions. Essentially, in an effort to overcome the limited resources at the household level as well as at the macro level. It is now essential to fully concentrate on completing all strategic, technical and institutional improvements. It is especially considered appropriate to develop such housing finance and development solutions where financial risk is carried collectively, to ensure that the largest population groups with low and irregular income receive opportunities for improvement to the personal socio-economic situation. The opportunities lie in a close collaboration between the Government and private sector. From the side of the Government, an approach prioritising investment in public infrastructure to service urban land area, poses a continuous priority.

Completion of fiscal, monetary and tax policies should be further pursued to cause rise of household incomes through facilitating increase of employment opportunities; increase domestic productivity and production of building components and materials; offer incentives in support of savings for down payment on a first house, first-time homebuyers tax credit for interest on a home mortgage, tax abatement to investors in affordable housing in clearly defined categories; and support the competitiveness of the local construction industry by emphasising on professionalism and supply capacity of construction materials, as well as construction.

The private sector, with government facilitation, should take on the development of a long-term investment sector, including the insurance industry, private sector pension funds and other long-term savings vehicles, as well as the fostering of active and fair competition in mortgage lending, backed by securitisation legislation.

A transnational organisation could specialise in addressing certain challenges on behalf of their member countries that they usually cannot yet carry in the development context; it could, in particular award investment guarantees under clearly defined conditions and, where appropriate, offer loan guarantee programs for home seekers.

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Senegal

Overview

Senegal is a low to middle income country located in West Africa on the Atlantic Coast. The country has about 15.13 million inhabitants, of which more than 50 percent are under 20 years of age, and only 2.9 percent are over 65. Comprising an area of 196,700km², Senegal is highly urbanised: 43.3 percent of the population live in urban areas, and 49 percent of these are concentrated in Greater Dakar, the capital. Dakar has a concentration of about 547 people per km².

Senegal economic prospects are good. The growth rate of Gross Domestic Product (GDP) is on the rise and estimated to be 5.1 in 2015 driven by the vigorous agricultural sector and the recovery of the vegetable oil and sugar industries, the dynamic cement industry, building and public works, energy, transport, telecommunications and financial services. Fishing and tourism are still important economic activities and the GDP is projected to be six percent in 2016 and 6.5 percent in 2017. The country’s average annual rate of inflation was low at 0.7 percent in 2016, compared to 2.7 percent in 2015 along with the major reforms which should speed up their completion. Out of a total of 27 flagship projects, (the flagship projects serve as an instrument for the government of Senegal to upgrade the economy from underdeveloped economy to emerging economy) 17 are launched and 10 are being implemented. One of the PSE flagship projects is the development of integrated industrial platform started in 2015 on the special economic zone of Diamniadio which will be a multi-functional urban platform.

The Diamniadio project is an innovative multi-functional urban platform and an instrument for the government of Senegal to transform the economy from low economy status to emerging and sustainable economy. It is expected that Diamniadio will revolutionise Senegal’s urban economy and develop real urban culture. The project is also expected to regulate housing backlog a major crisis in Senegal.

Since independence, housing has been a major concern for every Senegalese government because of scarcity of land and the rate of rural immigration to the Dakar, the capital. Dakar has a concentration of about 547 people per km².

Senegal though a low to middle income economy is implementing the country’s new development strategy; ‘Plan Sénégal Emergent, (PSE)’ to become an emerging country by 2035. Implementation of the flagship projects of the PSE entered its second year in 2015 along with the major reforms which should speed up their completion.

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cooperatives pay the cost of lot servicing. Cost of home construction is financed by the (Banque de l’Habitat du senegal, BHS). The cooperatives also received technical assistance from BHS. The housing cooperatives of Senegal are contributing a great deal to the national economy and providing affordable homes for low income families.

**Access to finance**

Senegal’s financial sector consists of a diversified range of institutions that are not fully integrated. Some 22 banks are listed by the central bank, as well as three non-bank financial institutions. Access to finance in the country is among the highest in the West African Economic and Monetary Union countries (UEMOA) but very low in global standard; only about 15 percent of the country’s population over the age of 15 have a bank account, seven percent have savings and four percent have loans as stated in global Findex 2014. The country’s finance sector is growing, two new banks have been established in the last two years and the number of branches have increased to facilitate services to the growing urban population. New products are introduced among which are credit cards, automatic teller machines (ATM) and even consumer credits for automobiles for people with regular revenues. The micro finance sector is dynamic and provides financial services for all categories of Senegalese, in the urban and rural areas of Senegal. In 2015, there were 71 MFIs registered on the Mix Market, an online source of microfinance performance data and analysis, with 295 606 active borrowers, a gross loan portfolio of US$497 million and US$414 million deposit. Credit Mutuel du Senegal,CHS has the largest loan portfolio size of US$203 million and the largest savings of US$243 million.

Access to finance

The financial sector of Senegal is growing and is very dynamic. By the end of 2015 all commercial banks offer diversified housing loans and so is Banque de l’Habitat du senegal, BHS, the mortgage bank founded in 1979, and among the pioneers in the UEMOA. The main objective of BHS is to finance real estate and homeownership, emphasising the affordable housing market. According to Banque Centrale Des Etats de l’Afrique de l’Ouest (BCEAO), Senegal is the most active country among the member states of UEMOA with housing loans of BHS representing 30 percent of the total housing loans (203.7 billions of CFUA) of the union in 2013, in the same year, the average interest rate of the union was 7.44 percent and 6.8 for Senegal. The average bond term for Senegal was 8.7 years. Loans are used to acquire land, to build housing and to purchase housing. Initially created to serve the low income market BHS has diversified its services and enlarged the market targets. The latest product is “Le Park 35” a mortgage that allows a potential client to acquire a house valued at less than 35 million fcfa without down payment at the interest rate of six percent over 20 to 25 years.

Affordability

Housing affordability is limited, given the high price of land and absence of official or fixed prices. There are very few developers and many speculators whose main clients are people in the higher income bracket. Rents and prices of a property depend on the geographical location, the architectural plan and the quality of material used for construction. Dakar being a regional headquarters of corporate and international organisations has a concentration of expatriates in the residential zones where there are varieties of houses, simple well constructed houses, apartments, luxurious villas and condominiums. The majority of Senegalese live in suburbs such as the HLM and other unplanned settlements. According to African Report 2015, Knight Frank an average rent of 4 bedroom apartment cost US$4 000 a month. According to local survey of 2010, rents have more than doubled in the past years and a minimum rent of a room for students is 50 000 fcfa (US$85.36). According to the Senegal National Statistics Dakar property surged by about 256 percent between 1994 and 2010. In 2012, a 150m² plot of land cost about CFA Francs 2.5 million (US$4 268), although it can cost as much as CFA Francs 4 million (US$6 282) in high income areas, and as little as CFA Francs 1.7 million (US$2 902) in more remote areas. When developed as a four-roomed house, the property can sell for CFA Francs 25 million (US$42 680), and in wealthier areas for CFA Francs 55 million (US$93 897). The rental prices range between 150 000 fcfa to 500 000 fcfa (US$256 to US$854).

About 60 percent of the population earn less than US$.10 a day which makes the cheapest house unaffordable. The cheapest newly built house is a three bedroom house built on US$203m² in Diamniadio suburb of Dakar and at CFA Francs 13 000 000 fcfa (US$22 194) with a mortgage monthly payment of 88 627 fcfa (US$151) for 15 years. The government efforts to make homes affordable are paying but there is still a lot of speculators who end up buying government subsidised homes intended for low income families from the beneficiaries.

Housing supply

Most houses in Senegal (about 80 percent of urban housing) is self-built with cement, concrete and stone with corrugated iron for the ceiling, without an architect, and at a total cost of less than CFA Francs 30 million (US$51 216) or well above depending on the plan, the geographical situation and the quality of material used. Informal settlements account for 25 percent of urban spaces in Senegal and for 30 percent of inhabited areas in Dakar. In fact, the dominance of informal housing construction may be due to the building code, which only requires architectural plans and building permits for buildings costing more than CFA Francs 30 million (US$51 216). The building code though supports incremental construction, but in the absence of any regulation or construction expertise hazardous building practices are rampant. In September 2012, flooding in Dakar destroyed more than 10 000 homes and 33 000 families were displaced in 2009 due to floods. A critical issue in Dakar is rapid urbanisation rate and the city’s inability to keep up with the necessary water drainage and sewerage systems. According to the Secretary General of Ministry of Economy, Finances and Planning, demand for housing is estimated at 300 000 units per year while supply is about 50 000 which means a deficit of 250 000. There are several constraints to the housing supply, especially for low income earners. Insufficient formal market players, limited availability of serviced land, limited availability of relevant financial products, high construction costs and weak policy all constrain the market. In response to these challenges, the government introduced its ‘one family one roof’ initiative, focusing on the affordable housing market to address the demand for housing. The provisions in the programme include free housing and land, tax breaks and a range of subsidies which are offered to homebuyers who purchase housing that costs less than US$15 000. Implementation is slow, however, and the supply of housing insufficient. A land registration programme adopted by the government in 1991 is equally slow; by 2010, only 6 496 plots had been regularised. To boost housing supply the government has granted in 2015 one billion fcfa (US$1 685 772) to (Fonds de garantie pour des investissements prioritaires “Fongip”) to create a special guarantee fund for small and medium enterprises in the housing sector (“Fonds de garantie pour l’acquisition du logement” Fogalog), to facilitate access to financing for small and medium enterprises. To date 17 016 000 m² of fcfa (US$29 049 935) has been disbursed through the “Fongip” to 11 903 SMEs and FOGALOG has signed an agreement with BHS and the ministry in charge of housing to facilitate access to affordable houses for the Senegalese in the informal sector. The agreement signed since July 6, 2015 has allowed the Senegalese with irregular revenue such as artisans and other informal

The Senegalese financial sector is flourishing and so is the housing development market. In spite of the market dynamism access to finance is still a challenge to majority of the population who have no bank accounts. According to the World Bank’s 2016, Doing Business Report for ease of getting credit, Senegal ranks 133<sup>rd</sup> out of 199 countries. There is one public registry and no private credit bureaus in Senegal.
traders to benefit from housing loan which under normal circumstances they would not have been qualified for lack of regular revenue and guarantee. Fongip is a national guarantee fund created to facilitate access to financing SMEs who are in the sectors considered to be on the government’s agenda priority among which is low income houses. The fund is among the innovative instruments to boost the economy of Senegal as planned in the Le Plan Senegal Emergent, PSE. Housing, especially low income houses are among the top priorities, and the government of Senegal plan to use Fogalog to bridging the gap between housing supply and demand.

Another important project of PSE is the development of the new city, Diamniadio, about 30 kilometres south west of Dakar and 15 kilometres away from the future International Airport of Senegal (Blaise Diagne) under construction. The city of Diamniadio compared to Dakar; the capital city is well planned and equipped with social infrastructure; new conference centre, industrial park; the second university of Senegal, university campus under construction, commercial centres, schools, hospital and other recreational amenities. The government has allocated serviced plots of land and given other incentives to developers to promote small and medium enterprises and enhance housing supply in Senegal. It is expected that Diamniadio will revolutionise Senegal’s urban economy and develop real urban culture. The project is expected to deliver at least 40 000 houses and regulate housing backlog a major crisis in Senegal. The project targets diverse market, that is low, middle and upper class and the houses range from two to four bedrooms houses, duplexes and town apartments.

Senegal ranks 148 in the World Bank’s 2016 Doing Business Report in dealing with construction permits, with 13 procedures required and an estimated 200 days to get a construction permit and slightly improved its ranks in ease of doing business 2016, 153 out of 189 countries compared to 156 in 2015. The country has also improved its property registration and procedure costs from 15.2 percent of the property value in 2015 to 10.2 percent in 2016.

Housing supply is expected to be boosted by the various programmes of the government including the new urban centre (Le pole urbain de Diamniadio), Lac Rose, Diass, Bambilor; and “Cite de l’emergence”. At least 15 000 houses are to be constructed per year. These are planned projects and are in execution. There are different projects on Lac Rose one of which is Cite Scapac Lac Rose, situated on 70 hectares, consist of 2 427 units, 1 820 units to be constructed individually on 200m² of plot of land and 607 units on 150m² each. Bambilor is a new city about 10 minutes from Lac Rose and 30 minutes from down town Dakar; one of the projects is Cite CDC consist of two to four bedroom villas, built on 150 to 200m² and cost 10 to 47 million fcfa (17 072 and 80 239) and Cite de l’emergence is a project of 11 storey buildings of modern apartments; sixteen of which will be constructed in Dakar by Group Adoha, a Moroccan real estate developer. The project consists of 700 apartments and the estimated cost is 45 billion fcfa (US$76.8 million) to be delivered in 2017. All the projects target diverse markets.

**Property Markets**

Senegal is witnessing a dynamic growth in the real estate industry particularly Dakar the capital. The main driver is the growth in population and the reputation of Senegal as a stable democratic country creating an enabling environment for investors. Investors from neighbouring countries are invading Dakar where the elites have their second homes or investment interest. The Land Tenure Act (la loi No 2011 – 07 du 30 mars 2010, ensure security of tenure. The Act authorises the holders of temporary occupancy permits in urban centres to transform them, at no cost, into permanent title deeds (Titre Foncier,TF). The goal of the Act is to promote the development of mortgage activities and induce capitalisation of properties. With reinforced security of tenure, it is expected that landlords will invest in upgrading their properties. The result is up to expectation. Most houses in the capital have been upgraded and land and homes prices have escalated. Dakar residents and even Senegalese in diaspora are taking advantage of the new law, for many are registering their properties and the values of property are appreciating. This result is being duplicated in other regions of the country particularly those close to Dakar.

More than half a million of residents of Dakar are tenants and the rental market is said to favour the landlord. In theory, rents on residential leases are fixed by law according to the market value of the premises. In practice, however, rents are decided solely by the landlord. Presently, access to financing available for producing rental housing on a large scale is improving and the market is promising, considering the efforts of the government in securing long-term financing for affordable homes to sustain the growth in the sector.

According to real estate consultancy Knight Frank’s 2015 property report for Senegal, the residential construction market is quite dynamic, with a few developments along the coast particularly the waterfront scheme. Middle to low income households can expect housing development along the AutoRoute and Diamniadio about 30 km from Dakar. The property market is strongly influenced by the importance of the informal sector but the government is providing incentives among which are Fongip to lure informal enterprises to becoming formal. The incentives to promote formal enterprises and the new Land Tenure Act hopefully will stimulate the formalisation of the real estate market.

**Policy and regulation**

Senegal’s housing sector suffers under a complex legal and regulatory framework which the present government is addressing. The policy and regulation environment remain the same but case studies and other surveys on decentralisation and housing policies are initiated on the regional level. UN-Habitat reports in 2012 that 12 central departments of the various ministries are involved in processes related to housing. Coordination between these bodies is complicated, and this creates delays in the process and cost overruns. The opacity of the system undermines the enforcement of laws and regulations, or worse, supports corrupt responses. Law 96 – 06 of March 1996 (Local Communities
Code) sought to transfer land management responsibilities and powers to municipalities and local administrations. While this was intended to improve management, the law did not deal with the customary and informal practices that existed. This has resulted in a management stalemate, and as UN-Habitat suggests, reinforces the proliferation of squatter settlements.

The government’s regulatory efforts to improve access to housing for the average Senegalese and low income families is not yielding expected results as a result a lot of reforms are in process among which are land management, transferring property and registration of property.

Opportunities
The Senegal housing market is booming with construction being undertaken practically all over the urban centres and the new city of Diamniadio is delivering modern apartments, condominiums and houses of different architectural style and different economic standard. Senegal is revolutionising urban development planning in the UEMOA region and business opportunities are real given the geographical situation, the political stability, the ambitious infrastructure programme of the current government, the presence of many international organisations and development agencies, dynamic cultural events, and a robust tourist industry. Dakar, the capital, is the home to the regional headquarters of many international organisations and some regional organisations. The current growth rate, the rate of urbanisation, the government infrastructure programme and the commitment of the African Development Bank to support the government programmes, are indicators that the housing boom is here to stay. Senegal is an investment friendly milieu and attracts regional investors.

Although Senegal has improved its business climate and its performance in dealing with construction and registration of property, still the government needs to address the complexity of the housing policies so that the average and low income families can benefit from the housing boom and the country improve its ranking.

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Overview

The Seychelles is a small country, comprising 115 islands covering a wide geographical area in the Indian Ocean, northeast of Madagascar. With a small population of only about 93 419 people in 2015 (an increase of 2.2 percent over 2014), the Seychelles is ranked third in terms of human development in Africa, with its Human Development Index ranking 64th globally for the year 2015 (from 71st in 2014). It has met most of the Millennium Development Goals. The Seychellois economy is heavily dependent on the global economic environment. Tourism dominates the economy and is the main employer. Fisheries are the country’s most important export sector, accounting for over 90 percent of export revenues, but represent only about 11 percent of employment.

In July 2015 Seychelles reached high-income status, reflecting the government’s sound macroeconomic policies and comprehensive structural reforms in recent years that have supported robust economic growth, averaging 5.3% during 2011 – 2015.

Overall, in 2015 the Seychelles economy is estimated to have grown by 4.3 percent, a slower pace compared to 6.2 percent growth in real GDP achieved in 2014. Services remained the key drivers of growth and the overall outcome reflected the modest increase in the direct value-added contribution from the tourism sector; an outcome that was consistent with the concerns expressed over the yield although positive growth in activity was recorded.

Similar to recent years, the primary industries remained the sector that faced the most challenges during 2015.

The World Bank's Doing Business report ranked Seychelles 85 out of 189 countries in the Ease of Doing Business Index, the same rank as in 2015.

Inflation has fluctuated considerably in the past few years as a result of exchange rate issues and a consequent depreciation of the rupee. In 2015, the inflation rate appreciated to 4.0 percent from 1.4 percent in December 2014. This was particularly due to an increase in disposable income subsequent to the revision in the salary grid of the public sector coupled with a 20 percent increase in minimum wage introduced at the start of 2014. A significant proportion of these facilities went towards the financing of consumer goods rather than to the productive sectors.

Access to finance

The Seychelles has a relatively well developed financial system. Nine banks are listed on the Central Bank of Seychelles website, together with 14 ‘class A’ exchange bureaux and 12 ‘class B’ exchange bureaux, three non-bank financial institutions (the Development Bank of Seychelles, the Seychelles Credit Union and the Housing Finance Company), four domestic insurance companies, three non-domestic insurance companies and multiple insurance intermediaries. The two largest banks have a 69.5 percent share in the system’s total assets. Lending rate goes up to 12.36 percent.
Access to finance in the Seychelles is moderate. The International Monetary Fund reports that there are 54.78 commercial bank branches per 100,000 adults and 102.17 ATMs per 1,000 km² (or 66.01 ATMs per 100,000 adults – 2014). Outstanding loans from commercial banks as a percentage of GDP are 36.23 percent. The levels of bank lending to individuals and business are also low, even as most of the banking assets held are in government obligations. Seychelles scores 109th out of 189 countries on the World Bank’s ‘ease of getting credit’ indicator, according to its 2016 Doing Business Report, rising 62 places from 171st the previous year. Microfinance is extremely limited, but growing slowly as international microfinance institutions begin to infiltrate the local financial services market. As part of the country’s private sector development strategy, the government worked with the International Finance Corporation to put in place regulations to create a credit information system, which became operational on 1 July 2012. The World Bank, together with the Seychelles government, prepared a Country Partnership Strategy (CPS) in 2012, focusing on reducing vulnerability to external shocks, building competitiveness, strengthening public-sector management and restructuring social-service provision. This CPS is worth approximately US$7 million a year (total of US$21 million) and will also support Seychelles’ attempts to develop and manage an oil industry, should commercially viable reserves be identified. The IFC, the World Bank’s private-sector arm, will play a key role in the CPS, with a particular focus on the financial sector, small and medium-sized enterprises, capital-market development (including the proposal to launch a stock exchange), tourism, fisheries and infrastructure development.

By the end of 2015, total loan advances to the private sector increased to Rs4.587 million (US$346 million), from Rs4.278 million (US$322 million) in 2014. The total outstanding domestic credit at the end of 2015 amounted to Rs9.727 million (US$734 million), which was a growth of 8.7 percent compared to the previous year.

A breakdown of the sectoral allocation of credit to the private sector showed that ‘tourism’ and ‘private households & non-profit organisations’ – each accounting for a share of 21 percent of total private sector credit – represented the largest proportion. In 2015, the stock of outstanding credit to those sectors grew by 5.4 percent and 21 percent respectively. ‘Real estate’, another prominent sector; recorded a growth of 14 percent whilst ‘mortgage loans’, which accounted for 11 percent of total outstanding loans; rose by 7.9 percent. In terms of weighted contribution to the 6.9 percent growth in credit to the private sector; the three main categories were real estate (1.8 percent), wholesale & retail trade (1.5 percent) and manufacturing (1.1 percent).

Housing finance has received explicit attention through two state-sponsored institutions – the Housing Finance Company (HFC) Limited and the Property Management Corporation (PMC). The HFC was established in 2004 from the merger of the Seychelles Housing Development Corporation and a former PMC. In January 2013, the HFC underwent a transformation that saw the PMC split off and play a key role in the CPS, with a particular focus on the financial sector, small and medium-sized enterprises, capital-market development (including the proposal to launch a stock exchange), tourism, fisheries and infrastructure development. In the past decade, the HFC has approved over Rs200 loans for a sum of Rs773 million (US$55.32 million).

The HFC offers a range of end-user products promoting housing affordability. The Home Loan is available to Seychellois with a maximum income of Rs20,000 (about US$1,509) a month. There is no maximum qualifying income criterion and a guarantor is compulsory. The guarantor is assessed on the basis that s/he can afford the monthly repayments, not necessarily that s/he is able to afford to repay the entire loan amount. The HFC also offers Home Improvement Loans up to a maximum loan amount of Rs50,000 (about US$3,773). Applicants must earn less than Rs8,000 (US$604) a month per household. The repayment period is five years and the interest rate is currently 10 percent.

A new housing finance subsidy scheme was implemented in 2014, with a total budget of Rs21 million (US$15.58 million). This scheme allows first time home buyers earning under Rs20,000 (US$1,509.43) a month to qualify for a government subsidy in the form of a cash grant between Rs50,000 (US$3,773) to Rs200,000 (US$15,094) as a down payment. To qualify for the subsidy, applicants will need to have a minimum of 10 percent as personal contribution towards the cost of the property. However, having noted that some deserving households cannot afford to contribute the required 10 percent, HFC is considering reducing it to 7.5 percent, on case to case basis.

**Affordability**

The Seychelles has a generous social welfare system that supplements incomes considerably. Education is free, and subsidies are provided to support post-secondary education. The government is the principle health-care provider and spends significant budgetary resources in the sector. Housing is the primary capital and services expenditure item for the private sector. Unemployment which was as low as one percent at the end of 2013 increased to 4.2 percent as at the end of 2015. As the country with the second highest GDP per capita in Africa (US$15,592 in 2014), after Equatorial Guinea, an oil exporter, the Seychelles is classified as one of nine upper middle income countries.

Still, there are pockets of poverty. Government has noted a rising trend in reliance on social assistance for income enhancement as well as growing social problems, which are impacting on the economy and society. According to the Agency for Social Protection, the number of households seeking welfare assistance has more than doubled over the past two years.

However, with the review of the benefits system to ensure better targeting, there has been a decrease in the numbers of people on benefits from 18,000 people on benefits and 6,000 on welfare in 2012, to 13,210 on benefits and 1,964 on welfare as of September 2013.

Government subsidised housing is currently being delivered for Rs450,000 (US$33,962), and estate agents advise that for Rs200,000 (about US$15,094) to Rs300,000 (about US$22,641), a buyer can get a very basic unit. An average three-bedroom home of about 150m² ranges from between Rs750,000 (US$55,424) to Rs1,000,000 (US$75,748) as a down payment. Construction companies advise that finished homes sell for between Rs90,000 (US$679.24) and Rs100,000 (US$757.41) per m². Whilst there are no minimum house size regulations, 100m² is the accepted norm for a minimum size. A 100m² house built by a private promoter costs around US$160,000.

**Housing supply**

According to the latest National Bureau of Statistics figures, the Seychelles has 25,929 houses. Of these, 87 percent are made of stone/block and 13 percent of wood/iron. Unlike in more developed and larger economies, the housing market in Seychelles is still rudimentary. Most people prefer to build and move into new accommodation rather than buy existing accommodation, unless it is for rental purposes. According to the 2013 Housing and Population Census, the majority of the population (82 percent) say they own the dwelling in which they live. Some 11 percent rent their houses privately. Rental of a three-bedroom apartment ranges from Rs16,000 (US$11,207.54) to Rs19,000 (US$14,384). Just under seven percent say they live rent free in a dwelling they do not own. The vast majority of households (93 percent) have access to treated, piped water and 82.4 percent have flush toilets connected to a septic tank. In terms of energy use, 98 percent use electricity for lighting and 92 percent use gas for cooking. In addition, 94 percent of the population has access to mobile phone and 95 percent possess a television set.
The construction sector has now recorded two consecutive years of growth following an expansion of 3.0 percent in 2015, albeit this was 12 percentage points below the outcome of the previous year. From the period between 2008 and 2011, the sector had experienced significant growth that was linked with implementation of large-scale FDI projects as well as government housing projects. However, significant declines have been experienced thereafter.

The year saw the continuation of the H Resort, Carana, Eden Island and Felicity Island projects. In addition, infrastructural projects such as for the fisheries sector continued with additional external funding sourced by a key parastatal, ensuring that energy demand is met in the medium term. Developments in the sector were supported by production statistics which showed increases of 68 percent, 11 percent, 4.4 percent and 2.3 percent in production of aggregate, crusher dust, block and plastering dust respectively. However, output of crusher waste declined by 9.4 percent.

A Rs90 million (US$6.79 million) grant from the Chinese government was received in March 2012, targeted at a variety of local projects, including housing and solar energy products.

In 2014, at least four housing projects were identified and sponsored by the United Arab Emirates (UAE) government amounting to Rs72.3 million (US$5.46 million), Corgat Estate housing project from the Chinese Government amounting Rs211 million (US$1.58 million) and a capital grant of Rs66.2 million (US$4.99 million) from the Indian Government.

There is no legislation governing the minimum size of a plot of land. Properties can range from as small as 20 m² to sizeable small holdings. Anecdotally, quite a lot of land is privately held, with prices ranging from Rs125 per m² (about US$9.43) to Rs375 per m² (about US$28.30) for unserviced land. Serviced land averages about Rs1,000 per m² (about US$75.47).

**Property market**

The Seychellois property market is strong, driven primarily by the tourist industry. Real estate websites advertise properties in US dollars or euros, and investors buy new and existing properties, as well as land. Land in the country is in great demand, and the tourism and agricultural industries compete with the housing industry for sites. Conflicts over land and housing are set to deepen as the urbanisation rate continues to grow.

The Seychelles ranks 67th out of 189 countries according to the World Bank’s 2016 Doing Business Report for the indicator ‘ease of registering property’. The four procedures take 33 days and cost seven percent of the property value.

**Policy and regulation**

The Ministry of Land Use and Housing is intent, through a variety of measures, on ensuring access to adequate housing for all Seychellois. Though the government continues to develop innovative programmes to address the demand for affordable housing there is a need to increase its capacity to meet the considerable demand in the affordable and low income markets.

The government of Seychelles planned to spend Rs1.2 billion (US$90.56 million) on capital investment projects in 2015. The highest share – Rs329 million (US$24.8 million) – will be allocated to social housing and community development projects in an ongoing effort to provide affordable housing and community services.

In 2012, Seychelles adopted a new housing policy under which the government pledges to work closely with financial institutions by encouraging the supply of finance within the housing sector. Accordingly, the government worked with the Seychelles Housing Finance Company to ensure that people who earn less than Rs8,000 (US$603.77) a year are able to access lower interest rates. The government of Seychelles has obtained technical assistance from the World Bank for social housing. The Financial Services Authority Act, 2013, led to the creation of the Financial Services Authority, the regulator for non-bank financial services in the Seychelles.

In 2015, the Ministry of Land Use and Housing, in collaboration with the SHFC, has taken the following decisions to give a boost to the housing sector:

A. Increase in loan amounts
   - Housing Loan from R500 000 to R750 000 (US$56 603),
   - Second Housing Loan from R300 000 to R400 000 (US$30 188),
   - House Extension Loan from R75 000 to R100 000 (US$7 547).  

B. Increase in net salary for qualifying for a housing loan from Rs25 000 to Rs25 000 (US$1 886).

C. Decrease in contribution of Home saving scheme (HSS) from 10% to 7.5% of loan amount.

**Opportunities**

The Seychelles has been ranked 85th out of 189 countries overall in the World Bank’s 2016 Doing Business Report. With the country being a tourist destination, there is a focus on housing for the high income class, and the property market is limited to the luxury market. House prices in Mahe, the largest of the islands, can start at US$160,000, a furnished two-bedroom house selling up to about US$1,000,000. In a bid to open the country to more foreign investment, recent changes in the law of property ownership have been approved to offer freehold title and residency rights to foreign owners and their immediate families.
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Overview
Sierra Leone, one of the poorest countries in the World is situated in the West Coast of Africa, sharing boundaries with both Guinea and Liberia. It is ranked 181 in the 2015 UNDP’s Human Development Index, which represent a rise from two places by the 2014 ranking of 183. Provisional result of the 2015 National Population and Housing Census put the population at 7.075 million, which is 29.6% increment from the last Census conducted in 2004. The spatial nexus in Sierra Leone is essentially rural-urban. The urban population has the lion’s share of services, assets and earned income and is likely to bequeath more to successor generations compared to the rural population. In 2010 the rural population was estimated to account for 62% of the overall population while urban was 38%. Freetown accounts for roughly 40% of the urban dwellers. There is no dedicated educational opportunities, inadequate living standard, lack of income, and the poverty line and faced deprivations such as poor health facilities, lack of access to finance, etc.

Poverty in Sierra Leone is predominantly rural. Rural poverty has its roots in the colonial system and the policy and institutional restraints that it imposed on poor people. In recent decades, economic policies and institutional structures have been changed and the government is determined to keep the poor out of poverty and improve their living standards.

A 2015 UNDP Human Development Index report has pointed out that despite recent economic growth, multidimensional poverty and inequality remains very high. In a country of an estimated population of 6.453 million, the report noted that income poverty is 52.9% (those earning less than US$2/day) and that 72.7% of Sierra Leoneans are multi-dimensionally poor, among the highest in the world. This means that almost three quarters of Sierra Leone’s population live below the poverty line and faced deprivations such as poor health facilities, lack of educational opportunities, inadequate living standard, lack of income, disempowerment, poor quality of work and threat from violence.

The inflation rate was estimated at 10.41% in 2013, 7.19% in 2014 and 8.09% in 2015 down by almost two percent from the 10.41% inflation rate in 2014. The tight monetary policy that is being implemented currently is helping to keep food prices low while also keeping inflation in the country to a minimum. The lack of infrastructure, a poorly trained labour force and an unattractive environment for the private sector are key issues that the Sierra Leonean government must face if it is to maintain its growth levels. Unemployment has remained unchanged in 2015 and 2016. The Sierra Leone government has developed the Agenda for Prosperity Strategy to drive economic growth and employment in the country from 2013 to 2017.

Access to finance
Poverty in Sierra Leone is predominantly rural. Rural poverty has its roots in the colonial system and the policy and institutional restraints that it imposed on poor people. In recent decades, economic policies and institutional structures have been changed and the government is determined to keep the poor out of poverty and improve their living standards.

Sierra Leone

Main Urban Centres
Freetown (Capital)

Exchange Rate: 1 US$ ***
5.520.33 Sierra Leonean Leone (SLL)

Inflation 2014 | 2015 (est.) | 2016 (prov.) | 2017 (prov.) *
7.1 | 9.9 | 10.0 | 10.1

Population** | Population growth rate (2017)**
6.453 000 | 0.75

Urban population (% of total)** | Urbanisation rate (% in 2013)**
39.94 | 3.07

GDP per capita (current US$)& | GDP growth rate (annual %)&
693 | -20.30

GDP (Current US$)&
4 474 689 706

GNP per capita, Atlas method (current US$) ^
630

Population below national poverty line *
52.9

Unemployment rate (%)
3.4

Gini co-efficient (year of survey)^,
33.09 (2011)

HDI (Global Ranking) * | HDI (Country Index Score) *
181 | 0.413

Lending Interest Rate^.
18.73

Unsecured lending interest rate (housing microloan)
24.95

Mortgage Interest Rate (%) | Mortgage Term (years)#
6% | 15 /-

Down Payment (%)
20%

Credit % of GDP^,
7.07

Average Mortgages % of GDP^,
...

Estimated number of mortgages
...

Average loan size in US$ (mortgage)
5 000

Average loan size in US$ (non-mortgage/micro lending)
5 500

Price To Rent Radio City Center** | Outside of City Center**
...
...

Gross Rental Yield City Center** | Outside of City Center**
...
...

Construction as a % of GDP
18.6

Is there a deeds registry?
Yes

Number of procedures to register property !
17

Time (days) to register property !
56

Cost (% of property value) to register property !
10.80

What is the cost of standard 50kg bag of cement (in US$)? #
10

What is the price of the cheapest, newly build house by a formal developer or contractor (in US$)? #
50 000

What is the size of this house (in m²)?
80 m²

What is the average rental price for a formal unit (in US$/month)#
1 000/year

What is the minimum plot size for residential property (in m²)#
173 m²

Ease of doing business rank !
147

Number of procedures to register property !
7

Time (days) to register property !
56

Cost (% of property value) to register property !
10.80

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* Unsecured lending interest rate (housing microloan)

** Of GDP

# The World Bank’s PovCalNet


The World Bank / HFC Mortgage and Savings Limited 2016

## Africa Housing Finance Yearbook 2016

Global Financial Inclusion Database (FINDEX)

HFC Mortgage and Savings Limited 2016
modified to close the income gap. Structural adjustments have dismantled existing rural systems, but have not always built new ones. Sierra Leone has 13 commercial banks (eight Nigerian, one British, and one from Togo, along with two state-owned banks and one domestic private bank), nine insurance companies and three housing finance companies (Sierra Leone Housing Corporation, Alliance Housing Finance Company Limited and Home Finance Company Limited). With support from development partners, around 60 Financial Services Associations and 20 community banks have been established throughout the country to help with financial intermediation. Commercial banks are well capitalised and looking for innovative ways to serve the market with new products and services.

At the end of the 2015 financial year credit to the private sector given by commercial banks expanded by zero point four-three percent, from Le5.85 billion (US$12.9 571) to Le5.9 52 trillion (US$13.000 000). With support from development partners, around 60 Financial Services Associations and 20 community banks have been established throughout the country to help with financial intermediation. Commercial banks are well capitalised and looking for innovative ways to serve the market with new products and services.

According to Forbes business ranking 2015, Sierra Leone was ranked 113th for Finance Company Limited and Home Finance Company Limited. With support from development partners, around 60 Financial Services Associations and 20 community banks have been established throughout the country to help with financial intermediation. Commercial banks are well capitalised and looking for innovative ways to serve the market with new products and services.

The association of Slum Dwellers commonly referred to as Federation of Urban and Rural Poor in Sierra Leone (FEDURPSL) has encouraged groups saving from several communities in several informal settlements in Freetown. The federation has been increasing its members from 1500 to about 7000 in just four years and more than 35 savings group has been mobilised and federated into FEDURPSL. These groups are saving on a daily basis and are contributing to the nascent trust fund known as Fordambah Trust Fund (FTF). FEDURP continues to manage and resolve their self-initiated and self-supported micro-credit scheme in which more members are being supported. In addition to this FEDURP continues to engage with authorities on the allocation of land for the housing demonstration project. Centre Of Dialogue On Human Settlement And Poverty Alleviation (CODOSAPP) is set to build 360 housing units at Newton in Sierra Leone with ultra-modern facilities for human settlement following the flooding disaster in September 2015.

The Sierra Leone Stock Exchange started operating in 2001 as a private company. The three housing finance companies – Sierra Leone Housing Corporation, Alliance Housing Finance Company Limited and Home Finance Company Limited – are listed on the Bank of Sierra Leone website. The National Social Security and Insurance Trust (NASSIT) was established in 2004 with a mandate to administer Sierra Leone’s National Pension Scheme. Under this programme NASSIT decided to invest in housing finance and has been the key financier of Home Finance Company (HFC) Mortgage. NASSIT have also helped fund Regimauel Grey Estates, which is one of the leading Real Estate Developers in the country to construct 10 high income housing units that were going for a purchase price of about US$100 000. HFC Mortgage and Savings Bank offers eight different mortgage products – Home Purchase Mortgage, Group Scheme Construction Stage Payment, Home Completion Mortgage, Home Improvement Mortgage, Home Equity Mortgage, Buy Land and Build Own Home Mortgage, Construction Finance Mortgage and Construction Stage Payment Mortgage.

All mortgage products are offered to residents and non-resident Sierra Leoneans, although with longer and vary repayment periods, and lower deposits required, for residents and non-resident. A maximum of 10 years is given to non-resident whilst 15 years is given to resident. The Home Purchase Mortgage and Group Scheme Construction Stage Payment products offer a maximum loan amount of US$100 000 for a 15-year term, with a 20 percent deposit (for residents). The average 15-year fixed rate mortgage dipped from 4.10 percent in 2014 to 4 percent in 2015. The Home Completion Mortgage requires a 30 percent deposit over 15 years at an interest rate of six percent, whereas the Home Improvement Mortgage requires a 50 percent deposit at an interest rate of six percent also. The ‘Buy Land and Build Own Home Mortgage’ product allows the applicant to buy land for a maximum amount of US$10 000 and then provides a further US$30 000 to build. To apply for this product, the applicant must be an existing customer of HFC. In addition, the builder must be approved by the bank, the building plans must have been approved and the purchase of land requires the applicant to have secured title. Once approved, the loan can be disbursed directly to the customer. The minimum down payment for this product is 20 percent of the cost of the land.

In 2012, the World Bank launched the Global Financial Inclusion (Global Findex) Database to explore levels of financial inclusion around the world. According to 2014 Global Findex database, 16 percent of adults (15 years+) and 12 percent of adult women have accounts with a financial institution. The percentage of young adults (15 – 24) is about five percent. According to the report, about 11.7 percent of adults living in rural areas and 20.2 percent of adults living in urban areas having account with a financial institution. The majority of those with accounts use them to receive wages. Use of credit is fairly common; four percent of adults over 15 years of age report that they had a loan with a financial institution and 9.3 percent adults stated they have outstanding mortgage with a financial institution. However, the vast majority of these loans were from family or friends is reported at 43 percent and seven percent of adults have borrowed from a private informal lender. The percentage of adults with mortgage loans has substantially increased from 0.4 percent in the 2011 Findex database to 9.3 percent. In 2014, 11 percent of adults have saved at a financial institution with a large percentage of adults saving mostly for education or school fees and to start a business or farm.
There are two development banks in the country: The National Development Bank and the National Cooperative Development Bank. These banks work in conjunction with the MFIs mainly in urban centres. Rotating savings and credit associations are informal savings and credit institutions used commonly throughout the country.

According to the World Bank 2015 Doing Business Report, Sierra Leone ranked 140, this is unchanged from the 2014 ranking. Sierra Leone ranking in terms of the ‘ease of getting credit’ indicator in the World Bank’s 2015 is 14710. In terms of starting a business, Sierra Leone is rank 91 in 2015 compared to 87 in 2014. The Credit Reference Bureau Act of 2010 has been adopted, which requires all commercial banks to refer to it before making out loans to customers. In 2014, the public credit registry had information on 23,725 individuals and 11,508 firms, comprising one percent of the population, which is 0.1 percent increase from the 2013 figure. Borrowers can inspect their data in the public registry, and data on both firms and individuals are distributed. In 2014, Sierra Leone scores five out of a possible 12 points on the ‘strength of legal rights’ index. The strength of legal rights index is one of the indicators used in the World Bank Doing Business Report. There is no collateral registry in operation in the country.

Affordability

Housing affordability is a serious challenge in Sierra Leone, where more than 60% of the population live on less than US$1.25 a day and 60 percent of the youth are unemployed which is a pertinent social issue. Youth unemployment is projected to grow even further in the next five years. The lowest housing unit is a single bedroom and a living room (parlour) with an estimated area of 20m². The prevalent housing units that are available for rent are mostly two and three bedroom apartments with estimated area of 200 and 250m² respectively. The prices to rent these aforementioned housing units per year depend on the location. In the east end of Freetown, average rental process for a three-bedroom apartment ranges between US$1,000 – 1,500, whilst in the central and west end of Freetown, rental prices for three bedroom ranges between US$3,000 – 5,000. Average rental prices for two and one bedroom apartments ranges between US$500 – 1,000 and US$100 – 250. The widespread proliferation of slums in most urban centres is a direct consequence of the extreme difficulties encountered by the urban poor to afford decent housing. With poverty so prevalent, most urban poor do not have the income required to open a bank account, thus making it almost impossible to access mortgage facilities offered such as HFC Mortgage. As a result, the HFC Mortgage and Savings Bank products are affordable to only a fraction of the population.

The lending rate by banks in Sierra Leone which is the rate charged by banks on loans to prime customers was 22 percent (measured in 2015) percent (end 2014) making borrowing very expensive. The average rate of savings remained at 6.4 percent since 2014. In a recent SALHOC survey, 70.5 percent of survey respondents stated that they find it very difficult to rent a house due to very high rental prices. However, the Sierra Leone Housing Corporation (SALHOC) and the Sierra Leone Investment and Export Promotion Agency (SLIEPA) have been able to attract some private sector developers and international NGOs to revive the provision of affordable low-cost housing units to all income groups. The major hindrance to the provision of affordable low-cost housing units is the huge construction cost considering the fact that most of the building materials have to be imported into the country. The average costs to build a two bedroom and three bedroom flats are US$15,000 and US$25,000 respectively.

Housing supply

In Sierra Leone, the urban population is growing at a faster rate than the rural population. The legislative framework for housing and regional/urban planning is weak and there are no standardised building regulations thus, like many African countries, Sierra Leone struggles to house the majority of its poor population. This legislative framework is outdated, considering the socio-economic changes that have occurred since the enactment of these acts. The Town and Country Planning Act is now obsolete since its provisions cannot be used to prepare the regional/urban development plans that are required to address the impact of the civil conflict on shelter and human settlements.

Property markets

According to a 2013 Knight Frank report, rental for the industrial sector dominates the property market, with prime rental rates of US$3 per m² per month in Freetown11. The office and retail market have prime rates of US$17 per m² per month. Specifically, with regard to residential property, a four-bedroom executive house in a prime location is rented for US$4,000 – 5,000 a month.

The World Bank’s 2015 Doing Business Report ranks Sierra Leone 99 out of 189 countries in terms of ease of registering a property12. This is an improvement from a rank of 161 in 2014. It takes 10 days to complete the seven procedures involved in registering a property, and costs 11 percent of the property value. In 2013, Sierra Leone made registering property easier by computerising the Ministry of Lands, Country Planning and the Environment, reducing the time needed for property registration by 20 days.

Policy and regulation

Land tenure system in urban areas follows the English land law. Land in Sierra Leone is classified as state land, private land and communal land. In Freetown and the Western Area, statutory laws recognise private freehold land, while under the Province Land Act of 1960 in the three provinces is governed by customary law with chiefs serving as custodians. Customary law is unwritten, varies across the 149 chieftaindoms and evolves over time. It is enforceable in both formal and non-formal courts. The 2004 Local Council Act gives local councils the right to acquire and hold land.
Opportunities

The business environment in Sierra Leone has been improving. In 2013, Sierra Leone’s ranking improved by eight places in the World Bank’s Doing Business Report, although it dropped by two places in 2014, placing 147th out of 189 countries. It remains unchanged at 140th in 2014 and 2015. As the macroeconomic environment improves, an important area of opportunity is the housing sector. There is certainly considerable scope for growth in the housing financing markets and housing suppliers should consider how to package their offerings to suit the affordability criteria of the majority of the population. Despite the Ebola epidemic slowing down the country, there has been significant movement and collaboration between SALHOC and other private sector developers like Sierra Leone Investment and Export Agency (SUEPA) to increase the supply of housing units, developed effective policies to regulate the real estate market. It is expected that income levels of urban dwellers would be on the increase thereby putting them in a position to be able to access mortgage facilities to buy these homes. Also, SALHOC is presently engaged in producing low cost building materials such as roofing sheets, stabilised soil blocks and floor tiles. This new development will assist people in building affordable houses.

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Overview

Somalia, is located in the ‘Horn of Africa’, and is divided into three regions, namely, Puntland, Somaliland and South-central Somalia. While all three regions belong to the country ‘Somalia’, they are autonomously governed with each having their own governance structure.

In 2015, its population was counted at 10 800 000, having increased by 2.5 percent since 2014, and its urban population increased by 3.5 percent over the same period. The Somali population is relatively young, 45.6 percent of the population is less than 15 years old, and 75 percent is under 30 years old. In 2015, Somalia was 39.6 percent urbanised, according to UNHabitat’s World Cities Report of 2016, this is expected to increase to 44.6 percent by 2025. And, in 2014, 73.6 percent of the urban population lived in slums.

Following the collapse of the central state authority in 1991 the Transitional Federal Government of Somalia was established, which was succeeded by the Federal Government of Somalia (FGS) in 2012. This structure is the face of transition in Somalia and a plan for the reconstruction and development of the country has been formulated. And, in August 2016, Omar Mohamed Abdulle, chairman of Somalia’s election commission, announced that the country’s 2016 election will take place on October 30th. Over 14 000 delegates representing Somali clans will be selected.

After a 25 year hiatus from conducting reviews in Somalia, the IMF concluded the Somalia Staff Report for 2015 Article IV Consultation in June 2015. And, it found that real GDP increased by 3.7 percent during 2014, this increase was mainly attributed to growth in the livestock and fisheries sectors, and recovery of service sectors such as telecommunications, construction and money transfer services. More recently the World Bank indicated that Somalia’s GDP was US$5.9 billion in 2015, its highest to date, representing 0.01 percent of the world economy.

Somalia’s Ministry for Foreign Affairs and Investment Promotion, is primarily concerned with Somalia’s foreign investment promotion policies. It has recently established an investment promotion office, SomInvest, which will provide information advice and assistance to foreign investors, its key investment sectors include mineral and hydrocarbon, energy, agriculture, fisheries, ICT, infrastructure, health and livestock.

In September 2013, the Federal Republic of Somalia Economic Recovery Plan 2014 – 2015 was approved. Its vision is for sustained economic development and poverty alleviation, achieved through responsible macroeconomic management, infrastructure rehabilitation and equitable access to services. And, in the short term it focuses on providing stability and critical infrastructure in support of productive sectors.
in cash. There are no fixed income markets in Somalia and no formal credit facilities. Somalia’s largely informal economy is characterised by major information and data gaps, making estimates of economic aggregates highly uncertain.

The Central Bank of Somalia, acts as a regulator and supervisor; and through its mission and vision, has determined six strategic goals, in an effort to develop a sound financial sector, and strategically contribute to the country's economic development. These strategic goals include, [1] formalisation of the private sector; [2] establishment of an effective monetary policy; [3] building a strong banking operations foundation; [4] increasing organisational effectiveness; [5] strengthening reporting and transparency and lastly, [6] promoting good governance. These goals are planned to be executed over a six year period, from 2012 – 2018. There are currently two legislations in place with regard to the Somali financial sector; namely, The Central Bank of Somalia Act, passed in 2011, and The Financial Institutions Law 2011, passed in 2012.

Currently, apart from the CBS, the Somali financial sector comprises six commercial banks with provisional licences, nine licenced money transfer firms (MTFs). As of end-June 2015, thirteen MTFs had pending applications for banking licenses. Somalia’s six commercial banks include the International Bank of Somalia, First Somali Bank, Sallaam Somali Bank, Somalia’s Premier Bank and Tawkal Money Express are all new players. The four Islamic financial institutions offering mortgage/home loans are Sallaam Somali Bank, Dahabshil Bank International, Premier Bank and International Bank of Somalia (BS).

The Somali economy remains largely dollarised, its banknotes are not readily available and thus cash is scarce. Currency reform has been prioritised in its work with the IMF. In January 2010, the Transitional National Government initiated the printing of Somali shilling banknotes collectively worth five trillion, at a cost of US$17 million. However their delivery was halted due to concerns that insufficient preparatory work had been done, such as the development of an effective monetary policy.

The informal Hawala system is used in Somalia, which comprises approximately 17 organisations, that operate based on trust. Some of which are Dababshill, Amal Express, Kaah Express and North American Money Transfers. Mobile Money transfers are offered by Hormuud in Southern Somalia, Somtel in Somaliland and Golis in Puntland. According to Premier Bank only three percent of Somalis are banked, and interestingly 70 percent of Somali people have access to mobile services.

Global Findex data revealed that there are 13 countries where at least ten percent of adults are using mobile money; all of which are in Sub-Saharan Africa. At 58 percent Kenya has the highest level of penetration, and in five countries Côte d’Ivoire, Somalia, Tanzania, Uganda, and Zimbabwe – more adults reported having a mobile money account than an account at a formal financial institution. A survey conducted by the Gates Foundation World Bank and Gallup found that 26 percent of the population reported using mobile money transfers to pay bills, the highest rate in the world, and 32 percent use it to send and receive money. Consequently, this has stabilised the exchange rate by reducing the demand for Somali shillings in line with its reduced supply. In Somalia, in 2014, 4.51 out of 100 people reported having a mobile subscription, compared to 22 three years prior; additionally approximately 40 percent of adults use mobile money accounts. According to Hormuud, the Somali diaspora sends approximately US$1.6 billion annually to Somalia, to put this into perspective Somalia’s GDP was US$5.9 billion in 2015. Hormuud users can transfer up to US$3,000 per day, throughout Southern and Central Somalia.

Access to finance by households is also enabled by a growing microfinance sector. Key players include Safaricom, Kaah Express, Barwaqo Microfinance Bank, Kaaba Microfinance Institution (has 5000 clients and is a field partner of Kiva) etc. Loans are offered for a period of up to six months. According to Kiva, the average loan size in Somalia is US$342 and the average loan size per GDP per capita pop. is 90.42 percent. Total loans provided by Kiva amounted to US$1,297,975 in 2014. Microfinance facilities and informal facilitators charge between five percent – 10 percent commission (Amoo). Alternatively, loans are also secured through family members.

Affordability
In 2015, GDP per capita was recorded at US$425 and is anticipated to increase to US$445 in 2016; despite this increase, Somalia still remains one of the poorest countries in the world. The effects of years of conflict and instability, are reflected as multidimensional poverty affects 61 percent of the population in urban households, and 95 percent of the population in rural households. With a score of 0.47 out of one on the Multidimensional Poverty Index, in 2010, Somalia ranked 94 out of 104 countries on the global Human Development Report. As at 2012, the Somali Human Development Index was significantly low at 0.285, and it ranked 163 out of 170 countries.

According to Datagrid Somalia, in 2015, the average house price per square meter was US$250. The average rental price for a formal unit was US$500, the average plot size is 400m², and the price of the cheapest newly built house built by a developer in Somalia is US$100,000. The current rental market is booming according to an article by The Somali Investor. Rent has increased in some places from US$300 five years ago to between US$2,000 and US$3,000. However, these figures are biased toward city and urban areas such as Mogadishu and Hargeisa.

The cheapest newly built house, costing US$100,000, is affordable to zero percent of the Somali population. This house would cost, US$769 per month, and US$276,809 over the term, at an interest rate of 8.5 percent, zero percent deposit and repay over a 30 year period.

Cement is expensive in Somalia, costing about US$14 per 50kg bag. Using the GNI per capita of US$122,90, ± 8.8 bags of cement can be bought – far below the estimated 35 – 40 bags of cement that would be required to build a basic 40m² house. With 73 percent of the population earning less than US$60 a month, the affordability for formal housing is extremely limited. And, for example, an income of US$60, one could afford a house priced at US$1,951, assuming an interest rate of 8.5 percent and a 30 year repayment period; this would be affordable to 69.2 percent of the Somali population.

Property markets
Land, including its access and its utilisation, is already a problem in Mogadishu, as internally displaced persons (IDPs) and refugees seek housing. In many cases land is unregistered and ownership is difficult to prove without clan support. Protection of individual and collective ownership of land and other property depends entirely on clan support and/or the military might of related factions. For the first time in Somalia, title deeds have been handed over to 500 displaced households in Baidoa. This pilot project identified secure land tenure to protect people from evictions from IDP camps. Still, there are cases of fraud and land being sold to multiple people.

Officially, land registration in Somaliland takes approximately 30 days and costs about US$30, half the average monthly income. It is only the mayor’s office which registers property and the procedure is cumbersome, given the collapse of the government and the loss of land document archives. However the procedure of new plot demarcation does not take long. It is the process of transferring old plots, where old plot documentation has to go through several verification processes; that increases the time involved. The process of acquiring land generally amounts to about one percent of the property value, however this amount keeps varying.

Housing supply
In 2014, the Federal Government of Somalia in collaboration with the United Nations Population Fund, reported that there were approximately 2,076,677 households in Somalia with an average household size of 5.9 people. The total estimated population in urban areas is 5,216,392, 2,806,787 in rural areas, and the nomadic population is estimated at 3,186,965.

Just under a quarter (24 percent) of the population has access to formal housing (60 percent in urban areas and six percent in rural areas). About 24 percent of houses in Somalia are constructed with durable materials and can be classified as permanent structures. Approximately 56 percent have walls or roofs constructed utilising semi-durable materials; the remaining 20 percent are categorised as temporary. In rural areas, 90 percent of households are owner occupied as...
SOMALIA

Annual household income US$  

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Average income needed for the cheapest newly built house by a formal developer: 2016

Average annual urban household income: 2015 (in constant 2005 US$)

opposed to 60 percent in urban areas. One in every four houses is rented in urban areas as opposed to one in every 25 in rural areas. Additionally, one third of those households in urban areas had two or more families living in the same house, with more than half of them sharing a single roomed house. Less than 60 percent of those residing in urban areas own the houses in which they live, versus 90 percent in rural and nomadic areas.

The UN Habitat has been active in Somalia for more than 30 years, their project activities range from targeting immediate local needs, to more strategic attempts to address sustainable urban development through integrated human settlement programmes. Some of their housing projects include, Shelter Provision, Reintegration, and Improved Livelihoods for Returnees and Internally Displaced Persons in three towns, this project is valued at US$3.2 million, and includes the construction of 475 houses. Another project is Integration of Long-term IDPs into the Host Community in Bossasso, its project value is US$2 million, and 524 houses are planned. And, lastly the Shelter Provision, Reintegration, and Improved Livelihoods for Returnees and IDPs project which is valued at US$2.3 million and 335 houses are planned. These three projects are funded by the Government of Japan, and are intended to provide security of land tenure and permanent housing, social infrastructure, and skills training for 1,334 vulnerable IDP families in Bossasso and Berbera towns.

Salaam Properties, a development company, was established in 2014 with the objective of developing well designed, competitively priced houses in Mogadishu. It is currently developing Darul Salaam City, the first large scale housing project in Somalia which comprises 6,000 housing units, which will be constructed over a three year period, with a total project cost of US$20 million.

Jazeera Estate which is being constructed in Mogadishu, 3 km from the airport. This gated development is proposed to have over 1,200 apartments, villas and townhouses as well as commercial and public facilities. And, according to the Somalia Real Estate Association, the Jazeera and Darul-Salaam developments will add 10,200 housing units to Somalia’s housing stock.

As the country stabilises, there appears to be increased construction activity and higher demand for construction materials. Somalia’s construction sector is one of the three main drivers to its economic growth. There are approximately 14 companies across Somalia which supply roofing and construction materials. And, in 2015 a quarry that had been shut down for more than 30 years, due to security concerns, had just reopened. The quarry, in Wadajir district, provides jobs to truck drivers, manual labourers and machine operators.

A key component of formal housing is cement. Cement has largely been imported by the Dahabshiil organisation (dealing largely with remittances) indicating that there is a form of investment in infrastructure. Plans have been approved to establish a cement terminal at Berbera port in Somalia. While the Global Cement Report for Somalia suggests that the short term future seems bleak, various articles indicate that the construction market is booming due to the strengthening political situation.

Policy and regulation

In 2013, the Somali government launched Vision 2016. Its three objectives are constitutional review and implementation, completion of the federal system, and democratisation.

The Somalia Compact, is based on the Busan New Deal principles, and was initiated in December 2012. The Compact has framed Somalia’s priorities for the period 2014 – 2016. It is a living document that reflects the ongoing process of transition, and its priorities are framed by the five Peace building and State building Goals (PSG). These PSGs include inclusive politics, security, justice, economic foundations and revenue and services.

The Somalia Development and Reconstruction Facility was launched in October 2013, and is the mechanism for the Somalia government to oversee and guide the implementation of the Somali Compact. It consists of three governance structures, namely The High Level Partnership Forum, co-chaired by the President of the Federal Republic of Somalia and the United Nations Special representative of the Secretary General, and is the main platform for dialogue and policy discussion on Somali Compact implementation. The SDRF Steering Committee, chaired by the Prime Minister and co-chaired by a New Deal lead donor on a rotating basis, provides oversight and guidance for the implementation of the Somali Compact, including commitments on financing and aid delivery. Lastly PSG Working Groups, which are responsible for sectoral planning and programmatic co-ordination at a technical level, and discussion of international assistance coordination.

In June 2015, the ministry of Planning and International Co-operation began developing a National Development Plan, which is intended to be Somalia’s post-2016 planning framework. It will further define the country’s development priorities and outline internal and external financing needs, highlight major sources of funding, and guide the allocation of resources and prioritisation of government actions and international development support. This document will also serve as the interim poverty Reduction Strategy Paper (IRSP) until a full-fledged official document is developed.

Customary land ownership laws are still in use, and there is an urgent need to develop tenure security to attract further investment. The legal framework for Somalia’s land tenure system is a mix of secular, sharia, and customary year law. In some parts of Somalia, the registration office has the authority to register ownership of land, land taxation, rehabilitating authorisation documents, building permits and inheritance certificates. However these registrations are not widely practiced, as they are not compulsory.
There are currently no housing laws and regulations in Somalia, however a housing-related law is in the process of being formulated. There are no building standards or township development plans in place to regulate the development of housing. Auspiciously, the restructuring of the various government ministries has availed the opportunity for partnership with organisations like SREA. And, in this specific partnership, they are drawing up a housing legislature, creating building codes and norms, and town plans.

The Somalia Real Estate Association (SREA) was established in 2014, and its objectives are to provide professional assistance to the Somali real estate sector and to assist the government in establishing a proper regulatory framework. The organisation aims to streamline the real estate sector and draw together all those involved in the Somali real estate business, from land owners to developers.

**Opportunities**

The country continues to hone and support the growth of its best performing economic sectors. Including livestock which contributes 40 percent to the country’s GDP, most notably, in 2014 it exported five million livestock to the Gulf of Arabia. The agriculture sector is the country’s major employer; and contributes 65 percent to the national GDP. And, in 2014, the construction and building sector contributed to a third of the Somali GDP and 25 – 30 percent to the labour force. In 2014 alone, exports of goods and services were US$189.00 million, while imports of goods and services were US$3.30 billion and remittances were US$1.133 billion.

There has been notable activity in Somalia, namely the Aden Abdulle International Airport which was recently reopened and has seen 10 – 15 daily flights, and the Albayrak ocean port which has experienced increased volumes of trade in the last six months. Turkish investment in Somalia has now reached over US$110 million, this investment spreads across various sectors such as trade, education, infrastructure development and humanitarian assistance.

The commitment to establish formal finance institutions and to operationalise the Central Bank will assist in creating a favourable investment environment. And, will further assist with the lack of formal credit facilities, and perhaps even the provision of mortgage loans and allow the private sector to add to the housing stock in Somalia. The thriving informal financial sector, as well as the strong presence of microfinance institutions, also creates a unique opportunity to support housing development.

In an effort to attract increased investment to the country, the Federal Government of Somalia has targeted a few strategic areas, including easing flow of imports and exports, creating more financial stability and legitimacy in the country, facilitating the continued flow of remittances, and lastly rebuilding and developing basic infrastructure.

In February 2015, the IMF launched a multi-donor trust fund to improve capacity development. Its main activities include improving macroeconomic institutions, policies, and data systems. Through this programme, the IMF will provide technical assistance and training, to the value of US$9 million over a three year period.

The CBS intends to propose an institutional framework for data compilation, reporting and dissemination to parliament. And, in this regard it is developing statistical collection infrastructure. In an effort to raise revenue, the CSB is implementing measures and improvements in tax and customs administrations, this is expected to yield US$11.7 million, and increase overall tax revenue to US$94.1 million, up from US$82.4 million in 2015.

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Global Cement Report (Date Unknown) Somalia, pp 315.


Overview

South Africa is one of the largest economies in Africa, and at US$312.80 billion in 2015, is classified as a middle-income country. South Africa has well-developed transportation, IT, and services infrastructure, legislation that supports private investment, a world-class financial sector and a well-diversified economy. The Johannesburg Stock Exchange was established during the gold rush in 1887, and with a market capitalisation of US$1 trillion at the end of 2013, is now the 19th largest stock exchange in the world, and the largest in Africa. Historically dominated by mining, the economy is now led by the services sector. Since the 1994 democratic elections, the country has prioritised an extensive social security programme providing social grants and considerable public infrastructure investment. In 2015/16, a total of ZAR130 billion (US$9.1 billion) in social programme providing social grants and considerable public infrastructure investment.

This notwithstanding, South Africa continues to be one of the least equal economies in the world, with a Gini index of 63.4 in 2011 (the latest year with such data). The country suffers from a high unemployment rate, which in the second quarter of 2016 was 26.6 percent (or 36.4 percent including discouraged job seekers) – a deteriorating position on the previous year and the highest recorded since StatsSA began the Labour Force Survey in 2008. This is worse among the youth, where 37.5 percent are unemployed. Between the last quarter of 2015 and the first quarter of 2016, the economy shed 355 000 jobs.

Consumer confidence remained low, deteriorating in 2016, largely due to fears about the economy, depression of the local currency (the rand), rising prices including petrol, political uncertainty, and social unrest. The decline in confidence was most significant among low and middle income households. National politics (with a change in leadership in the Finance Ministry) and municipal elections held the nation’s attention in 2016, with challenges to the ruling party, the African National Congress (ANC), culminating in an eight percent loss of popular support nationwide. Support for the ANC is now the lowest it has been since 1994, and four metro municipalities are now run by other political parties.

The economy contracted by 1.2 percent in the first quarter of 2016. International Monetary Fund (IMF) projected growth at 0.1 percent for 2016, down from its two percent projection for the year, made in 2015. After declining to 5 percent in 2015 on lower oil prices, inflation jumped to 6.5 percent in early 2016. In 2016, the finance, real estate and business services sector was the largest contributor to the country’s GDP at 18 percent. The construction industry (contractors) contributes 3.5 percent to GDP.

On the face of it, South Africa has investor friendly policies and regulations, but conditions have been deteriorating and a credit rating downgrade was only narrowly averted in June 2016. This has brought business confidence to its lowest level in 15 years. In its 2016 Doing Business Report, the World Bank ranked South Africa 73rd overall (down, from 69th in 2015), and fourth in Sub-Saharan Africa, after Mauritius, Rwanda and Botswana. Major declines in its position related to starting a business, dealing with construction permits, and getting credit. South Africa was also ranked first in Sub-Saharan Africa in terms of dealing with construction permits and protecting investors. And yet, business confidence has been declining and fears of a recession are being expressed in the local media.
Access to finance

South Africa has a sophisticated banking system with 36 local institutions: 17 registered banks, three mutual banks, two cooperative banks and 15 local branches of foreign banks. Four banks dominate: Absa Bank, First National Bank, Nedbank and Standard Bank. The capital-adequacy ratio for the banking sector as a whole was 15.2 percent in June 2016, well above the minimum prudential requirement of 10 percent. According to PwC, South Africa remains in the top ten countries globally for the indicator relating to soundness of banks.

Access to financial services has been an explicit area of focus by the government and financial sector, since the 2003 promulgation of the Financial Sector Charter. The FSC is now enshrined in legislation, promoting transformation in the ownership and management of the banking industry as well as increased access to financial services for those previously denied – primarily low-income black South Africans. While the current phase of the FSC does not have explicit housing financing targets, it promotes a broader ‘empowerment financing’ target (housing, SMEs, infrastructure and agriculture) of ZAR48 billion (about US$3.3 billion in 2016). Banks now segment the housing finance market into two parts – the conventional market, and the affordable market (as defined in terms of the FSC).

The 2015 FinScope survey indicates that 77 percent of the South African adult population is banked and 87 percent are financially included, using some financial product or service from the formal sector. Only 3.4 percent of adults rely exclusively on informal mechanisms to manage their money versus six percent in 2014.

South Africa has a highly active consumer credit market with 23.88 million credit active consumers at the end of March 2016. The total outstanding consumer credit book was ZAR1.66 trillion, over half of which (52 percent, or ZAR863.37 billion – US$60.8 billion) was mortgage debt. There were 1.78 million mortgage accounts (a decline of 2.23 percent on the previous year), of which three percent were 90 days or more in arrears. Consumer indebtedness continues to be an issue of concern, with only 47.6 percent of consumers being current on their accounts and 40 percent being more than 90 days in arrears, or with adverse listings, judgements or administration orders against them.

The credit indebtedness challenge is likely to be exacerbated by rising interest rates, which rose to 10.5 percent in March 2016. The key monetary policy interest rate (the repo rate) is currently at seven percent per annum. Typically, borrowers in the affordable market access mortgages at a premium of two percentage points above the conventional market. An analysis of performance indicates that borrowers in the affordable mortgage market have more erratic payment patterns than borrowers in the conventional market, although the analysis shows no difference in the proportion of borrowers who cease making payments entirely. While mortgage loan providers may charge a premium to off-set higher risk and costs associated with more erratic payment patterns in the affordable market, this premium may well exacerbate the problem as it places an additional financial burden on households with the least affordability, and becomes an ‘access tax’ of sorts.

Consulting firm, Eighty20, has noted that the structure of South Africa’s credit market has changed since 2008, however, and this has impacted substantially on access to housing finance. Where mortgages accounted for 47 percent of the value of all loans granted in 2008, by 2012, this had reduced to 24 percent. In 2015, mortgages accounted for 31 percent of all credit granted, followed by secured loans (33 percent). Unsecured loans, credit card facilities, and short term loans have become much more significant, doubling in value from 21 percent in 2008, to 41 percent in 2012. By 2015, this segment comprised 34 percent of the value of all loans granted.

At 30.4 percent, South Africa has the highest mortgage to GDP ratio in Africa. The FSC and South Africa’s income distribution notwithstanding the majority of mortgages are extended to high income earners. Of the 164,431 mortgages granted in 2015, the Banking Association reports that 10,074 were directed at the affordable market of households earning less than ZAR20,000 (about US$121 million), involving 18,476 loans (down from 22,296 loans in 2014), was originated in the entire pension-backed loans market in 2015, versus Banking Association figures of ZAR1.25 million (US$88 million), involving 61,615 pension-backed loans in just the affordable market, in the same year. The discrepancy cannot be resolved. The housing micro loans sector is in part supported with wholesale finance and equity by the National Housing Finance Corporation and the Rural Housing Loan Fund, both state-supported housing financiers. By the end of December 2015, the RHLF had financed a total of 485,827 housing micro loans in rural areas.

In an effort to streamline government’s efforts in housing finance, efforts began in 2015 to consolidate the three state housing financiers, NHFC, RHLF and Nurcha, into a single, consolidated development finance institution. This has had the unintended consequence of stalling activity by those institutions. Still, the long term goal is to create a more efficient housing financing sector that explicitly targets lower income earners and the delivery of low income housing.

Affordability

Housing affordability in South Africa is a critical challenge, bedevilling all housing practitioners in the public and private sectors. The reasons for this are many, among which are low incomes (83.4 percent of households earn less than ZAR20,000 per month and 30 percent of households receive social grants); building costs have been rising faster than inflation; and the government subsidised house has had a distortive impact on the base price of an entry-level house. In 2016, the cheapest, newly built house was estimated at about ZAR15,000 (US$1,056) per month – estimated at about 15 percent of the population.

The situation is not new. In 1994, it was estimated that South Africa had a housing backlog of three million units. To address this and the related housing affordability challenges, the Reconstruction and Development Programme, or RDP subsidy was introduced, entitling all households earning less than ZAR350 (US$24.26) per month (86 percent of the population at the time), and satisfying a range of other criteria, to apply for a fully subsidised house. In terms of the RDP programme, subsidy beneficiaries get freehold title to a 180 – 250m² serviced stand with a 40m² top structure, entirely for free. This is still true today, although eligibility criteria have changed somewhat. The current government position is that applicants must be older than 40 years of age; those younger are expected to meet their housing needs independently or through the Youth Brigade.

This still leaves a “gap” however, of households earning between the ZAR350 upper income threshold for the RDP subsidy, and the ZAR15,000 income requirement for a mortgage for the cheapest newly built house. Using AMPs data,
In 2015, Indluplace Properties became the first residential-focused fund on the JSE’s real estate sector. JSE-listed SA Corporate Real Estate Fund is also planning to separately list its housing interests once its residential portfolio has grown to ZAR3 billion – double its current size.

Pension and provident funds have been targeting investments in the affordable housing space. Old Mutual’s Housing Impact Fund South Africa (HIFSA) will operate to October 2025, and targets affordable housing both for rent and ownership. Global private equity funder, International Housing Solutions (IHS) is currently managing a US$230 million fund which includes an investment from the Eskom Pension and Provident Fund, and an US$80 million participating debt facility provided by the Overseas Private Investment Corporation (OPIC). This fund financed over 28 000 units with a combined total value of more than ZAR8,6 billion (US$605 million). The second fund which expects its final close in January 2017 will have two separate sleeves, one of which will focus explicitly on South Africa. Currently sitting at about US$180 million, the fund includes OPIC participating debt and a US$30 million in ‘green capital’ from the IFC Global Environmental Facility and KfW.

Property markets

South Africa’s residential property market is the largest component of the South African property market, comprising the majority of property assets within the country, and an important component of household wealth. The South African deeds registry counts 6.7 million properties on its registry; worth ZAR8.7 trillion. Of this, about ZAR3.9 trillion is in the residential sector; involving about 5.9 million registered properties. Almost 60 percent of the total formal residential property market is found in the eight metro municipalities.

The majority of the residential property market – 61 percent in 2015 – includes homes valued at less than ZAR300 000 (US$21 126), of which the majority (estimated at about a third of the total residential property market) are estimated to be government sponsored homes.

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Eighty20 calculates that about 40 percent of the population (6.4 million households) fit into this gap. In an effort to address this, the government introduced the Finance Linked Individual Subsidy Programme (FLISP) in 2012 (and in an earlier iteration in 2007). The subsidy offers beneficiaries a once-off capital contribution of between ZAR20 000 and ZAR87 000 (US$1 408 and US$6 126), depending on household income, which is to be tied to a mortgage to purchase a new or existing house. However, for various reasons, this programme has been unsuccessful, with only 6 329 subsidies issued, and is under review.

Increasingly, government is recognising this issue of the ‘gap’ market – especially as it impacts upon key public sector workers. In 2015, this issue was one of the key drivers behind the signing of a Memorandum of Understanding between the Banking Association South Africa and the Department of Human Settlements.

Housing supply

South Africa’s residential construction and rental is a ZAR152 billion (US$10.7 billion) per annum industry. This refers to output/sales which includes intermediate inputs purchased from upstream suppliers. This amounts to two percent of total sales in the economy in 2014. The value added by housing construction and rental activities amounted to in excess of ZAR81 billion (US$5.7 billion) in 2014, which represents 2.4 percent of South Africa’s GVA. Residential house construction and rental sectors sustain employment of 468 000 people annually.

Affordable housing supply in the country is dominated by government-subsidised delivery, and since 1994, an estimated 4.3 million households have benefited from the delivery of 2.8 million government subsidised houses, and about 121 784 social housing units (basic rental housing with shared ablutions), and 35 000 affordable rental units.

In fact, housing delivery has been declining across the board since 2012. According to StatsSA, annual delivery by the private sector has declined dramatically since 2008 when 70 058 units were delivered outside the subsidised housing market. In 2015, only 39 671 units were delivered – a marginal increase on the previous year. Rental housing is increasingly a significant component of new housing delivery, and a new investment target has been the delivery of student accommodation. In 2015, Indluplace Properties became the first residential-focused fund on the JSE’s real estate sector. JSE-listed SA Corporate Real Estate Fund is also planning to separately list its housing interests once its residential portfolio has grown to ZAR3 billion – double its current size.

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Of these, an estimated 1.8 million are formally registered on the Deeds Registry, making government-subsidised housing comprise 30 percent of the total residential property market in South Africa. The Community Survey for 2016 reports that 79 percent of South Africans (13.4 million households) live in a formal dwelling – an increase of 5.7 million households since 2001. However, another 2.19 million households (13 percent of the population) continue to live in informal dwellings. The Department of Human Settlements reports that subsidised delivery hit a low of 94 566 units delivered in 2014/15; this rose to 103 983 subsidised units delivered in 2015/16 – but deeds registry data suggests that only about 21 673 government-subsidised housing units were formally registered in 2014 and 22 863 in 2015. In terms of government’s Medium Term Strategic Framework, the Minister of Human Settlements has promised the delivery of 1.5 million new housing opportunities in the five years to 2019, comprising an estimated 750 000 households in upgraded informal settlements, the delivery of 563 000 subsidised housing units, 70 000
The role of municipalities in stimulating and enabling the development of affordable housing has come into sharp focus in the past year as house price inflation has challenged affordability. A debate regarding a property in the wealthy suburb of Cape Town and its potential for social housing highlighted the significant role that land markets play in the realisation of affordable housing. This is something that municipalities are now beginning to grapple with.

South Africa has a well-established property market and a world-class cadastral system. According to the World Bank’s 2016 Doing Business Report, South Africa is ranked 101st of 189 countries globally, in terms of how easy it is to register property. It takes 23 days to go through the seven procedures required, and costs an estimated 6.4 percent of the property value.

The registration of title deeds remains a serious challenge. Just over half of the three million subsidised properties delivered by the state since 1994 are formally registered in the deeds registry, comprising an estimated 30 percent of the overall property market. The remaining properties have not been registered and do not have title deeds meaning they cannot be used to gear finance or for sale. Attention to this backlog has become a key area of focus for government, and is the mandate of the Estate Agency Affairs Board. In terms of government policy, only those subsidised properties that are registered and older than eight years can be traded. Churn rates in this market segment are therefore low, although they are starting to improve, providing an important source of supply for lower income earners seeking to purchase housing.

Policy and regulation
South Africa has been attentive to the need for a clear policy environment since its release of the Housing White Paper in 1994. This was followed by the Housing Act in 1997, which set out basic roles and relationships of the three spheres of government with respect to housing, and how government would respond to the constitutional obligation on the state to ensure access to adequate housing on a progressive basis. In 2004, Cabinet approved a Comprehensive Plan for the Development of Integrated Sustainable Human Settlements, known as Breaking New Ground (BNG). However, implementation arrangements were never finalised, seriously weakening its impact. BNG was later incorporated into the broader National Development Plan (NDP), the blueprint for the nation’s ambitions to eliminate poverty and reduce inequality by 2030. One of the affordable housing activities recommended by the NDP is to “conduct a comprehensive review of the grant and subsidy regime for housing with a view to ensure diversity in product and finance options that would allow for more household choice and greater spatial mix and flexibility.” The Department of Human Settlements has been working on the development of a new Housing White Paper since early 2015.

Within the current national policy framework, other interventions that enhance access to housing finance and improve housing affordability include the National Housing Finance Corporation (NHFC), the Rural Housing Loan Fund (RHFL), and Nurcha (originally the National Urban Reconstruction and Housing Agency). These three are currently being consolidated into a comprehensive Development Finance Institution, to be known as the South African Housing Development Bank. At this stage, however, the brief of the SAHDB is not clear.

Opportunities
Residential markets in South Africa behave in very different ways, across numerous property market indicators – growth in values and sales prices, transfer rates of new properties and resales, access to mortgage finance, and growth in equity. Comparing and trending indicators, it appears housing markets are operating in two different economies – those below ZAR600 000, largely government facilitated, growing quickly with private investment – and those above ZAR600 000, growing steadily, with ready access to credit, and experiencing an uptick in activity. By understanding more about the strengths and characteristics of these sub-markets, more nuanced and appropriate approaches can be devised to expand housing options more representative of present and future housing needs, thereby enabling property to improve household economic strength and well-being.

Very clear opportunities exist in the below ZAR600 000 market for developers, lenders and investors – the demand is significant and current supply is insufficient. There is a great demand for affordable rental accommodation in centres of economic development for low income earners and students – and some developers have been responding to this.

Still in 2016, the affordable housing market is desperate for innovative solutions which might be found in the resale of government-subsidised housing, the delivery of incremental housing on serviced stands, inner-city rental, or conversion of office blocks to residential accommodation for sale or for rent. While the state housing subsidy creates some market distortion, demand should be responsive to alternative housing and financing approaches. Large and successful non-governmental funders in affordable housing projects have learned that the key to successfully funding affordable housing developments in South Africa is flexibility.

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Overview
The secession of South Sudan from Sudan and a plethora of unresolved post-secession issues continue to weigh heavily on the political and economic prospects of the country. Since 2012, when oil production was shut down due to a disagreement with Sudan, over transit fees, South Sudan has continued to face a host of economic challenges, critical to the social transformation and development of the country. Notably, was a significant drop in GNI of over 20 percent, following Government’s decision to shut down oil production until the issue of transit fees was resolved. The effects of the internal conflict that broke out towards the end of 2013 over political differences within the ruling party – the South People’s Liberation Movement (SPLM) – has, disrupted oil production. The conflict, led to a shutdown of key oil fields in the north of the country, reducing oil output by about a half, from 350,000 barrels a day in 2012, to an average of 160,000 barrels a day in 2015 and 120,000 in 2016.

Towards the end of 2014, the decline in oil production was further compounded by a dramatic drop in global oil prices, from over US$100 per barrel to less than US$20. In addition to the above, South Sudan was exorciated by the 2012 Cooperation Agreement with Sudan, which requires the country to pay US$25 per barrel to Sudan. Fulfilling the terms of the Cooperation Agreement with Sudan, at the present price of oil per barrel (US$20), have resulted in negative revenue for each barrel of oil produced.

GNI has never recovered to the highs of 2011 (SSP 11.6 billion), fluctuating between SSP 7.6 and 7.9 billion in 2013 and 2014, though it sharply declined to SSP 3.9 billion in 2016. GNI per capita correspondingly dropped, from SSP170 in 2011 to SSP14 in 2016. In 2016, therefore, South Sudan was relegated from a low middle income country to one of the poorest in the world. Though there has been substantial support from international partners to continue humanitarian efforts, the support has not been commensurate to the fall in national income, for a number of reasons, including poor governance and corruption within public institutions.

Despite the fall in GNI, government expenditure remained high, particularly on security, to fund the two yearlong conflict that started in 2013. The deficit was funded by borrowing from the Bank of South Sudan as well as accumulating arrears. Government’s debt by the end of June 2016, stood at SSP 12.3 billion, up from SSP 7.4 billion, by June 2015, of which two thirds was owed to the Bank of South Sudan. The gross government debt has increased from zero in 2011, to 4.5 percent of GDP in 2012, 10.23 percent of GDP in 2015. The deficit in 2016/17 could reach US$1.1 billion or 25 percent of GDP, which, if again financed through borrowing from the Bank of South Sudan or accumulation of arrears, would continue to fuel inflation and put further downward pressure on the exchange rate.

In the last three years, as the supply of US Dollars decreased, due to a fall in global oil prices, the supply of South Sudanese Pounds increased, because the government directed the Central Bank to print and lend it more South Sudanese Pounds (SSP). This put substantial pressure on the official (fixed) exchange rate, which, if again financed through borrowing from the Bank of South Sudan, or accumulation of arrears, would continue to fuel inflation and put further downward pressure on the exchange rate.
of SSP 2.96/US$, since the Bank of South Sudan was unable to supply adequate foreign currency at the official rate leading to the emergence of a large parallel currency market.

The fixed exchange rate regime severely narrowed South Sudan’s monetary policy options, and the gap between the official and parallel rates widened as the Bank of South Sudan printed more SSP to finance the on-going budget deficit. By June 2015, the exchange rate on the parallel market was close to SSP 20 per US Dollar, up from SSP 4.69 in 201446.

The deficit financing strategy (of the Bank of South Sudan) also put pressure on domestic prices. Inflation, which was recorded at 295 percent in May 2016, up from 163 percent in January 2016, was by far the highest in the history of South Sudan, and currently among the highest in the world4. Inflation was driven by (i) government deficit financing, (ii) foreign exchange shortages, and (iii) price developments in major import markets, especially the food prices in Uganda. The economic growth outlook is still uncertain, and largely dependent on continued implementation of the peace agreement47 signed in August 2015. GDP is forecast to grow at a rate of 8.8 percent in 2017, following a contraction of -5.3 percent in 2016, because of the impact of the conflict on the economy, and the falling international oil price48. For the past two years, the fragility of the economy, and the seemingly unending conflict, have had an adverse effect on investors’ confidence, as evidenced by the stagnation, and in some cases, failure to start off housing projects, inaugurated by foreign investors, in 2013. The continued lack of interest to invest in a housing finance bank by foreign banks, further illustrates the low investor confidence in the economy. Access to conventional capital continues to be a major challenge for foreign investors, due to the scarcity of foreign exchange, and the relatively underdeveloped financial sector.

Access to finance

The commercial banking industry accounts for the largest share of the financial sector. In the last five years, the industry has undergone both qualitative and quantitative growth and transformation, increasing from eight commercial banks in 2012 to 27 in 2016. The number of households with a bank account has increased from 100,000 (less than one percent of the population) to about 300,000 (close to three percent of the population). In the same period, deposits grew from SSP 2.5 billion to SSP 10 billion.

The financial sector is however still shallow and unsophisticated. The capital markets are non-existent, and a pipeline dream. There are ten insurance companies, with combined premiums of between US$0.5 and one million, whose long-term horizons, are yet to be tapped, as a source of long-term financing for housing development and the growth of the mortgage industry.

The microfinance sector is young, underdeveloped, and non-regulated, though monitored by the South Sudan Microfinance Development Facility, a joint initiative of the government, the Bank of South Sudan and the Multi-donor Trust Fund. The sector faces huge challenges, including poor human resources, low levels of client awareness, financial literacy and business skills, and unpredictable taxes, all of which, collectively drive up the cost of doing business for MFIs49.

Provision of credit is primarily the main service offered by MFIs since they are not legally permitted to take deposits. The main credit products include: Group Loans, Individual Loans, and SME Loans. Salary loans are also offered, though, in the past two years, they have scaled back, because of the negative impact of the recent war on the timely payment of government salaries, and in turn, the repayment of the loans. This is a major issue for MFIs since the government is the main employer in South Sudan.

Commercial bank lending still lacks dynamism and innovation. Over 90 percent of the loans are short-term (less than a year; at interest rates of between eight and 10 percent). Medium term loans of one to five years; at interest rates of between 13 and 17 percent, constitute about four percent of the loans. Loans of over five years constitute the balance (one percent), and they are offered at interest rates of between 12 and 17 percent. For the last three years, the government has failed to operationalise plans to establish a Housing Finance Bank to help with the availability of longer-term loans (five to 15 years).

The main sectors extended commercial loans are (i) domestic trade, (ii) households, (iii) building and construction and (iv) real estate. Loans to all sectors grew by more than 100 percent between 2013 and 2014, though in 2015, the growth retracted. Loans for domestic trade grew from SSP 887 million in 2013, to SSP 2.5 billion in 2014. In 2015, growth was retarded, to SSP 2.42 billion. Loans to the building and construction sector grew from SSP 324 million in 2013, to SSP 1.1 billion in 2014. In 2015, growth was retarded to SSP 944 million. Loans to the household sector grew from SSP 402 million in 2013 to SSP one billion in 2014. In 2015, growth retarded to SSP 873 million. Loans to the real estate sector grew from SSP 252 million in 2013, to SSP 1.1 billion in 2014 and SSP 1.7 billion in 2015.

The average loan size is estimated at about US$27,000. A high down payment of between 30 and 60 percent is required to reduce credit risk. The number of mortgages is estimated at about 1,000.

During the last three years (2013 to 2015), commercial banks have shown a higher preference for government securities, than lending to the private sector. A 15-month oil production shutdown between January 2012 and April 2013 and the civil conflict that erupted in December 2013 (for two years) reduced fiscal revenues and depleted previously accumulated foreign exchange reserves, forcing the Government to control spending and incur domestic debt, by selling short-term securities50. Commercial banks’ portfolio in government securities increased from SSP 1.1 billion in 2013, to SSP 1.4 billion in 2015.

Investing in government securities is less risky than lending to the private sector, particularly in view of lack of collateral acceptable to banks and the insecurity in the country. Land titles are not readily available and property rights51 not established. Banks are reluctant to lend against leased land because if the land is leased to an investor; there is no clarity about asset ownership and assets cannot be seized for foreclosure because the land owner (who is not typically the borrower) is the ultimate owner of the asset. This stifles economic activity and banking intermediation, as entrepreneurs and businesses have to either postpone capital purchases or finance them slowly out of their own savings.

In January 2015, the Bank of South Sudan and the World Bank launched the Credit Reference Bureau (CRB), after three years of piloting. The CRB will contribute to the development of credit risk management procedures within banks and financial institutions, hence, supporting lending activity, increasing availability of financial products such as credit cards and debit cards, while at the same time, ensuring availability of a secure, reliable and efficient service to lenders.

Affordability

During the past year (June 2015 to June 2016), the fragility of the South Sudanese economy and the volatility of key macro-economic indicators, have severely constrained the levels of affordability among middle and lower-middle income earning households.

Household welfare, measured by the percentage change in the Consumer Price Index (CPI), shows that the cost of living in South Sudan is significantly higher than before. The South Sudan annual CPI increased by 295 percent from May 2015 to May 2016. The high CPI was attributed to an increase in prices for (i) food and non-alcoholic beverages (273.7 percent increase between May 2015 and May 2016), (ii) furnishing, household equipment and routine household maintenance, (251 percent increase in the same period), and (ii) housing, water, electricity and gas, (202 percent increase).

In January 2016, the Government announced a pay raise for senior and junior public servants, to enable them to meet the high cost of living, caused by the devaluation of local currency and inflation. The pay rise was timely; however, it should have been effected a year earlier, when a double digit rise in inflation had become painful burden for households that had not seen any nominal increase in their incomes over the past years.

Senior public employees got a five percent pay rise, while junior employees’ salaries tripled. In the teaching sector, for example, senior teachers (from Grade one to eight) got a pay rise of five percent. Junior teachers (Grades ten to 17) got a 300 percent pay rise. A Grade 12 primary school teacher, for example, who was
SOUTH SUDAN

Annual household income US$

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Rural</th>
<th>Urban</th>
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<tbody>
<tr>
<td>&gt; $40,001</td>
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<tr>
<td>$23,001 – $40,000</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>$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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<td></td>
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<tr>
<td>$801 – $1,600</td>
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<td></td>
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<tr>
<td>&lt;$800</td>
<td></td>
<td></td>
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</tbody>
</table>

No. of households (thousands)

- Average income needed for the cheapest newly built house by a formal developer, 2016
- Average annual urban household income, 2015 (in constant 2005 US$)

The significant change in CPI and the depreciation of the South Sudanese Pound against the US Dollar raised the cost of imported cement from SSP65 (for 50kg bag) in 2014 to SSP200 (US$29) in 2015, to SSP330 (US$50) in 2016. The cheapest house on the market is now estimated at US$15,000, compared to US$3,500, two years ago. This house, however, cannot be afforded by the highest earning civil servant (SSP15,000). Instead, they could afford to buy a house of US$6,300. And yet, three years ago (2012), the highest ranking civil servant could comfortably afford a house of about US$150,000. This discrepancy is a result of the depreciation of the South Sudanese Pound against the US Dollar, which has devalued the salaries of high income earning civil servants to a level so low that they cannot afford the cheapest house on the market.

Housing supply

In the last four years, several investors have expressed interest in developing South Sudan’s housing industry. To date, however, there are very few medium and/or large scale housing development projects that have been completed, in any of the ten states of the country. Notable examples of developers, whose projects have stalled, because of the insecurity in the country and generally less favourable investment climate, include: (i) Abu Malek; (ii) Rock City Development Project; (iii) Buluk Premier Housing Project; and (iv) the housing project between Kenya Commercial Bank and the Government of South Sudan.

The majority of housing in the country is provided by individuals depending on their ability to afford constructing a house. Although statistics from the latest National Household Survey (2010) indicated that 90 percent of houses are made from mud or sticks (known as Tukul/Gottya), five percent are made from straw mats, three percent from wood and only about two percent of houses are made of brick or concrete; a tour of Juba City shows otherwise. In Juba City, it is plausible to argue that about 40 percent of households in Tukul/Gottya have upgraded their houses, with brick or concrete, and roofed them with iron sheets. A 2014 Rapid Shelter Sector Assessment conducted by REACH12, on behalf of the United Nations, to establish the places of origin, and type of housing, among others, of internally displaced people (IDPs), before the conflict broke out, established that 31.4 percent of the IDPs were living in an iron sheet roofed house, 13.8 percent were living in a concrete house, while 13.3 percent were living in a Tukul/Gottya.

These findings suggest a gradual shift towards decent, sustainable, healthy and liveable human settlements.

Available statistics (2010) from the National Bureau of Statistics show that the vast majority of the population (93.3 percent) live in houses they own, 27.7 percent in rented houses, 0.6 percent in houses provided as part of work and 3.4 percent in houses provided free of charge, by the Government. 31 percent of the population live in houses with only one room, 64 percent live in houses with two to four rooms, and five percent of the population live in houses with five to nine rooms. Only 12 percent of South Sudanese population live in serviced housing.

The Government, through the Ministry of Lands, Housing and Physical Planning, is mandated to provide for all, affordable shelter in urban areas and facilitate slum improvement and upgrading. However, for the past three years, the Government’s annual budgets have underfunded development projects. In 2015/16, the annual budget for the Directorate of Housing Policy and Schemes was SSP26.9 million, and was earmarked for: (i) paying wages and salaries; (ii) construction of 30,000 housing units for senior civil servants; (iii) training sustainable cities; (iv) training on new technologies of waste management and (v) research on housing – local building materials. Of this budget, only SSP0.3 million was realised, and it was all used to pay wages and salaries.

Property markets

The residential property markets, which constitute about 15 percent of the property markets, are still under-developed and unsophisticated and hard to estimate, both in qualitative and quantitative terms. Nonetheless, there has been gradual development of decent, sustainable, healthy and liveable human settlements, to tap into the readily available rental market (foreigners/expatriates and high income earning civil servants). In the last two years, the number of rental apartments (one bedroom units of 80m², built with concrete bricks and roofed with iron sheets) in Juba, has increased by about 50 percent. These apartments are constructed by small firms, 90 percent of which are owned and funded by high ranking government officials/politicians, using fraudulent sources of income. In practice, these firms lease land from households living in Tukul/Gottyas, and redevelop it, with semi-detached one-bedroom rental units. The redevelopments are however not cognisant of the preferences of clients, but rather, the urgent need to tap into the huge rental market.

Prior to the civil war (end of 2015) a one-bedroom apartment was rented out at between US$1,500 and US$2,000. However, during the war, several expatriates left the country, consequently scaling down demand. Today, a one-bedroom apartment is rented from US$1,200 to US$1,500. The rental price for one bedroom apartments has stayed constant for the past two years, because of the continued low demand from expatriates, several of whom continue to leave the country, because of the unstable political environment.
Policy and regulation

In the past one year, there has been no new developments in the policy and regulatory environment governing South Sudan’s housing finance sector. Efforts to end the protracted conflict, have for two past consecutive years, forced the government to prioritise military spending, stifling resources to ministries, departments and agencies whose mandate is relevant to the development of the housing industry and housing finance sector. The country has several policies, strategies and regulatory frameworks14 that espouse practical and feasible measures on how to adequately and sustainably develop the housing industry and housing finance sector.

However, because of resource limitations, adequate implementation of policies, strategies and enforcement of regulatory frameworks, has proved problematic. Budgetary allocations to implement them have also been inadequate. Only 30 percent of the budget is allocated towards implementation of development programs, like the ones of the Ministry of Housing and Physical Planning. However, often, the allocations are not realised (budget shortfall).

The technical capacity of the Ministry of Lands, Housing and Physical Planning, and other Government Agencies, to implement their policies and strategies is still inadequate. Several of the policies and strategies are prepared with support from donors (technical assistance, through hiring of consultants), however, it has often been alleged that, technical assistance has not been an efficient way transferring of knowledge to locals. Also, an inherent weakness within the Ministry of Lands, Housing and Physical Planning is to employ locals who are not capable enough (education), to implement the policies and strategies.

Opportunities

South Sudan offers several opportunities for all housing sector players, however, this will hinge on stability of the political economy. There is a need to institute long-term finance schemes within the banking system if the lending culture of banks is to appreciate. Clearly, the housing sector offers substantial opportunities, if affordability constraints are understood.

Given the affordability constraints, opportunities to grow the housing microfinance market are also suggested. There is a need to facilitate and support the establishment of housing co-operatives in which individuals would obtain houses under conditions that suit their incomes. The insurance, capital markets and social security sectors have not been tapped into. These sectors are key in the provision of long-term funds to the mortgage industry.

Other opportunities include domestic manufacturing and supply of building materials (cement, iron, wood) and building urban sanitation services (solid and liquid waste management and sewer network system).

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1. GNI reduced from SSP 11.6 billion in 2011 to 6.5 billion in 2012.
2. President Salva Kiir accused his Deputy Riek Machar of plotting to overthrow him.
4. IMF; South Sudan (2016): Article IV Consultation – Staff Report; Staff Statement and Press Release.
6. In April 2016, the peace agreement achieved one of its key milestones, when the Transitional Government of National Unity (TGoNU) was formed.
9. Staff Report; Staff Statement and Press Release.
Overview

The Republic of the Sudan, comprised of 18 states, located in north-east Africa, is bordered by seven countries. Its geography is dominated by the Nile and its tributaries. It has a total area of 1,861,484 km² and a population of 36,108,853. The urban population is estimated at 33.8% of the total population and the capital of Khartoum has a population of 5.129 million (2015). 46.5% (2009) of the population live below the poverty line. The GINI index of Sudan is 35.3 (2009) with a global rank of 105. Ongoing conflicts, lack of basic infrastructure in large areas, and reliance by much of the population on subsistence agriculture keep close to half of the population at or below the poverty line.

Sudan gained independence from British/Egyptian Condominium Rule in 1956. An Islamist military regime has ruled since 1989. Sudan has been, during most of the 20th century, embroiled in civil wars and continues to suffer from protracted social and armed conflicts in Southern Kordofan, Darfur, and the Blue Nile states. Sudan is also subject to comprehensive US sanctions. In 2011, the country lost three-quarters of its oil production due to the secession of South Sudan and therefore faces serious economic challenges. The oil sector had driven much of Sudan’s GDP growth since 1999 with a GDP per capita of US$4,300. The GDP growth rate is estimated at 3.5% with an industrial production growth rate of 2.7%. Government revenue is US$6.518 billion and expenditure US$9.754 billion with a public expenditure budget of exports at US$4,392 billion and imports at US$8,287 billion. Government reserves are a gross national saving of 9.5% of GDP with a budget surplus of -3.8% of GDP and a fiscal deficit at zero percent of the GDP and public debt of 72.1% of GDP and an account balance of -US$6,457 billion (all at 2015 estimates).

The country is attempting to develop non-oil sources of revenues, such as gold mining, while carrying out an austerity program to reduce expenditures. As the world’s largest exporter of gum Arabic, Sudan produces 75 – 80% of the world’s total output. Agriculture continues to employ 80% of the workforce. The country has many mineral resources and an abundance of agricultural land but is also subjected to many environmental challenges and periodic persistent droughts.

Sudan introduced a new currency, SDG, still called the Sudanese pound, following South Sudan’s secession, but the value of the currency has fallen since its introduction. Khartoum formally devalued the currency in June 2012, when it passed austerity measures that included gradually repealing fuel subsidies. Sudan also faces high inflation, which reached 47% in November 2012 but subsided to just under 18% in 2015.

The building and construction sector make up 3.4% of the GDP. The services sector growth rate decreased from 3.4% in 2012 to 2.1% in 2013. This was due to the decrease in the growth rate of its subsectors including building and construction from 5.8% in 2012 to 2% in 2013. Inflation is estimated at 16.9% (2015) with the housing inflation rate being 19.5%. Consumer price indices put housing at a 14.2% spending weight compared to 8.3% for transport (2013). Northern Kordofan state recorded the highest average inflation rate of 48.8%, while Northen state registered the lowest rate of 25.3% in 2013.

KEY FIGURES

<table>
<thead>
<tr>
<th>Main Urban Centres</th>
<th>Khartoum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange Rate: 1 US**</td>
<td>6.39 Sudanese Pound (SDG)</td>
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<tr>
<td>Inflation 2014</td>
<td>36.9</td>
</tr>
<tr>
<td>Population**</td>
<td>40,235,000</td>
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<tr>
<td>Urban population (% of total)**</td>
<td>80%</td>
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<tr>
<td>GDP per capita (current US$)**</td>
<td>2,019</td>
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<tr>
<td>GDP (Current US$)**</td>
<td>84,086,770,983</td>
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<tr>
<td>Gini coefficient, Atlas method (current US$)</td>
<td>1,840</td>
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<tr>
<td>Population below national poverty line</td>
<td>46.5%</td>
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<tr>
<td>Unemployment rate (%)</td>
<td>14.8</td>
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<tr>
<td>HDI (Global Ranking)**</td>
<td>167</td>
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<tr>
<td>Lending Interest Rate**</td>
<td>---</td>
</tr>
<tr>
<td>Mortgage Interest Rate (%)</td>
<td>12%</td>
</tr>
<tr>
<td>Down Payment (%)</td>
<td>50%</td>
</tr>
<tr>
<td>Credit % of GDP**</td>
<td>8.25</td>
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<tr>
<td>Average Mortgages % of GDP**</td>
<td>---</td>
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<tr>
<td>Estimated number of mortgages</td>
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<tr>
<td>Average loan size in US$ (mortgage)</td>
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<tr>
<td>Average loan size in US$ (non-mortgage/micro lending)</td>
<td>14.4</td>
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<tr>
<td>Gross Rental Yield City Centre**</td>
<td>18.61</td>
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<tr>
<td>Gross Rental Yield Outside City Centre**</td>
<td>6.33</td>
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<tr>
<td>Construction as a % of GDP</td>
<td>3.4%</td>
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<td>Is there a deeds registry?</td>
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<tr>
<td>Outstanding home loan (% age 15+)##</td>
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<tr>
<td>Number of procedures to register property</td>
<td>6</td>
</tr>
<tr>
<td>Time (days) to register property</td>
<td>9</td>
</tr>
<tr>
<td>Cost (% of property value) to register property</td>
<td>2.60</td>
</tr>
</tbody>
</table>

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* Complied from The Currency Converter/CAHF survey data
^ World Bank’s World Development Indicators (2015)
° African Economic Outlook
World Bank FiscAlNet: an online poverty analysis tool, various years
** The World Bank’s PovCalNet
*** UNDP’s International Human Development Indicators (2014)
## Hofinet / World Bank
# Global Financial Inclusion Database (FINDEX)
\ CAHF Annual Survey Data (August 2016)
/ Tag Elsir Mekki, 2016
* pinnacle.com The Currency Converter/CAHF survey data
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<tr>
<td>Population growth rate (annual %)^</td>
<td>3.44</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Outside of City Centre**</td>
<td>5.32</td>
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<tr>
<td>Is the building and construction sector a % of GDP</td>
<td>3.4%</td>
<td></td>
<td></td>
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<tr>
<td>Ease of doing business rank</td>
<td>159</td>
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<td>Number of procedures to register property</td>
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Africa Housing Finance Yearbook 2016
Access to finance

The Sudan ranks at number 167 in terms of the ease of “getting credit”. It is estimated that “…agriculture activity contributed 19.9% of the total flow of banks finance during the year 2013; so the flow of banks finance extended to agricultural activity increased from SDG2 873 million (US$460 million) in 2012 to SDG6 721 million (US$1 075 million) in 2013, by 133.9%; the industrial sector contributed 16.2%, also the local trade sector contributed 12.9%; the transport and storage sector contributed 10.2%, construction sector contributed 9%; while the other sectors contributed 18.1% of total flow of finance during 2013”.

The performance of the banking system, that is the Central Bank of Sudan (CBSO), other operating banks as well as non-bank financial institutions can be assessed by consulting the CBSO balance sheet and the performance of ancillary companies and units which assist the CBSO in implementing its different policies and programs, which include the performance of Microfinance Unit, Credit and Information Scoring Agency (CIASA), and Electronic Banking Services company (EBS).

According to the CBSO policy bank policies aim at attracting more national savings to provide the financial resources required for fueling economic activities. Thus the CBSO aims to remove restrictions on opening new bank branches and towards simplifying the procedures for opening current, saving and investment accounts. The report also outlines the intention to open CBSO branches in all states and expand its e-banking services. The adoption of these policies led to the significant increase in bank deposits (from SDG39.9 million or US$6.4 million in 2011 to SDG44.5 million or US$7.1 million in 2013), an increase in ATM’s (from 865 machines in 2012 to 903 in 2013), meaning an increase in ATM cards by 224.7%. There was also an increase in bank branches from 629 in 2012 to 652 in 2013 at a rate of 3.7%7. According to the IMF, 2016 there are two non-governmental specialised banks, 29 operating banks including one government owned commercial bank, two government owned specialised banks, 23 private commercial banks, one investment bank, and two branches of foreign banks8.

The total assets of the banks doing business in the Sudan rose from SDG67.0 billion (US$10.7 billion) in 2012 to SDG77.5 billion (US$12.4 billion) in 2013 at a rate of 15.6%, of which the total outstanding balance of finance granted by banks increased from SDG30.5 billion (US$4.9 billion) to SDG37.6 billion (US$5.6 billion) at the rate of 23.4%. The outstanding balance of finance extended to the private sector increased from SDG28.0 billion (US$4.5 billion) to SDG34.4 billion (US$5.5 billion) at the rate of 22.7% indicating that the financial safety pertaining to banks improved during 2013; the capital adequacy ratio increased from 12% to 16.6%, while the bad/doubtful debt ratio decreased from 11.9% to 8.4%. There was an increase in credit to the private sector from SDG28 036 million (US$4.5 billion) in 2012 to SDG34 409 (US$5.5 billion) in 2013 with a rate of 22.7%, where the agriculture, industry, real estate and construction sectors acquired the largest share of total bank finance. The number of companies operating in the field of insurance and reinsurance in 2013 were 15, remaining the same as in 2012, of which 14 are insurance companies and one reinsurance company. The insurance companies conduct business in the fields of real estate and other areas. Regarding microfinance, the CBSO report indicates that outstanding microfinance increased from SDG2 000 million (US$320 million) in 2012 to SDG2 400 million (US$384 million) in 2013 at a rate of 20% and the total microfinance operations executed by the CBSO Microfinance Unit – including the partially and entirely liquidated transactions – amounted to SDG385 million (US$62.2 million) by the end of 2013. The percentage of the actual performance reached 5% of total banking finance in 2013 compared to 4.9% in 2012.

However, microloans are temporarily suspended because of a declaration dated 2014 – the notice prohibits all banks and financial agencies from providing funding for various activities, including land and real estate development but excluding funding to social housing and economic housing (al iskan al shabi and al iskan al istisna) based on the parameters defined by the National Fund for Housing (al sandooq al gomi li iskan)9.

There is a system of granting ownership of residential units based on a “mortgage pledge” where the money is lent with the property as security for the loan. The number of years for repayment depends on the individual regulations of the bank in question. The mortgage interest rate varies from 0 – 12% per year. Down payments vary from 0 – 50% of the price of the residential unit. The loan is granted on condition that the repayments do not exceed 33% of the income of the applicant. There are other government and private agencies that provide housing support – such as the Investment for Social Grants Agency (al jihaaz al istismari lil damaan al itma) – these have their own unique repayment process, repayment period and guarantees as security for the loans. However, the property will still remain in the ownership of the agency providing the loan until the repayment is completed10.

Affordability

The number of years needed to raise the capital funds to build a house are shown to range from 20 – 83 years based on the type of house being considered and assuming that an individual saves 25% of their income11. A 4-storey apartment building on a 300 sqm plot may cost (according to 2010’s prices) as much as four detached houses, each on a 300 sqm plot (total land area of 1 200 m²).

In a housing survey on incremental housing, it was found that 78% used their own funds to expand while 17% rented out their units.

The cost of a square meter varies from SDG3 500 – 4 500 (US$560 – US$1 115) for a reinforced concrete structure and SDG2 500 – 2 750 (US$400 – US$440) for load-bearing structures. A bag of cement (50kg) costs SDG1 400 (US$27.5) per cubic meter; the cost of sand is SDG1.40 (US$2.24) per cubic meter. Khartoum is seeing exorbitant real estate prices (urban land reaching levels of US$1 300/m² (author estimates).

Housing supply

Only 31 1 000 serviced plots had been distributed between the period 1956 and 2007 despite the fact that this is considered a major housing program in the Sudan. Only 43% of those plots had been developed. Core-house units are built through various government programmes but it is also evident that this incremental option does not address the high demand for housing. Informality was estimated at 60% in 199012. The National Housing Fund (a government agency) delivers social housing (sakn shabi) and economic housing (sakn gisido). Both products target low-income groups and are low density located on the periphery of Khartoum. The National Housing Fund has the following track record:

- 70 603 families have been housed in social and economic housing; economic housing is a total of 30% of all Social Housing delivered.

The Fund also supports housing for those employed by the Khartoum Local Government and those employed under the auspices of the Trade Unions (sakn fowx) in the Region (wilaya). 50% of apartments (2 – 3 rooms + 2 bathrooms + kitchen + hall +living room (saloon) = 120 sqm) are retained for this category of applicants. The buildings are 3 stories high; reinforced concrete structures, with three layout options, and currently number 1216 units. No information is provided on the luxury housing category. The website does list difficulty in recovery of rental costs of investment housing which implies that the financial model depends on support from the rentals recovered through this category13.

Property market

Housing in the Sudan is dominated by various types of site and service projects, which have resulted in the private sector taking over the market, and various forms of core and incremental housing – much of which is privately developed14. Experimentation with hire/purchase options through a revolving fund; serviced plots; employer-supported housing and core unit sales, are in reality not even beginning to address the demand in terms of numbers15. It is also important to note that while ownership remains an important component of the housing market, not everyone can afford to own. Many people living and working in Khartoum consider their rural contexts as their real, permanent address and their presence in the city is perceived as being temporary.

There are two processes for land registration, one for land that is purchased from the Ministry of Planning and another set of procedures for land not purchased.
from the Ministry. The process for the latter depends on the type of ownership of the land. Generally, non-registered land is in one of these two categories: Pre-1970 land is freehold; after 1970 is leasehold and the Planning Ministry determines duration and type of lease. Registering property in the Sudan has a total of six procedures and takes up to nine days at a cost of 2.6% of the land value.

There is no national unified system for real estate registrations. The provinces have the records at their own branches. This information is not publicly available.

**Policy and regulations**

The history of government housing programmes can be summarised into four national strategies over the years, namely: First, Second, Third and Fourth Housing Strategies. These strategies are aligned to government development and financial programmes during the same periods.

Government housing and social housing funding was stopped completely in the 80s. To address this issue and the declining economy, the government decided to make use of its extensive land resources in “site and service” schemes and self-build projects. This became known as the Third Housing Strategy.

The predominance of “site and service” as a government delivery model had serious negative repercussions on Khartoum State including sprawl and low density, expense of infrastructure, ruralisation of the peripheries, increased land values, increased demand and lack of products and increased city management costs. This led to the termination of the third housing strategy in 2005 and the launch of the Fourth Housing Strategy in 2007 – underpinned by the Khartoum Structure Plan (2007 – 2027).

The National Fund for Housing was launched in 2001 aiming to provide housing for low-income groups, but also extending to all categories of housing and income groups in a more holistic approach towards the whole housing market. The programme is under the auspices of The Khartoum Local Government and implements the programmes of the Ministry of Planning and Development. The Fund implements projects to certain specifications and hands over ownership in good locations, easy procedures, accessible to anyone with any income level. The minimum specifications are as follows – with variations in building materials and methods:

- room + kitchen + traditional toilet + boundary wall,
- 2 rooms + kitchen + toilet + boundary wall.

Recommended plot sizes and densities for the Khartoum Metropolitan Region in the Doxiadis plan 1960 – 1990 were as follows:

- 500m² in 1st class areas with a net population density target of 80 persons/hectare,
- 400m² in 2nd class zones with a net population density of 95 persons/hectare,
- 200m² in 3rd class areas with a net population density of 190 persons/hectare.

**Opportunities**

During the 80s the government would have spent 415 Pounds for a “site and service” plot as compared to 6 400 Pounds for a house; “sites and service” provided 15 times more the products. This perpetuated the sprawl evident today. Socio-political dynamics created by this situation could be considered as an opportunity. Peripheral areas show that different groups of people, coming from different parts of the country build differently – demonstrating a wealth of local
experience and heritage that needs to be considered in future housing plans. The terms first, second, third and fourth class housing is still being used by professionals and laypeople alike indicates an approach that exacerbates the problems of housing quality and access.

Well-located rental housing could be considered for a range of densities, configurations and affordability levels. The combination of housing and job opportunities and the establishment of social housing institutions could address capacity issues at implementation level. Instead of failed attempts to fulfill demand quotas, government role could rather be re-directed towards building institutions capable of implementing projects, at scale, towards achieving larger strategic city plans.

Sources and Websites


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Overview
The Kingdom of Swaziland is a landlocked country in Southern Africa and has a population of 1.3 million inhabitants with a gross domestic product (GDP) per capita of about US$3,000. An estimated 63% of the population lives below the poverty line, and about 29% lives below the extreme poverty line. Inequality is very high with a Gini coefficient of 49.5.

According to the World Bank 2015 report, Swaziland’s economic growth has slowed since 2013, and is projected at 1.3% in 2016 from 1.7% in 2015. The downward trend is due to continued drought and a difficult external environment, especially from South Africa, leading to a sharp decrease in South African Customs Union (SACU) revenues. Accordingly, such decrease in revenue, combined with increased public spending, is generating higher fiscal deficits and a growing public debt. Under the current policy stance, the public debt to GDP ratio could increase from 17.4% in 2015 to 24% in 2018 increasing risks of fiscal unsustainability. Economic growth will also be negatively affected mainly by the significant fall in SACU revenues in the short-to-medium term, which is expected to affect government sector-reliant projects. With government being the main driver of the economy’s aggregate demand and a major player in some sectors such as construction, any shocks in revenue would have a negative impact on growth prospects.

Access to finance
Swaziland’s banking sector is comprised of three private commercial banks, all of which are subsidiaries of large South African banks and one state-owned development bank. The South African subsidiary banks control approximately 86% of the market. Together with Fincorp, a development finance corporation and the largest consumer lender in Swaziland, the banks have 44 branches, 204 ATMs and approximately 1,313 POS terminals.

All the banks remain compliant to set prudential and regulatory requirements in terms of capital adequacy, liquidity and reserve ratios. Despite the slow growth in the Swaziland economy, the banking sector has continued to grow and remained profitable over the last year. Total assets for the banking sector were valued at E15.4 billion (US$1 billion) as at 31 December 2015 compared to E13.4 billion ($865.6 million) in December 2014, which is an increase of 14.3%. This growth was fuelled by positive growth in customer deposits which translated to growth in loans and advances. During the same period, it is noted that the quality of assets in loans and advances improved as non-performing loans ratio slightly deteriorated from 6.6% to 6.8%.

The downward trend in SACU revenues, along with continued drought and a difficult external environment, has led to a reduction in the government’s revenue collection, which in turn has affected budgetary expenditure. With government being the main driver of the economy’s aggregate demand and a major player in some sectors such as construction, any shocks in revenue would have a negative impact on growth prospects.

### Key Figures

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<th>Indicator</th>
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<th>2016</th>
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<td>Unemployment rate (%)</td>
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<td>Gini co-efficient (year of survey)</td>
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<td>HDI (Global Ranking)</td>
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<td>Price To Rent Ratio City Centre</td>
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Swaziland's economic growth has slowed since 2013, and is projected at 1.3% in 2016 from 1.7% in 2015. The downward trend is due to continued drought and a difficult external environment, especially from South Africa, leading to a sharp decrease in South African Customs Union (SACU) revenues. Accordingly, such decrease in revenue, combined with increased public spending, is generating higher fiscal deficits and a growing public debt. Under the current policy stance, the public debt to GDP ratio could increase from 17.4% in 2015 to 24% in 2018 increasing risks of fiscal unsustainability. Economic growth will also be negatively affected mainly by the significant fall in SACU revenues in the short-to-medium term, which is expected to affect government sector-reliant projects. With government being the main driver of the economy’s aggregate demand and a major player in some sectors such as construction, any shocks in revenue would have a negative impact on growth prospects.
greater usage of formal savings in banks/savings and credit cooperatives (SACCOs) and formal remittances. These inclusion numbers rank Swaziland near the upper third of countries in Africa in terms of financial inclusion for those countries that have undergone a demand-side survey of financial services.

Rural residents are twice as likely to be financially excluded (32%) as urban residents (16%). This may be more of a function of lower incomes of rural residents as opposed to physical barriers which only 3% of persons cite as their reason for being unbanked. Despite broad socio-economic challenges the financial sector in Swaziland has been profitable, well capitalised and stable in recent years.

The primary provider of mortgages in Swaziland is the Swaziland Building Society (SBS), with the four big banks providing the balance. The SBS, established in 1962, is a viable, self-financing development and housing finance institution, and the major provider of long-term mortgage lending.

It provides loans mainly for buying vacant land and housing construction but also for residential and commercial mortgages, and has E1.8 billion (US$116.3 million) in assets. Through a pioneering project, it also lends to residents of informal settlements by working with savings groups. The scheme involves providing loans to buy small plots and for house improvements.

Swazi Bank provides normal commercial banking services with a particular focus on business and development finance. It has been the most pro-active of the banks in serving lower income households. The bank has historically obtained interest-free deposits from the government however; this has since stopped in light of the poor fiscus. The government continues to channel, among others, its mortgage programme for public servants. As of 31 December 2015, urban public servants could borrow up to E400 000, (US$25 856) while rural public servants can borrow up to E200 000 (US$12 920). A variety of other mortgage products are also available. Swazi Bank offers a rural housing loan, mortgaged either by a freehold property, or secured with the borrower’s pension withdrawal benefits. Commercial banks provide a few mortgages for the upper and middle income settlements of the market. The Swaziland Building Society like Swazi Bank also participates in the Swaziland Government Civil Servants Housing Scheme under the same terms as the Swazi Bank.

The Swaziland National Housing Board (SNHB), apart from being a developer and owner of housing also provides housing finance through the Swaziland Building Society as well as developed land for sale. Nedbank, First National Bank (FNB) and Standard Bank all offer mortgages in Swaziland. Urban housing loans are offered generally at a LTV ratio of 80 to 90%. FNB requires a 40% deposit for a mortgage for a plot of land, while the Swazi Building Society allows an 80% LTV ratio for the purchase of a plot, and a 95% LTV ratio for the purchase of a house. The maximum loan term across all the lenders is 25 years, although Nedbank allows 20 years and FNB 30 years for house purchase. Interest rates are similar to what is available – 10.5% as per the prime rate in 2015. The Swaziland Building Society offers its mortgage at slightly below prime at 8%.

The vast majority of members of SACCOs and the Building Society also have accounts at banks; such the current product offerings are doing little to expand the frontiers of financial inclusion. The capital market segment in Swaziland is small comprising of a limited number of institutions, relatively new starting in 2010 and the frontiers of financial inclusion. The capital market segment in Swaziland is small comprising of a limited number of institutions, relatively new starting in 2010 and the frontiers of financial inclusion.

**Affordability**

The SBS has established lending for plot acquisition among low income earners. The scheme has less onerous income eligibility criteria than mortgages and provides a starter property for incremental building. Loans are partly guaranteed by the state. Loan uptake has been modest, however, due to among other reasons a reluctance to use plots as collateral among poorer households, reluctance to be taxed, general risk averse by the SBS to lend more, and insufficient targeted marketing. The concept is, however, pioneering and offers a platform for greater lending, taking lessons learnt into consideration.

Since 2010, SNHB has had low-cost offerings priced at E280 000 (US$18 087) to E450 000 (US$29 070). This required a monthly income of E6 486 (US$419) to E10 422 (US$673) to qualify to service the loan. This is beyond the reach of the vast majority in a country where more than 63% of the population is classified as earning less than US$2 a day.

The high levels of tenure security and the availability of housing microfinance products create an adequate platform for this. Housing finance plays a significant role in the Swazi credit economy though; the coming into law of the Consumer Credit Bill 2015 may impact credit extension in the short term as credit institutions adopted with the regulations of the piece of legislation.

Total loans secured by mortgages were E1.8 Billion (US$345.7 million) as at 31 December 2015 and the according to the World Bank 2016 Doing Business report indicated that the ease of registering a property regressed two places to 113 from 111 the previous year. The cost of registering a property is about 10% of the selling price and it takes roughly three weeks to have the property registered.

**Housing supply**

Self-build is the predominant method of housing supply. Households source funds from social support networks (family and friends), moneylenders and other finance sources such as business income and rental revenue.

The Swaziland Housing Board (SNHB) was established in 1988 to provide affordable housing and end-user finance, but current and future developments suggest that the SNHB primarily caters for middle to higher income earners. The SNHB also has a rental portfolio of about 1 084 units in Mbabane and Matsapha and rentals range from E1 231 (US$80) to E4 291 (US$277). SNHB claims that this is discounted on the market rate charged by private landlords for similar units. It has three projects underway; 316 units in Mphodolweni Township, 437 units in Nhlangano Township (extension 9) ranging from 36.1m² to 1 150m² and 28 upmarket plots in Woodlands. The SNHB has plans for a further three projects; 1 000 hectares for upper and middle income development in Woodlands (phase 2); a mixed development of 330 plots in Ngwenya New Township; and a middle income township in Pigg’s Peak.

**Property markets**

The property market in Swaziland continues to show growth and opportunity for potential home buyers.

Property prices in Swaziland are often overly inflated, making them unsustainable and unaffordable to majority of people. This results in the inability to sell available stock at the initial asking price. It is often not the agent or the seller who determines the value of a property. This is influenced by the current market conditions and what buyers are prepared to pay for property in that market.

Another element that will have an influence over the market is the fact that more and more new developments have been built, which has resulted in an oversupply of residential options.

“The oversupply of developments has led to a drop in demand for standard residential plots and housing. A price correction in the market could stimulate demand and could perhaps entice further foreign investment.”

The high municipal rates levied in the urban areas of Swaziland have contributed to the trend of more and more people moving out of the cities and building property on Swazi nation land. The problem with this trend is that the land does not hold a title deed, which means that homeowners are unable to use their property as collateral to access bank loans or mortgages from financial institutions, says Hutton.
Policy and regulation

In the 2016 World Bank’s Doing Business Report, Swaziland ranked 70 out of the 189 economies under the ease of getting credit indicator. Out of the 12 questions that measure the strength of legal rights, Swaziland performed poorly on eight of them, attributable to the lack of: i) a unified secured transactions framework, and ii) an electronic notice-based collateral registry available to both incorporated and non-incorporated entities. Swaziland’s framework also fails on the account of inadequate protection of lenders in case of the borrower’s insolvency. On the micro level, access to credit is one of the top obstacles cited by Swazi businesses. In theory, having a framework in place that allows businesses and individuals to use their movable property as collateral for loans can lower the cost of credit, increase access to finance, and reduce risks for creditors.

A 2013 World Bank study comparing access to bank finance pre- and post-collateral reforms in seven countries found that a collateral reform increases access to loans by seven percent, reduces interest rates by an average of three percent and extends loan maturities by six months. Similarly, the Asian Development Bank assessed the impact of collateral reforms in the Pacific completed since 2006 and concluded that secured lending has expanded significantly. However, Swaziland is not able to take advantage of the opportunities to lower costs, increase access to credit, and reduce risks, because the framework governing securing movable property as collateral is non-existent. This means that while banks can take movable property as collateral, there is very little value from securing this property as there are practically no ways to register the collateral, enforce against the collateral.

In this regard, priority needs to be given to the promulgation of a Rental-Housing piece of legislation; this legislation would assist in addressing in detail deficiencies with the Housing Policy of 2001. Furthermore, concerns have been raised with the slow implementation of the Residential Tenancies Bill, intended to address relationships between landlords and tenants.

Finally, much of the current legislation and policy framework dates back to almost 40 years. There remains relevant and move up to date draft legislation and policies which have not moved much. These include the draft National Land Policy and draft peri-urban Growth Policy. Contrasting these policies with the 1961 Town Planning Act, Building and Housing Act of 1968 and Local Government Act of 1969, it is clear that many of these laws are now out of touch with global changes.

Opportunities

The Central Bank has continued to maintain lower interest rates (50 basis points) than in South Africa. Subsequently, the local banks’ prime lending rate increased by a similar 225 basis points to 10 percent while the South African prime rate was higher at 10.5 percent. The differential gives an opportunity for banks to provide cheaper credit for their customers thus stimulating borrowing that can translate to growth of the economy.

The total number of building plans approved, which is a good leading indicator on construction activity, depicted a positive trend rising by 5.5 percent from 728 units in 2013 to 768 units in 2014. Residential building plans approved increased significantly from 519 units in 2013 to 614 units in 2014, indicating potential within the sector.

One of the major reasons behind poor FDI inflow and downward trend in investment in general is the poor business climate in Swaziland. In full cognizant of this challenge and need to prioritise ease of doing business in the country, the government of Swaziland established an Investor Roadmap unit (in August 2014). This unit is tasked with accelerating the implementation of a comprehensive reform action plan (which was crafted in April 2012) that seek to create a conducive business environment not only for foreign investors but also for local small medium enterprises (SMEs) for all sectors. Slight reforms carried out between 2014 to 2015 saw the country improve in the World Bank ease of doing business rankings. The country was ranked 105th in the World Bank Ease of Doing Business report in 2016 from ranking 110 in the 2015 report. However, the country still ranked poorly in enforcement of contracts, registering of property, trading across borders, getting electricity and starting a business. Notably these are corner stone areas that need to be addressed if the country is to realise a turnaround in attracting new investment.

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2 World Bank Report 2015
3 World Bank Report 2015
4 Central Bank of Swaziland, Governor’s Monetary Policy Speech, 2016.
6 www.myproperty.co.za
Overview
Tanzania is a growing economy, straddling the East African and Southern African economic development communities. The country is one of the fastest growing countries on the African continent, and is rich in natural resources. At least 31.6 percent of the country’s 53.47 million people live in urban areas, with a population growth rate of almost three percent and urbanisation rate of five and a half percent per annum.

The country has experienced impressive GDP growth rates over the past decade averaging almost seven percent per year. The GDP grew by 7.1 percent in year 2015, higher than the growth of seven percent in 2014, with the rate is projected to remain at approximately seven percent through year 2020. The strong and sustained economic growth, coupled with a fast growing population (expected to more than double by 2050) have greatly contributed to the fast growing housing sector demand. The housing demand has also been boosted by easier access to mortgages, with the number of mortgage lenders in the market increasing from 3 in 2009 to 28 by June 2016, and the average mortgage interest rate falling from 22 percent to 16 percent.

Inflation rates have portrayed a decreasing trend in the first four months of 2016 with the rate picking up to reach 5.5 percent in the month of June mainly due to rising food cost. These movements have gone hand in hand with movements in the 182 days Treasury bill rate which experienced an upward trend during the first quarter and towards the end of the second quarter of 2016. The rising trend on the 182 days Treasury bill rate negatively affects all forms of long term debt, including mortgages by making them more expensive. The government has however expressed its commitment to ensure loan interest rates are reduced in order to enable many Tanzanians to acquire loans.

The positive developments in the housing industry have attracted substantial multilateral and donor support. The African Development Bank (AfDB) which has been supporting the country’s various development agenda since 1971 has recently expressed its commitment to focus on funding the construction of residential houses, development of agriculture and other economically viable areas in Tanzania during 2017, having already approved an assistance package of more than US$1.1 billion for year 2016-2020 to support the country’s transport and energy sectors.

### Key Figures

| Main Urban Centres | Dodoma (capital), Dar-es-Salaam, Arusha |
| Exchange Rate | 1 US$ ** | 2.19: 71 Tanzanian Shilling (TSH) |
| Inflation 2014 | 2015 (est.): 2016 (prox.): 2017 (prox.)* | 6.1 | 5.8 | 5.9 | 6.0 |
| Population | Population growth rate (2013)* | 53.470,000 | 3.13 |
| Urban population | Urbanisation rate (in 2013)* | 31.61 | 5.39 |
| GDP per capita (current US$)* | GDP growth rate (annual %)* | 865 | 6.87 |
| GDP (Current US$)* | 44,895,392,077 |
| Gini co-efficient | (year of survey)* | 37.78 (2011) |
| HDI (Global Ranking)* | HDI (Country Index Score)* | 151 | 0.521 |
| Lending Interest Rate* | 16.10 |
| Unsecured lending interest rate (housing microloan) | 17 – 18 |
| Mortgage Interest Rate (%) | Mortgage Term (years)# | 16 – 19% | 25 / 7 |
| Down Payment (%) | 10 / |
| Credit % of GDP* | 15.42 |
| Average Mortgages % of GDP* | 0.46 II |
| Estimated number of mortgages | 4,065 II |
| Average loan size in US$ (mortgage) | 41,952 II |
| Average loan size in US$ (non-mortgage/micro lending) | 328 / 1 |
| Price To Rent Ratio City Centre* | 8.38 | 8.21 |
| Gross Rental Yield City Centre* | 11.93 | 16.10 |
| Outside City Centre* | 7.7 (2008) |
| Construction as a % of GDP | Is there a deeds registry?* | No. of resid. title deeds in registry | Yes | 650,000 |
| Outstanding home loan (% age 15+)## | 4.52 |
| What is the cost of standard 50kg bag of cement (in US$)? # | 5.93 |
| What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? # | 19,001 ** |
| What is the size of this house (in m²)? # | 56m² ** |
| What is the average rental price for a formal unit (in US$/month)? | 689.85 single bedroom |
| What is the minimum plot size for residential property (in m²)? | 1,494.19 three bedrooms * |
| Ease of doing business rank | 139 |
| Number of procedures to register property | 8 |
| Time (days) to register property | 67 |
| Cost (% of property value) to register property | 4.40 |

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Access to finance
After two decades of economic liberalisation, Tanzania has 54 commercial banks and other private financial institutions. Competition among foreign commercial banks has resulted in significant improvements in the efficiency and quality of financial services, though generally interest rates are still relatively high. The banking sector in Tanzania is regulated by the Bank of Tanzania (BoT). The sector performed remarkably well in 2015. According to the BoT Financial Stability Report of September 2015, the banking sector continued to grow in terms of deposits and assets recording an annual growth of 12.4 percent in total assets and 6.7 percent in deposits to September 2015. Furthermore, an analysis done by the Tanzania Bankers Association (TBA) on 41 banks as at 30 June 2016 revealed an average non-performing loan to total gross loans ratio of 9.1 percent within the banking sector.

According to the Tanzania National Financial Inclusion Framework 2014 – 2016, financial inclusion in Tanzania is still low. By 2012 only 17 percent of adults (about 3.7 million) had access to bank accounts (22 percent if unregulated providers are included according to World Bank statistics). However the greatest growth was experienced in mobile telephone technology with 30 million subscribers which significantly enabled 43 percent of the adult population (9.8 million) to have active mobile payment accounts by September 2013. The 2014 Global Findex database reported the rate of access penetration to have doubled to 40 percent in Tanzania from year 2011 to 2014 mainly due to people adding a mobile money account rather than a financial institution account. According to Findex, while 37 percent of adults with an account at a financial institution reported having made no deposit in the past year, 62 percent of this group reported having made financial transactions using a mobile phone over that period.

Building on the country’s successful experience with mobile money services, the National Framework for Financial Inclusion (2014 – 2016) sets out an action plan to increase financial inclusion by achieving 50 percent formal access and usage, 25 percent of adult population with two weeks’ worth of income in formal savings and 25 percent of adult population with electronic information records on personal profile, collateral and credit history by 2016.

In 2010, the Bank of Tanzania issued regulations for a credit reference bureau within the framework of the Bank of Tanzania Act of 2006. To date Bank of Tanzania has registered two credit reference bureaus namely Dun & Bradstreet and CreditInfo Tanzania Limited. A large room for improvement still exists in credit granting processes. According to the 2016 World Bank Doing Business Report, Tanzania ranked 152nd in terms of ease of getting credit. Moreover, only five percent of the adult population is covered by credit bureaus.

Tanzania’s mortgage market is among the smallest in the East African region (the ratio of outstanding mortgage debt to GDP is 0.53 percent as at 30 June 2016). According to 2014 Findex very few Tanzanians – only 4.5 percent of the adults aged 15 years and above report having an outstanding loan to purchase a home.

According to Bank of Tanzania, the mortgage market recorded an annual growth rate in mortgage loan balances of 15 percent in 2015. A key element in the growth of the mortgage market has been the provision of long term funding by the Tanzania Mortgage Refinance Company (TMRC). The TMRC was established in 2010 under the Housing Finance Project (HFP) which was created with US$40 million initial funding support from the World Bank to expand access to affordable housing finance in Tanzania. In March 2015 the World Bank extended the HFP to make a total fund of US$18 million. The first disbursement of TZS1 billion (US$456 264.74) was made on 31 July 2015 under the microfinance fund to DCB Commercial Bank Plc with the total credit line to the bank being TZS3 billion (US$1.37 million). This has marked the first step towards significant progress of the microfinance sector.

Affordability
According to the Integrated Labour Force Survey (ILFS) of 2014 as carried out by the National Bureau of Statistics (NBS), the working age population in 2014 comprised of 25.8 million persons of whom 86.7 percent were economically active, mostly in rural areas. The survey also revealed that two-thirds (67.8 percent) of paid employees earn less than TZS300 000 (US$136.88) mean monthly income, with less than five percent of paid employees earning a mean monthly income above TZS900 000 (US$410.64). According to a World Bank report, Tanzania’s work force is expected to grow to 40 million workers who will need productive jobs by 2030. The share of the population employed in emerging sectors is expected to increase to 22 percent whereas the average income per worker is expected to only increase to US$1 900 by 2030.

With almost 70 percent of paid employees earning a mean monthly income of less than TZS300 000 (US$136.88), the average mortgage size of TZS 33 million (US$60 586.93) is on the high side indicating that most clients are high income earners with majority of the households financing their housing through cash sourced from household savings, micro credit loans and personal loans. A number of NGO’s cater for the lower income market segments, but their reach is insufficient to meet the scale of demand.

According to a 2015 Cost of Living study by Numbeo, a Dar es Salaam resident pays the largest chunk of his/her earnings on house rents than on any other basic commodity that a human being must get to survive. The study also states that at least 34.1 percent of earnings are spent on rents leaving the remaining 65.9 percent to cater for other basic needs.

TMRC intervention has however had a positive impact on interest rates. TMRC member banks can currently borrow from the TMRC at 11.5 percent and are therefore able to extend mortgage loans to their customers at lower mortgage interest rates than those prevailing in the market which positively impacts on affordability.

In terms of building materials, a 50kg bag of cement costs US$5.93, but is more expensive in rural areas. A standard sheet of corrugated iron for roofing gauge 28 is US$9.12, gauge 30 is US$9.21 and gauge 32 is US$9.61. The minimum plot size for residential property in urban areas is 400m². Prices quoted for houses constructed under the first and second phases of ‘My Home My life’ (a National
Housing Corporation countrywide affordable housing project) for two bedroom (56m²) and three bedroom (70m² and 85m²) in the various regions of the country ranged between TZS43.4 million (US$19 801.89) to TZS95.3 million (US$43 482.03) VAT Inclusive.

**Housing supply**

Tanzania suffers from a shortage of good quality and affordable housing. The current housing deficit is estimated at three million housing units coupled with a 200 000 unit annual demand. In December 2015, the National Housing Corporation announced its commitment of delivering not less than 1 500 units each year for the coming 10 years in an attempt to address acute shortage of housing in the country. With a rapidly growing urban population, about 70 percent of city residents today live in informal communities. A Household Budget Survey for year 2011/2012 published in July 2014 by the National Bureau of Statistics (NBS) revealed that 18 percent of the households had connection to the electricity grid (up from 12 percent reported in 2007). Coverage by the grid continued to be concentrated in Dar-es-salaam (68.1 percent) and other urban areas (34.7 percent) with rural areas having coverage of only 3.8 percent in 2011/2012.

The survey further revealed that in 2011/2012, nearly 68 percent of the households lived in houses with modern roofs (55 percent in 2007). Similarly, 46 percent of households lived in houses with modern walls in 2011/2012 (35 percent in 2007).

Regarding home ownership, the survey showed that more than 75 percent of households in Tanzania Mainland owned the houses in which they were currently living. Ownership in rural areas, urban areas and Dar-es-salaam was 89.3 percent, 57.9 percent and 37.1 percent respectively. Also, about 17.4 percent of households were living in privately rented houses, mostly in Dar-es-Salaam where more than half of the households were living in privately rented dwellings.

The National Housing Corporation (NHC) announced in 2011 that it was raising its budget from US$23 million to US$230 million to increase the scale of delivery in the country. By December 2015 NHC reported to have a balance sheet worth US$2 billion and US$400 million worth of ongoing projects in real estate (expected to reach US$800 million in the coming five years). Alternative building materials are being explored as a way to deliver these houses on a rapid scale. The Corporation’s major recently completed projects in Dar-es-Salaam include Victoria Place (consisting of 16 flats and 88 two to four bedroom apartments, kids playing area, swimming pool, gymnasium and shopping mall) and Eco Residence (consisting of 120 three bedroom housing units with prices ranging from TZS213 million (US$97 184.39) to TZS254 million (US$115 891.24) VAT exclusive). Major ongoing projects in Dar-es-Salaam include 711 @ Kawe (consisting of two to four bedroom apartments with prices ranging from TZS297 million (US$135 510.63) to TZS672 million (US$306 609.91) VAT exclusive), Mwongozo Estate (consisting of 216 two to three bedroom and town houses sold between TZS44.7 million (US$20 395.03) to TZS128 million (US$58 401.89) VAT exclusive) and Morocco Square. The Morocco Square project was launched in October 2015 and is the biggest project in East and Central Africa region, which is comprised of two office towers, residential tower and hotel tower. The project construction cost is estimated to be over TZS150 billion (US$68.4 million). Morocco square consist of four blocks including a shopping mall with a total of 28 827 square metres which will accommodate banks, chain of stores, supermarkets and shops, movie theatres, kids’ grounds and food courts, among others.

NHC has also launched an ongoing country-wide project known as ‘My Home My Life’ to offer affordable housing to Tanzanians across the country. The project is aimed at building 5 000 affordable housing units countrywide with prices quoted for the first and second phases of the project ranging between TZS43.4 (US$19 801.89) million to TZS95.3 million (US$43 482.03).

Likewise, the Public Servants Housing Scheme which is being administered by Watamishi Housing Company (WHC) and specifically tasked to build 50 000 affordable housing units in various phases in the next five years has continued with implementation of its projects in various regions of the country. In November 2015 WHC launched a construction drive of 800 houses in four regions namely Tanga at Pongwe area (40), Mwanza at Kisesa Township (59) and Dar es Salaam which will receive the bulk of the houses to be built in Kigamboni (369), Bunju (71) and Magomeni Usalama (104).

Most pension funds are also actively involved in housing projects. The National Social Security Fund (NSSF) is in the middle of constructing its housing development in Kigamboni (the Dege Eco Village satellite city) which will bring to the market a supply of 7 460 housing units by 2017. Total project costs are estimated at around US$544.5 million.

On the side of private developers, Avic International has continued with implementation of the Avic Town project in Kigamboni with plans to build 5 000 housing units in the next three years. This is a large scale luxury villas and bungalows project, with target customers being the social elite. The project is scheduled to deliver its first phase of 160 villas and bungalows by October 2016. The developer has already partnered with six banks namely CBA, CRDB, NMB, Stanbic, Exim and BOA to provide loans for purchase of houses.

Additionally, the International Finance Corporation (IFC) in its efforts to support growth of the private sector in Africa through investments and advisory services has injected equity investment in P Mortgage Finance, a greenfield mortgage finance bank being set up in partnership with Bank M Tanzania Limited, HFDC India and prominent investors. The company will be the first specialised mortgage lender in Tanzania.
Property Markets

At 139th of 189 economies on the World Bank's 2016 Doing Business Report, Tanzania ranks poorly in terms of ease of doing business although this is an improvement from a comparative rating for year 2015 where it ranked 140th out of 189 economies. It ranks 133rd in terms of ease of registering property, up from a comparative rank of 132nd in 2015. It takes eight procedures and 67 days to register a property, at a cost of 4.4 percent of the property value – close to Kenya and Malawi but almost three times longer than the time it takes in other Sub-Saharan countries such as Botswana and South Africa.

Still, lending argues that an inadequate supply of mortgageable units makes it difficult for a vibrant property market to exist. The demand for new, affordable housing remains considerable. A more fundamental problem, however, is the lack of land titles. Only ten percent of the Tanzania total land surface is surveyed for various uses but only ten percent of applicants for surveyed land are able to get right of land occupancy certificates. According to a Land Registry Report presented in a Workshop on Unit Titles held in Dar-es-Salaam in June 2016, the registry has since independence released 650,000 title deeds and plans to release 400,000 title deeds in year 2016/2017 as part of the government's express commitment to resolve land title issues.

The Government is the sole and primary instrument for land delivery. While in principle, rights of occupancy can be bought, sold, leased and mortgaged in Tanzania, in practice the land market is inhibited by many layers of Government control. According to Shelter Afrique (2010), the formal market for transfers requires Government approval, and land received through grants must be held for three years before the landholder can sell the rights. The transfer of a granted right of occupancy must be approved by the municipality and registered. A holder of a customary right of occupancy can sell the right, subject to the approval of (and subject to any restrictions imposed by) the village council. Mortgages are regulated by formal law, and land rights must be registered before they can be mortgaged. There is a very limited formal land sale market in Tanzania. Most land transactions occur on the informal market, and these tend to be leases. In rural areas, land sales were historically conducted between members of families or clans.

Policy and regulation

Since the time of independence in 1961, the Government has recognised housing as one of the basic needs for all. The Ministry of Lands, Housing and Human Settlement Development has been mandated to administer land and human settlements in Tanzania on behalf of the President of Tanzania who serves as the trustee of all land.

While housing development in Tanzania is guided by the National Human Settlements Development Policy of 2000, the policy’s objectives largely cater towards the provision of adequate shelter; an efficient land delivery system, service provision and better rural housing without specifically addressing the problems within the housing sector. Efforts are currently underway towards developing a housing policy that will aim to address key issues surrounding the housing sector.

Mortgage Finance in Tanzania is guided by the Mortgage Finance Act of 2008, and the Banking and Financial Institutions (Mortgage Finance Regulations, 2015) developed for regulating mortgage finance operations for banks and housing finance companies. The Banking and Financial Institutions (Tanzania Mortgage Refinance Company) Regulations, 2011 were also developed with support from World Bank to guide the operations of the TMRC. The National Microfinance Policy was adopted by the Government in 2000. Prudential norms were created for microfinance institutions in April 2005 intended to increase wholesale funding to MFIs and ensure their financial viability. In 2014, the Bank of Tanzania issued revised regulations to address the shortcomings of the 2005 regulations which excluded some of the microfinance institutions from the Bank's regulatory ambit.

Opportunities

As in other countries in the region, the public sector of Tanzania has not been successful at delivering affordable and sufficient housing for the urban poor. The use of alternative and lower-cost technologies and materials is a key area of opportunity which complemented by the government's initiatives to address housing gaps, has the potential to reduce costs associated with building and housing.

Beyond mortgage finance, significant opportunities for growth in housing microfinance still exist. It is very encouraging to see that the sector is receiving policy attention and funding support. With the existing over 500 savings and credit cooperative societies and over 170 credit related Non-Government Organisations, there is an enormous potential for housing microfinance to contribute towards housing the majority of the population.

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Overview
Togo is a small country in the Gulf of Guinea which became independent from France in 1960. A strip of land between Ghana and Benin, Togo occupies an area of 56,800 km², with 56 km of coastline, making it a transit country to the hinterland (Niger, Burkina Faso and Chad). Togo has a population of 7,304,578. In 2015, growing at 2.6 percent per year.

Togo is part of the West African Economic and Monetary Union (WAEMU). The economy is dominated by the primary sector which contributes up to 38 percent to economic growth, while industrial activities contribute 22 percent. In 2014, GDP growth was measured at 5.9 percent. This reached 5.5 percent in 2015 according to African Economic Outlook estimates, and projected to 5.0 percent in 2016 due to slow down in infrastructure investments. GDP growth in Togo in 2014 was mainly driven by agriculture and investments in transportation infrastructure and an upturn in activities at the port of Lomé which now enjoys one of the most important investments of the sort on the West African coast. Good economic prospects in Togo over recent years are also the result of several ongoing economic and fiscal reforms in the country since 2008/2009. In 2014 the Office Togolais des Recettes (OTR), the one-stop tax collection office became fully operational and launched major reforms in tax-collection, including tax paying through the banking system to increase efficiency, among other goals. The inflation rate was kept low at 1.8 percent in 2015.

Despite a significant decrease over the past decade due to government and donors efforts, poverty remains a major concern in Togo, with 55 percent of the Togolese living below the poverty line, according to the 2015 poverty profile. Despite a significant decrease over the past decade due to government and donors efforts, poverty remains a major concern in Togo, with 55 percent of the Togolese living below the poverty line, according to the 2015 poverty profile.

In April 2015, Togo held peaceful presidential elections, amid political tensions over the need for deep constitutional reforms around the limitation of the number of term for the president, and a new government took office in June 2015. The Head of the State declared the new term a “social term”, thus emphasising his priority for public spending on social sectors, including the housing sector.

Access to finance
Togo is part of the Central Bank of West African States of which there are seven other member states (Benin, Burkina Faso, Côte d’Ivoire, Guinea-Bissau, Mali, Niger and Senegal). Togo’s national financial system is highly concentrated, with one bank-owning over one fifth of the total banks assets in the country. At the end of 2015, there were 14 banks (including two bank branches), and two financial intermediaries in Togo: the Fonds Africain de Garantie des Investissements Privés en Afrique de l’Ouest (GARI) and the Regional Mortgage Refinancing Fund (Caisse Régionale de Garantie Hypothécaire – CRRH). The Banking system is dominated by commercial banks, a third of which are government-owned. Togo is also the headquarters of the pan-African bank Ecobank. At the end of 2015, there were a total of 445 bank branches in Togo. At the end of 2014 there were 218 ATM machines and 786,982 bank accounts. The Togolese banking system represents 7.4 percent of the WAEMU financial system.

As of March 2016, over a sample of 35 registered microfinance institutions (MFIs) representing 90 percent of the sector; there were 370 service points, totalling 1,729,123 clients or members with a total of CFA Francs 143,738 million in deposits and an outstanding loan of CFA Francs 113,622 million. The Faïtière

<table>
<thead>
<tr>
<th>Main Urban Centres</th>
<th>Lomé</th>
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<tbody>
<tr>
<td>Exchange Rate: 1 US$</td>
<td>595.65 West African CFA</td>
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<tr>
<td>Inflation 2014</td>
<td>0.2 (2015)</td>
</tr>
<tr>
<td>Population</td>
<td>7,305,000</td>
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<tr>
<td>Urban population (% of total)</td>
<td>59.96 (2013)</td>
</tr>
<tr>
<td>GDP per capita (current US$)</td>
<td>548 (2014)</td>
</tr>
<tr>
<td>GDP (Current US$)</td>
<td>4,032,723,817</td>
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<tr>
<td>Gini per capita, Atlas method (current US$)</td>
<td>540</td>
</tr>
<tr>
<td>Population below national poverty line</td>
<td>55.1</td>
</tr>
<tr>
<td>Unemployment rate (%)</td>
<td>6.9</td>
</tr>
<tr>
<td>Gini co-efficient (year of survey)</td>
<td>46.02 (2011)</td>
</tr>
<tr>
<td>HDR (Global Ranking)</td>
<td>162</td>
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<tr>
<td>HDR (Country Index Score)</td>
<td>0.484</td>
</tr>
<tr>
<td>Lending Interest Rate%</td>
<td>7.5 (1992)</td>
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<tr>
<td>Unsecured lending interest rate (housing microbank)</td>
<td>...</td>
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<tr>
<td>Mortgage Interest Rate</td>
<td>9.13 (2015)</td>
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<tr>
<td>Down Payment (%)</td>
<td>...</td>
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<tr>
<td>Credit % of GDP%</td>
<td>36.5</td>
</tr>
<tr>
<td>Average Mortgages / % of GDP</td>
<td>0.49% (Badev et al)</td>
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</tbody>
</table>
In September 2014, the Ministry of Housing and Urban Development organised a workshop to validate the feasibility study of a housing bank in Togo, as in Benin and in Mali. However, the creation of the bank is yet to be completed.

In October 2015 a new developer launched a new project in Lomé. Dero & Partners, an international holding, through its branch Confortis International launched the first phase of “WelCity”, a new development in Addogome in the north-western part of Lomé which will comprise 420 villas and 120 apartments.

Affordability

The average income per person (gross national income per capita) is estimated at US$1,320 (in purchasing power parity), according to the World Bank’s World Development Indicators in 2015. At the same time, the minimum salary in Togo has remained at CFA Francs 35,000 or US$59.32 since 2013. In Lomé, the price per square metre of land varies between CFA Francs 16500 (US$27.70) and CFA Francs 33,500 (US$56.24) in the suburbs and between CFA Francs 33,500 (US$56.24) and CFA Francs 83,500 (US$140.18) in downtown Lomé. The minimum size of a plot is 150m² for a minimum housing size of 40m². On average, the land price in the country was estimated to CFA Francs 8,500 (US$14.27) per m² in settlement areas in 2010, while the building cost of a medium standing house (villa) was estimated at CFA Francs 75,000 or 127 par m² before taxes.

While the cement price in Togo is the cheapest of all countries in the WAEMU, it is still far above the purchasing power of most Togolese. Indeed, a standard 50kg bag of cement costs around CFA Francs 4,000 (US$6.71). A standard galvanized sheet of iron for roofing costs between US$3.11 and US$5.37, depending on thickness. However, the price of cement is expected to decrease in the near future, as the construction of several cement plants was launched in the country, with good prospects for newcomers.

Despite the decrease in cement prices, other construction materials price are still at a prohibitive level for the average Togolese citizen. It will take between 10 and 15 years for a senior manager in the Togolese public administration to pay off the price of land in downtown Lomé. The cheapest housing unit built by a developer is around CFA Francs seven million (or about US$11,752)12. Under these conditions, housing affordability is a mere dream for most Togolese, even for many with a formal job and a regular income. This pushed most low-income households outside of the more urbanised areas, where they develop informal settlements and slums. This is true for example on the northern outskirts of the city of Lomé, in Tsevie, where these households can afford to buy a piece of land.

Housing supply

Over fifty years of government policy in Togo has not yielded many results in terms of meeting the demand for housing. Today housing supply, especially the affordable housing segment is a real challenge that households overcome through self- construction. But self-construction and poor provision of serviced lands, combined with a rural exodus, have contributed to urban sprawl on the northern side of Lomé, which is now mainly made up of slums. Only richer people can afford to purchase land in Lomé II, the new settlement area in the capital city and other secondary cities and build formal houses. Conscious of challenges in the sector, the government of Togo has actively sought solutions to the problem of the housing shortage, engaging, for example, with Shelter Afrique and private developers in an attempt to supply the housing needed in the market.

Despite several announcements in the past about housing constructions, there has not been much progress. It is in this context that several private operators recently launched a few new housing projects. One is in Lomé, the “Cité des anges”, which plans the delivery of empty plots but also 156 housing units of different standings, and a 20-apartment complex, mostly targeted to the upper income quintiles, located on the west side of the city of Lomé. The project is being carried out by N Real Estates, a consortium of Togolese and foreign nationals. The second project is the Résidence Esperanza, promoted by CECCO Immob, a Togolese developer who planned to build 200 housing units in Sotouboua for middle-income households, in the center of the country. The project already started delivering a few of the promised units. The choice of Sotouboua to build these housing units is probably justified by the creation of a teachers’ school in that city. However, CECCO, Group of which CECCO Immob is a branch is currently under financial stress, which threatens the completion of the current development. The government announced in January 2015 the launching of the Cité Molikipoko project which is supposed to deliver 1,000 social housing units. The project will be completed in public-private partnership with Ivorian real estate operator Société Ivoirienne de Promotion Immobilière (SIPIM). Three local banks have already expressed their support to the project, namely Orabank Togo, BIA Togo, and Banque Atlantique by offering mortgage loans over 15 to 20 years. The housing units will cost between CFA Francs seven million and CFA Francs 17 million (between US$11,752 and US$28,540). The government was clear that the targeted population for this project is mainly civil servants. The project which is partly located in Addogome in the north-western part of Lomé will comprise 420 villas and 120 apartments.

Togo has two social security institutions, the Togolese Pension Fund (CRT) for civil servants and the National Social Security Fund (CNSS) for private sector employees and other categories of government personnel. A National Health Insurance Institute was created, which is a national universal health insurance scheme currently only open to civil servants but expected to be extended to the whole population in the future. As in many African countries, both social security institutions are unfunded defined benefit schemes and face financial difficulties and structural deficits challenges.

Access to credit as measured by credit to the economy was CFA Francs 886 billion (US$1.3 billion) in 2015, a 16 percent increase from its 2014 level. This represents 36.5 percent of the GDP. For the first time in many years, medium and long term loans represented more than half of all loans, at 53 percent. A few banks offer housing finance and mortgage products and services, ranging from loans for land acquisition to loans for housing enhancement and loans for housing purchase of construction. Bank of Africa Togo, one of the newcomers of the banks offer housing finance and mortgage products and services, ranging from remunerated at 4.5 percent per year, and then apply for a housing loan as high as six times the savings. Conditions of access to these products vary from one bank to the next, but the loan period is usually between four and 10 years. The interest rate is between 11 and 12 percent on average, while guarantees requested as six times the savings.  Conditions of access to these products vary from one bank to the next, but the loan period is usually between four and 10 years. The interest rate is between 11 and 12 percent on average, while guarantees requested as six times the savings.

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TOGO

Property market

Togo’s formal property market is still developing. According to the 2010 general population and housing census, only 68,074 of all properties in the country had a property title, of which 14,238 were in Lomé. A study commissioned in 2011 in preparation for the Togolese Land Code found that a total of 10 government agencies were involved in delivering a land title, through a process costing up to 25 percent of the property value. This cost does not include the official cost of the land title, which comes to 11 percent of the value of the property. However, according to the World Bank’s 2016 Doing Business Report, Togo remains among the slowest in West Africa on the “Registering a property” indicator. It takes five procedures, 288 days and costs 9.20 percent of the property value to complete a property registration. As such, Togo ranks 182\(^\text{st}\) out of 189 countries in 2015. However, Togo made it easier to register properties in 2015, by lowering property registration tax rate.

The cadastr in Togo is mostly limited to Lomé, the capital, despite the existence of a Central Directorate of Cartography and Cadastre (DGCC) with a national mandate. It has been reported recently in a diagnostic study on land problems in Togo, commissioned by the Ministry of Urban Development and Housing that the land title had lost its unimpeachable character due to rampant corruption, which has resulted in many cases of double registration of the same piece of land. Indeed, there were several court cases pending in which different people claimed ownership of property title on the same piece of land because the registry was corrupted at some point. To rectify this situation, the DGCC, with financial support from the Japanese International Cooperation Agency (JICA), contracted ESRI France in 2015 to develop a new cartographic database covering the whole country, in order to establish a national cadastr. It is also expected that the new Land Code will help to address more effectively the issue of land security, streamline the titling procedure and institutions and give back value to the land title.

Obtaining a construction permit became mandatory in 2007. The rule is jointly enforced by the Togolese Order of Geometers, the Ministry of Urban Development and Housing, and some municipalities such as that of Lomé or Kara. Yet, it is still very expensive to get such permit (which remains unaffordable to most Togolese), as it costs 458.5 percent of per capita income, takes 153 days and 12 procedures to obtain it. In 2014, Togo has improved construction permit procedures, cutting down the time it takes to get it by half, from 309 days in 2013 to 165 days in 2014. People thus continue with direct sales of properties on the basis of a simple sales agreement in the informal market. Sometimes, for those who can afford it, the assistance of a notary is procured.

There are a few housing brokers operating on the Togolese housing market. Among those are Phillowon and Co, Immovants, Le Logis, and Confortis international SA, which are all private real estate agents offering a platform for home buyers and home sellers to meet.

Policy and regulation

Most of the existing policies and regulations were enacted between the 1950s and 1970s and guided the Government’s willingness to provide adequate and affordable housing to every Togolese. Unfortunately most of these policies have failed to achieve the intended goals. Because of the failure of past policies, the housing deficit grew over the years and reached around 250,000 in 2014, requiring a supply of 23,000 units a year on average to clear the backlog.

However, during the decade starting in 2000, urban development, housing and land policy questions returned to the public policy agenda. The government adopted a few policy documents, including the National Urban Sector Policy Statement, a Housing Policy Statement, and a new National Housing Strategy. The focus of the latter is to reorganise the housing sector through the adoption of adequate legislation, the improvement of the existing real estate stock and provide all social strata, particularly low and middle income households, with affordable housing that meets minimum safety, occupancy, structural stability and temporal standards. The strategy stipulates that the government will contribute every year to this demand by facilitating the supply (through public private partnerships and
subsidy programmes) of 2,500 housing units against an annual demand estimated at 23,000 units. As of today, no concrete results can be shown on the ground.

Several other reforms were launched, including the revision of the Togo Land Code, the validation of a draft Law on Real Estate Development in December 2010 (which are still pending at the National Assembly – the Parliament) and the drafting of the Togo Urban Development and Construction Code. The Real Estate Development draft law covers areas such as conditions required to perform the profession of real estate developer; social real estate development operations (the law imposes a minimum of 100 housing units for this type of operation) and the production of serviced land.

More recently, in April 2016, the government adopted a decree that completely overhauled the construction permit process. The previous regulatory framework dated back to 1967. With the new decree, the construction permit process was improved on two aspects: the length of the process, which was reduced from eight months to 30 days, and a drastic reduction of the cost of the permit through the streamlining of the administrative process. In March 2016, the Togolese Parliament adopted two new laws to enhance the business environment in Togo, in compliance with WAEMU requirements: the Law on the regulation of Credit Information Bureaus, and the law on external financial relations between WAEMU member States.

### Opportunities

One can say that Togo has fully recovered from more than a decade of international embargos. The government has engaged in several important economic and fiscal reforms which should continue improving the business environment, but also the road and energy infrastructure. Togo improved its overall ranking by 2 places, from 152nd in 2015 to 150th in 2016. With a high demand for housing, several companies and organisations, including Shelter Afrique, have been positioning themselves to take advantage of a market that is still untapped. The Moroccan real estate investment group Addoha expressed interest in investing in cement plants but also in housing, while the feasibility study for a housing bank in Togo is now completed. This is all in preparation for major changes in the housing finance sector in Togo.

According to a 2011 study by the French Development Agency, the population in Togo should increase by at least 50 percent between now and 2030, and double by 2050 depending on the fertility rate and rural to urban migration. As a consequence, social demand, including demand for housing, will experience a strong increase, presenting an opportunity for developing innovative housing policies, especially in a context characterised by low incomes. The scarcity of developers today leaves room for newcomers to take advantage of these opportunities.

The Head of the State has declared his new term a social term, and as such has put social expenses high on the Government expenditure schedule. The Government has also heavily invested over the past years in enhancing the urban environment, and servicing new neighbourhoods so as to prepare them for new settlements. At the same time, the housing sector is almost virgin, with only a few small providers currently operating, which leaves a lot of opportunities for new comers to find their niche. The affordable housing segment is where lay most of opportunities.

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Tunisia has a reasonably well-developed financial sector, which is regulated by the Central Bank of Tunisia. Over the past four decades, a sophisticated mortgage-based housing finance system has developed. There are a large number of financial institutions offering loan products for housing, including over 20 private commercial banks, in addition to the three state-owned banks. Until the early 2000s, the institutions offering loan products for housing, including over 20 private commercial banks, in addition to the three state-owned banks. Until the early 2000s, the public-owned Housing Bank, (Banque de l'Habitat), established as a result of the National Housing and Savings Fund’s shift to Universal Bank, had been the single player in the mortgage market. The de-compartmentalisation and deregulation of the banking sector (pursuant to the Law No. 2001 – 65 on credit institutions) have allowed new actors to strategically position themselves in this market. This move was mainly due to the declining performance of the main actor, the Housing Bank (the Housing Bank’s share of the home purchase savings collection market dropped from over 80 percent in 2003 to less than 60 percent in 2014), and to the attractiveness of the housing finance market. Strategic interest in this market has led to fiercer competition between credit institutions that have considerably expanded through the launching of specialised mortgage lenders and the limited availability of housing microfinance inhibit the growth of the housing finance market.

Overview

Before the revolution of 2011, Tunisia was widely regarded as one of the best performing countries in terms of economic and human development of the Middle East and North Africa (MENA) region. After the instability and associated slowing of economic growth, the country rebounded, adopting a new constitution in 2014. Despite the constant threat of terrorism, this is in contrast to other MENA countries that underwent similar revolutions.

GDP grew by 0.8 percent in 2015 against 2.3 percent in 2014, the lowest since the 2011 economic slowdown. The drop in the national savings rate (12.2 percent of GNDI in 2015, against 14.4 percent in 2014), along with the investment rate regression (19.4 percent of GDP in 2015, against 20.6 percent in 2014) meant an increase in external financing needs. The rate of external debt to Gross National Disposable Income (GNDI) rose from 44.3 percent in 2014 to 48.3 percent in 2015.

The unemployment rate recorded in 2015 was 15.4 percent, increasing from 15 percent in the fourth quarter of 2014. Women’s unemployment rate is higher at 22.6 percent, while the graduate unemployment rate is 38.7 percent, with higher education graduates at 31.2 percent.

Housing is the second largest item of expenditure for Tunisian households. Although housing is increasingly available, its affordability is increasingly problematic, especially since 2011. Increased demand, more onerous liquidity requirements for mortgage lenders and the limited availability of housing microfinance inhibit the growth of the housing finance market.

Access to finance

Tunisia has a reasonably well-developed financial sector, which is regulated by the Central Bank of Tunisia. Over the past four decades, a sophisticated mortgage-based housing finance system has developed. There are a large number of financial institutions offering loan products for housing, including over 20 private commercial banks, in addition to the three state-owned banks. Until the early 2000s, the public-owned Housing Bank (Banque de l’Habitat), established as a result of the National Housing and Savings Fund’s shift to Universal Bank, had been the single player in the mortgage market. The de-compartmentalisation and deregulation of the banking sector (pursuant to the Law No. 2001 – 65 on credit institutions) have allowed new actors to strategically position themselves in this market. This move was mainly due to the declining performance of the main actor, the Housing Bank (the Housing Bank’s share of the home purchase savings collection market dropped from over 80 percent in 2003 to less than 60 percent in 2014), and to the attractiveness of the housing finance market. Strategic interest in this market has led to fiercer competition between credit institutions that frequently launch dedicated promotional campaigns. An example of this is Al Baraka Bank’s ongoing “Maskan” advertising campaign. Overall, product offering in this market has become largely undifferentiated but conditions of access to housing finance have considerably expanded through the launching of specialised products tailored to various categories of clients.

While private lending is focused on high to middle income households, there have been savings-for-housing programmes for the formally employed since the 1970s. The Housing Bank is the exclusive manager of a state-subsidised housing loan for low income households called FOPROLOS. Loan rates for mortgages range from 2.5 to 5.75 percent for three different income eligibility brackets, targeted at households earning a regular salary at between minimum wage and up to 4.5 times the minimum wage.
minimum wage (set at US$152 a month – from May 2015 onwards). This compares to an average 7.78 percent rate for mortgages available at commercial rates, in July 2015.

According to the Central Bank’s 2015 annual report, the total value of long-term loans to home-buyers increased by 8.3 percent between 2014 and 2015, reaching US$371 billion. Mortgage lending is approximately equivalent to 8.6 percent of GDP. Rules modified in 2007 limit loan-to-value ratios to below 80 percent (though up to 90 percent in social lending programmes, like FOPROLOS), and a maximum term of 25 years. Part of this law also requires long-term liquidity matching requirements for loans over 10 years and a requirement that interest rates must be fixed for housing loans longer than 15 years. This requirement means many banks are funded by sovereign bonds and are hesitant to offer loans beyond 15 years. Current challenges include a lack of liquidity and a high level of non-performing loans, which was reported to have increased from 12 percent in 2010 (pre-revolution) to 15.7 percent in 2015. It should be noted that the Supplementary Budget Law of 2015 included measures to treat debts held by beneficiaries of housing credits issued as part of social housing initiatives.

In terms of secondary markets, Tunisia has a stock exchange (BVMT) and, in 2001, developed the legal framework for securitisation to facilitate access to long-term funding for mortgage finance. However, activity has been extremely limited with only two transactions (in 2006 and 2007 respectively, amounting to US$80 million) by a single institution, the International Arab Bank of Tunisia (BIAT). There is also an alternative capital securities market for Tunisian companies that cannot be listed on the main market.

The Decree-Law No. 2011 – 117 on Micro-Finance Institutions of 5 November 2011, opening the way for new entrants. The government has set up a licensing authority with the assistance of the German Development Agency. This sector is likely to experience growth in the coming years, yet has been slow to launch due to political and regulatory uncertainty for new entrants. However, the additional untapped market has been estimated at between 0.7 and one million.

The microfinance sector has yet to grow substantially due to restrictive regulation and interest-rate caps set before the Revolution. Only one institution, Enda Inter-Arabe, operates at any scale. At the end of 2013, Enda had 231,520 clients, and a gross loan portfolio of US$96 million, with a default rate of only 0.55 percent. In 2014, EBRD provided Enda with a loan for US$6.2 million to support them to scale their operations to micro and small and medium enterprises. In 2008, Enda launched a new product, called “Eddar”, specifically for housing improvements to scale their operations to micro and small and medium enterprises. In 2008, Enda launched a new product, called “Eddar”, specifically for housing improvements to adapt supply rather than a lack of resources. The cumulative surplus (unspent resources) of FOPROLOS reached almost US$230 million at the end of 2013.

Zitouna Bank was the first institution in 2009 to launch a Mourabaha product. The government is working with the Islamic Development Bank to issue its first Sukuk bonds, which has been presented as a cheap means to access long-term resources. The size of Tunisia’s middle class reached more than 40 percent of the total population in 2010, up from 25 percent in 2000. Per capita spending averaged US$2,360 a year in 2010, which ranged from US$1,496 in the Centre West region to US$3,228 in Tunisia. In 2012, 1.2 percent of households had expenditure of less than US$2,500 a month, 12.8 percent spent between US$2,500 – US$5,000, 24.9 percent between US$5,001 – US$7,500, 20.9 percent between US$7,501 – US$10,000 and 40.2 percent above US$10,000. In May 2015, the minimum monthly income for a 48-hour working week increased to US$152. Yet, this still leaves the lowest tier of formally employed people with only approximately US$40 – US$80 a month to spend on housing.

In terms of affordability, a 2012 analysis by UN-Habitat calculated that a house of 75 square metres built progressively on peri-urban land would cost about US$14,000, or US$187.5 per square metre. Such a unit has a price-to-annual-income ratio close to nine for the lowest decile households. Assuming 30 percent of income could be mobilised for monthly housing payments, the repayments required on the cheapest housing loan makes this unit unaffordable to 30 percent of Tunisian households.

The government programme, FOPROLOS, was designed in 1977 to provide housing finance for low-income groups and is still the main tool assisting access to affordable housing. There are three main categories:

- **FOPROLOS 1**: Households earning between 1 – 2 times minimum wage can purchase a unit below 50 square metres at US$25,500, with a loan of 90 percent LTV for 25 years, at 2.5 percent per annum.
- **FOPROLOS 2**: Households earning between 2 – 3 times minimum wage can purchase a unit below 75 square metres at US$12,100, with a loan of 90 percent LTV for 25 years, at 4.0 percent per annum.
- **FOPROLOS 3**: Households earning between 3 – 4.5 times minimum wage can purchase a unit of between 80 – 100 square meters at less than US$43,400, with a loan of 85 percent LTV for 25 years, at 5.75 percent per annum.

However, in recent years, the cost of a FOPROLOS home has become inaccessible to the target groups, with housing costs at around US$10 a square metre. Qualifying criteria do not enable households with irregular incomes to participate. Furthermore, loan ceilings have not increased with cost of production, so it is difficult for developers to offer a housing supply to match the subsidised financial product. There are clear indicators that, in its current shape, this mechanism is not suited for the attainment of its set objectives, thus prompting a spill over of the demand into the informal sector. According to data from MEATDD, the share of approved FOPROLOS housing units offered by private developers only represented on average six percent of the total approved housing units between 2004 and 2013. FOPROLOS remains largely underutilised due to a lack of adapted supply rather than a lack of resources. The cumulative surplus (unspent resources) of FOPROLOS reached almost US$230 million at the end of 2013.

This has prompted the government of Tunisia to launch a reflection on the overhaul of the FOPROLOS mechanism, which is widely regarded as obsolete, as part of the new Housing Strategy presented to the Prime Minister in October 2015. The upcoming reform will aim to increase affordable access to housing and should include an extension of the repayment terms as well as a decrease of the self-financing rate but also revised eligibility criteria. The strategy also provides for a new guarantee fund mechanism aimed at promoting access to housing finance, including through FOPROLOS, to modest households that are not affiliated to social security or do not hold a bank account. A removal of the de jure monopoly of the Housing Bank on subsidised FOPROLOS loans is also under consideration.

### Housing supply

The 2014 census and housing survey, released in September 2015, recorded a total housing stock of 3,289,903 units, an increase of 789,103 units since the last census in 2004. This exceeds the number of households, which was recorded at 2,712,796 in 2014. 97.2 percent of Tunisians own their home and an estimated 17.7 percent of the units are vacant, which are usually high-cost units, purchased as secondary homes, luxury rental properties, or speculative investment properties.
Of the annual demand, estimated at 77 000 units per year, around 40 percent is built informally on an incremental basis on quasi-formally subdivided land – the land is bought and acquired through notary deed. A total of 42 587 building permits were issued in 2013. Of the formal units, approximately 80 percent are constructed by individual households (responsible for 28 000 building permits and 38 300 units per year), two percent by public developers and 18 percent by registered developers, who tend to target middle to high-income groups.

### Property market

There are two land registration systems. The first regime was established by the Decree-Law of 20 February 1964 on the registration of agricultural lands. This land is compulsory, free of charge, and state-administered. The second regime involves voluntary applications to register land by landowners, usually based on a notarial deed. The land registration system involves three main actors: first, the property court, which is the competent judicial authority; intervenes at the onset of the registration process by issuing a registration judgment; second, the Land Survey and Topography Agency (Office de Topographie et de Cadastre, OTC) is a technical body mandated with boundary marking and allotment operations as well as establishing land plans; and, third, the Landed Property Registry (Conservation de la Propriété Foncière, CPF) is responsible for issuing, updating, and maintaining title deeds.

The real estate and construction sector is an important contributor to national GDP and employment. In the first quarter of 2016, the number of jobs in the construction and settlements sector was measured at 459 800, which represents 13.5 percent of total employment. The housing sector also accounted for three percent of the revenues of the state via taxes collected from rental and property management, VAT generated by construction and local land taxes.

Prices in the formal real estate market have been increasing at a rate of eight percent annum since 1990, and have continued to rise following the Revolution. The rental market has experienced increased demand, and higher rentals, due to the Libyans who have fled unrest in Libya. According to the Ministry’s Housing Observatory, in 2010 the average price of a housing unit was US$36 180 at a size of 134 square metres, or US$270 per square metres. Meanwhile, the Global Property Guide reports that the average sale price for a house in Tunisia can reach as high as US$2 100 – US$4 000 a square metre.

The number of registered real estate developers continues to increase in Tunisia after the regulatory framework for the profession was put in place in 1990. There are more than 2 700 registered developers today. However, this number is not indicative of an increase in the production of housing, as many investors register as developers to benefit from tax incentives for property construction.

### Policy and regulation

In force for more than 40 years, government financial assistance mechanisms for the housing sector mainly consist of financial subsidies, such as subsidised interest rates and tax exoneration on home saving accounts. To a lesser extent, there are land subsidies through the Housing Land Agency (Agence Foncéred’Habitation), which also has the objective of reducing land speculation. This regime was enhanced in 2007 through the issuing of direct subsidies by the National Solidarity Fund (Fonds National de Solidarité), targeted to benefit households wishing to purchase social housing. Complementary mechanisms were established in the 1980s in the form of slum upgrading schemes managed by the Urban Rehabilitation and Renovation Agency (ARRU) and the National Programme for the Resorbing of Rudimentary Lodging (PNRLR).

In 2014, the Ministry of Public Works, Housing and Settlements undertook a comprehensive review of its housing policy, particularly in terms of exploring public-private partnerships. The review also looked at possible reforms of the subsidy programmes intended to widen the scope and rationalise government housing aid, as well as the expansion of the mandate of FOPROLOS. Preliminary recommendations for a new National Housing Strategy were presented by the government in September 2014 and included revitalising the role of the Housing Land Agency in land provision.

### Opportunities

Despite a slowdown in the pace of new constructions (as evidenced by a 6.5 percent decrease in the demand for cement in the first quarter of 2015 according to the Ministry of Industry), and as the outlook of capital markets and the banking sector remains uncertain, Tunisians continue to put their money in real estate as housing in Tunisia is still considered a secure and profitable form of investment. The construction boom can be seen in both the formal and informal sector, particularly apparent in the high cost of land and construction materials. However, continued price rises may not be sustainable, and there is a risk of this further excluding low to middle-income households from homeownership.

Contribution of the housing sector to GDP was estimated at US$2.8 billion in 2014, representing 6.6 percent of GDP. Removing restrictions on foreign ownership of property and the rise in demand for Islamic housing finance may allow the sector to grow significantly.

A slight upturn in the population growth rate will help to drive the market’s expansion. With regard to solvency of the demand, the impact of the economic changes undergone by the country since 2011 will tend to “variabilise” income levels. Demand for housing credits will grow in complexity and will less and less rely on traditional products, which will impact the evolution of the nature of demand.
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Overview

The strong and sustainable economic growth, enjoyed by Uganda, over the last two decades, has laid a firm foundation for the country to further broaden its development agenda. The country has since moved from a significant focus on the prudential management of the macroeconomic environment (including stabilising key economic indicators like inflation) to transforming into prosperous middle income nation.

The 2nd National Development Plan (NDP II 2015/16 – 2019/120), launched in June 2015, delineates a transformative development agenda in pursuit of inclusive, equitable and sustainable socio-economic growth. One that will fast-track the country into lower-middle income status, in line with the aspirations of Uganda’s Vision 2040. The country’s average per capita income is currently US$1,106, increasing from US$706 in 2015, and US$904 in 2014. The goal of the NDP II is to steadily transform the country into lower-middle income status, with a per capita US$1,033, by 2020.

However, this transformation strongly hinges on measures that will stimulate increased economic growth. Economic growth that does not exceed an average of 7 percent, in the next five years, will not enable Uganda to achieve its ambitious goal of becoming a lower-middle income nation, by 2020.

American credit rating agency, Standard and Poor (S&P), in their 2016 Report on Uganda, suggested that the per capita income is expected to remain below US$1,000 from 2016 to 2019. Suggesting that it is highly unlikely for the country to achieve its desired economic growth. Government’s projection for the next three years (2016/17 to 2018/19), is an average of 6.3 percent, down from 4.6 percent in 2015/16. In 2016/17, the economy is projected to grow at 5.5 percent, largely due to Government’s commitment to fast-tracked implementation of key public investments in infrastructure.

It is envisaged that the huge public investments in hydroelectricity power projects, an oil pipeline and a standard gauge railway planned over a five year period (2015 to 2020), will generate substantial revenues, which will be pumped into the economy, to support the benchmark target of 7 percent.

The efficient management of infrastructure projects, is crucial for the Government to realise higher returns, and to increase and sustain the requisite rates of economic growth. Over the past five years, about half of resources allocated to Uganda’s priority infrastructure sectors were not spent, resulting in under expenditure of the budget. This was largely attributed to inadequate preparation of the projects which led to delays in implementation, cost escalation, time over runs, contract disputes and rapid depreciation of capital stock.

Access to finance

Uganda’s financial sector is sound, and its efficiency has greatly improved over the last two decades. The sector is well-capitalised (44 percent of GDP in 2016, compared to 37 percent in 2014), liquid and profitable.

KEY FIGURES

<table>
<thead>
<tr>
<th>Main Urban Centres</th>
<th>Kampala (Capital)</th>
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<tr>
<td>Exchange Rate: 1 US**</td>
<td>3,378 Ugandan Shilling (UGX)</td>
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<td>Inflation 2014 (est.)</td>
<td>4.3</td>
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<td>2015 (prov.)</td>
<td>4.5</td>
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<td>2016 (prov.)</td>
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<tr>
<td>2017 (prov.)</td>
<td>5.3</td>
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<tr>
<td>Population**</td>
<td>39,092,000</td>
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<td>Population growth rate (2013)**</td>
<td>3.25</td>
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<td>Urban population (%) of total**</td>
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<td>Urbanisation rate (%) in 2013**</td>
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<td>GDP per capita (current US$)**</td>
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<td>GDP growth rate (annual %)**</td>
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<td>GDP (Current US$)**</td>
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<td>GN per capita, Atlas method (current US$)**</td>
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<tr>
<td>Population below national poverty line*</td>
<td>19.7</td>
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<td>Unemployment rate (%)*</td>
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<td>Gini co-efficient (year of survey)**</td>
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<td>HDI (Global Ranking)**</td>
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<td>Lending Interest Rate**</td>
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<td>Unsecured lending interest rate (housing microloan)</td>
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<td>Credit % of GDP^</td>
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<td>Estimated number of mortgages</td>
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<td>592</td>
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<tr>
<td>Price To Rent Radio City Centre**</td>
<td>56.15</td>
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<tr>
<td>Outside City Centre**</td>
<td>15.9 (2015)</td>
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<tr>
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<td>Outside City Centre**</td>
<td>6.29% (2015)</td>
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<td>Construction as a % of GDP</td>
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<td>Is there a deeds registry?</td>
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<td>No. of resid. title deeds in registry</td>
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<td>What is the average rental price for a formal unit (in US$/month)#</td>
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<tr>
<td>What is the minimum plot size for residential property (in m²)#</td>
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<td>Ease of doing business rank</td>
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<td>Number of procedures to register property</td>
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<td>Time (days) to register property</td>
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<tr>
<td>Cost (% of property value) to register property</td>
<td>2.60</td>
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</tbody>
</table>

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** Commit.com The Currency Converter/CAF survey data
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* Bank of Uganda
* Central Bank data
* Directorate of Land Titles

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The efficient management of infrastructure projects, is crucial for the Government to realise higher returns, and to increase and sustain the requisite rates of economic growth. Over the past five years, about half of resources allocated to Uganda’s priority infrastructure sectors were not spent, resulting in under-expenditure of the budget. This was largely attributed to inadequate preparation of the projects, which led to delays in implementation, cost escalation, time over runs, contract disputes and rapid depreciation of capital stock.
Recent developments in the financial sector include the passing of the Financial Institutions (Amendment) Act, 2015. The Act espouses for financial institutions to offer new, better and more convenient services to clients, as part of efforts to enhance financial inclusion. The Act provides for: the introduction of Islamic Banking, Bancassurance, Agent Banking, and reforming the Deposit Protection Fund.

Commercial banking accounts for the largest share of the financial sector. There are 25 licensed banks. The total number of bank branches is currently 570, compared to 561, in 2015. There are currently 834 ATMs throughout the country, compared to 803 in 2015. And, bank account holders are estimated at 5.5 million.

Deposit funding accounted for 80.2 percent of the banks’ core funding in the past year (June 2015 to June 2016). Though high, annual deposit growth receded from 19.5 percent in 2015, to 16.5 percent in 2016. By sector, households made the largest contribution to banks’ deposit funding, with a share of 44.9 percent, as at June 2016.

The ratio of total loans and advances to total deposits increased from 70.8 percent to 72.8 percent, between June 2015 and June 2016. Total lending grew to 19.7 percent as at June 2016, from 14.4 percent in June 2015. The growth in lending was attributed to an increase in foreign currency loans, which grew by 36 percent from US$3.7 trillion (US$1.1 billion) to US$4.9 trillion (US$1.5 billion), in that period.

Of the key business sectors, banks’ lending to manufacturing registered the highest annual growth rate, between 2015 and 2016, at 40.6 percent. However, loans to the household sector receded from 44.3 percent as at June 2015, to 7.6 percent, as at June 2016. This was attributed to the high interest rates (between 21 and 25 percent) and commercial bank’s reluctance to provide unsecured loans for private sector investment, given the limited access to titled land. The high interest rates were mainly attributed to a high CBR (15 percent in June 2016, compared to 12 percent in June 2015) and the high risk portfolio of borrowers. In addition, increased issuance of Government bonds were preferred as a risk-free investment for banks, thus crowding out private sector credit.

In the period June 2015 to June 2016, the building and construction sector maintained the highest share of bank lending, at 23.2 percent. Increase in credit to the construction sector was mainly driven by borrowing for land purchases.

The annual change in mortgage lending, however, reduced from 26.3 percent in June 2014 to 9 percent in June 2015. This significant reduction was attributed to commercial banks’ shift/change in investment choices, to short-term risk-free treasury bills and bonds, which guarantee a fixed rate on return, and less investment in mortgages, which are riskier. As a result, the total stock of Government domestic debt (through the issuance of treasury bills and bonds) increased by 11 percent to US$10.4 trillion (US$3.1 billion) between June 2015 and March 2016. Commercial banks’ preference for short-term risk-free treasury bills and bonds was also attributed to an increase in interest rates at which the bills and bonds were offered. Between June 2014 and June 2015, interest rates on 91-day treasury bills increased by 3.8 percentage points.

Five banks dominate mortgage finance, namely: (i) Housing Finance Bank, (ii) DFCU Bank, (iii) Stanbic Bank, (iv) Barclays Bank, and (v) Standard Chartered Bank. Housing Finance Bank is the market leader, and for the last decade, it has held between 50 and 53 percent of the total mortgage finance book. The total mortgage portfolio is estimated at US$26.1 billion, compared to US$26.7 billion in 2015. This represented a decline of 2.3 percent, borne from the high interest rates that dampened the demand for mortgage financing.

Stiff competition among commercial banks has led to the development of more innovative housing finance products. Notably, the mini-mortgages offered by Housing Finance Bank and Stanbic Bank. ‘Mini-mortgages’ are collateralised but differ from conventional mortgages in that their tenor is shorter (between 5 and 7 years), at interest rates of about 22 percent, and involve underwriting of informal income.

However, uptake of mini-mortgages was slow in 2015 and the first half of 2016. The high interest rates, attributed to the rise in the CBR, as part of efforts to curb the inflation rate and exchange rate volatility, are one of the main reasons for the slow uptake. According to industry experts, the drop in demand for residential mortgage products, is expected to ease around the third quarter of 2016, on the assumption that the Uganda Shilling stabilises. So far, the Shilling has appreciated against the US Dollar, from US$3.84 per USS in December 2015, to from US$3.298 per USS in June 2016.

Defaults (NPLs) in the real estate sector are still high, estimated at about 4 percent. And, are largely attributed to the lack of group lending culture (cooperatives) which could secure/rescue any member defaulting a loan repayment when they are faced with unpredictable circumstances. The other causes of defaults are: (i) the lack of comprehensive securing of loans through insurance companies, (ii) a high rate of job insecurity among borrowers, and (ii) banks not taking advantage and informing the borrower of the condominium Property Act 2001, when lending out. This would enable the property to be converted into condominium units that could be disposed of, to clear the outstanding loans, while the borrower retains the rest of the property.

The absence of long-term funding schemes within the domestic banking system continues to constrain the growth of the housing finance sector. NSSF (National Social Security Fund) is the only suitable long term funder in the Uganda, which invests its long-term assets in short-term equity or real estate.

However, current efforts to reform the pension sector are expected to end NSSF’s monopoly. The passing of the Retirement Benefits Sector Liberalisation Bill, will introduce competition and improved governance within the pension sector.

Another notable development was the establishment of the Uganda Retirements Benefits Authority (URBRA), in 2012, whose overall goal is to regulate, supervise and promote the development of a stable and effective retirement benefits sector. In June 2016, URBRA licensed Uganda’s first informal sector based pension schemes; (i) Mazima Voluntary Individual Retirement Benefits Scheme (MVIRBS) and (ii) Kampala City Traders Association (KACITA). These schemes will extend social protection coverage to informal sector workers, who are generally faced with inadequate social welfare coverage, it will also help them to draw from their savings to meet their housing needs, as espoused by the Retirement Benefits Sector Liberalisation Bill.

Also, recent efforts that have been embarked upon to create Real Estate Investment Trusts (REITS) will encourage and minimise the risk several private sector occupational schemes could face, when directly investing in real estate.

With funding from The MasterCard Foundation, Habitat for Humanity is supporting Centenary Bank, OBL and Pride to develop housing microfinance loans and explore improvements in the housing value chain for low income families. The project, which concludes at the end of 2018, emphasises a sector-building approach to advance sustainable solutions that enable the poor to save, borrow, invest, and build assets towards improving their lives.

Affordability

Although the demand for housing is high, effective demand is actually very low because only a portion of employees’ income is documented. It is common for individuals to complement their salaried income with other sources of revenues, from micro and small sized investments. Statistics from the Ministry of Finance, Planning and Economic Development, on documented income show that more Ugandans have crossed the poverty line, and, indeed, they are in a better position, and are better able to afford housing. Income poverty declined from 24.5 percent in 2009/10 to 19.7 percent in 2012/13. Income inequality also decreased by 7.3 percent over the same period. The middle income class (defined as a group of people who earn between US$4 a day and a maximum of US$20 a day) has grown seven-folds during the last two decades, increasing from 1.8 million individuals in 1992/93 to 12.6 million in 2012/13. Notably, between 2009/10 and 2012/13, 2.6 million Ugandans acquired middle class status.

The country’s average per capita income is currently (2016) estimated at US$770. However, this income is still too low to meet mortgage terms for buying a house on the formal market. A case in point is private health workers, the majority (about 90 percent) earn too little to finance their housing needs; at approximately
Uganda

Global Urban Household Income US$

<table>
<thead>
<tr>
<th>Income Range</th>
<th>No. of Households (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; $40,001</td>
<td>500</td>
</tr>
<tr>
<td>$23,001 – $40,000</td>
<td>1,000</td>
</tr>
<tr>
<td>$12,001 – $23,000</td>
<td>1,500</td>
</tr>
<tr>
<td>$8,001 – $12,000</td>
<td>2,000</td>
</tr>
<tr>
<td>$5,001 – $8,000</td>
<td>2,500</td>
</tr>
<tr>
<td>$3,001 – $5,000</td>
<td>3,000</td>
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<tr>
<td>$2,001 – $3,000</td>
<td>3,500</td>
</tr>
<tr>
<td>$1,001 – $2,000</td>
<td>4,000</td>
</tr>
<tr>
<td>$801 – $1,000</td>
<td>4,500</td>
</tr>
<tr>
<td>&lt; $800</td>
<td>5,000</td>
</tr>
</tbody>
</table>

Average income needed for the cheapest newly built house by a formal developer, 2016:
- Rural: $12,630
- Urban: $12,630

Average annual urban household income, 2015 (in constant 2005 US$):
- Rural: $12,001 – $23,000
- Urban: $23,001 – $40,000

Annual income needed for the cheapest newly built house by a formal developer, 2016:
- Rural: $3,502
- Urban: $3,502

Notwithstanding the above, the country is currently (2016) estimated to have a housing deficit of 1.6 million units. Coupled with an annual population growth rate estimated at 3.4 percent, and a 5.6 percent urbanisation rate, Uganda needs to move fast to match its increasing urban population’s housing needs. Out of the total deficit, 1.29 million is in rural areas and 211,000 in urban centres.
One of the more recent housing developments is the Nakawa-Naguru housing project. After nearly five years of stalling\(^{1}\), it is expected to deliver the first 100 of 1,000 housing units by the end of 2016. The housing project is owned/funded by Opeprime Properties Uganda Limited (OPUL), a UK subsidiary firm of Comer Group and the Government of Uganda. The initial plan by the Government is to provide low-cost housing for tenants. However, the price for the units is yet to be established after conclusively estimating the actual cost of delivering each unit. The project will cost US$4 trillion (about US$100 million).

With support from Shelter Afrique, the Government (through the Ministry of Lands, Housing and Urban Development), has embarked on the Nationwide Housing project, implemented under a PPP or Equity Model. The project will target middle and low income earners. And, will be implemented in the six Districts of Arua, Jinja, Lira, Mbarara, Mukono and Wakiso. The Government plans to start with 100 units, developed on Government land in Jinja, and another 400 units, on private land in the greater Kampala area. A mix of four house types is proposed: (i) a 1-bedroom house of 36m\(^2\), valued at US$84 million, (ii) a 2-bedroom house of 56m\(^2\), valued at US$111 million, (iii) a 2-bedroom house of 70m\(^2\), valued at US$164 million and (iv) 3-bedroom house of 85m\(^2\), valued at US$200 million.

**Property markets**

Uganda’s property markets are gradually developing, supported by the growth of the middle income class and, most recently (2012), the expected boom from expansion of oil and gas. In the last seven years (2009 to 2016), prices of residential property increased by 214.8 percent, mainly as a result of the high demand from the middle income class. However, for the last five years, there has been a slump in demand for residential properties. This was attributed to the high interest rates on residential mortgages (between 20 and 26 percent), general slowdown in economic activity (4.6 percent growth against a projected 5.8 percent) and commercial banks preference to invest in short-term risk free financial instruments (treasury bills and bonds), rather than accumulate high proportions of NPLs through mortgages.

Notwithstanding the above, property markets are fast developing in towns adjacent to Kampala City. This is largely because of the construction of large infrastructure projects, to catalyse industrial development and economic growth. Most notable, was the construction of several roads in Mukono (15 km from Kampala City), Wakiso (20 km from Kampala City) and Mpigi (30 km from Kampala City). The improved road network in these towns has spurred development of several housing projects\(^{2}\), targeting modest, middle and high income earners.

**Policy and regulation**

On May 4th 2016, cabinet approved the new National Housing Policy\(^{3}\), following a wait of approximately two years. In the new policy, the government will be charged with instituting a conducive policy, legislative and regulatory environment to enable stakeholders (private and public) to promote and develop the housing sector. Under a public-private partnership framework, government will provide key inputs such as the installation of utilities like electricity, water and sewerage on identified real estate development plots of land as well as leverage access to affordable financing for housing development.

Implementation of the urban housing and settlement policy also needs to be strengthened to ensure that home development plans in urban areas are informed by key considerations such as, the fast growing demand for rental housing units, the declining average household size, and the need to promote orderly development of real estate in urban areas.

Currently, the MLHUD has registered about 112 condominium plans, guided by the Condominium Law (2001). The Condominium Law has helped, although in a small way\(^{4}\), to increase the number of housing units in the country. A major challenge, however, is that the Law is not well understood by professionals who are supposed to implement it.

**Opportunities**

The housing finance sector, though improving, still lacks the capacity and capital to:
(a) expand the supply of affordable housing; and
(b) provide appropriate housing finance products. In particular, there is a growing demand for mortgage lending to middle and high income groups, which generally require loan term of up to 20 years. The Government, with support from the World Bank, has indicated commissioning a study to assess the feasibility of setting up a Mortgage Liquidity Facility (MLF). The MLF will be charged with developing the primary mortgage market by providing funds to mortgage lenders at better rates and longer tenors, thus facilitating affordability of housing finance, particularly among the lower middle and low income earners. There is also a growing need for new and innovative housing microfinance products, to serve the diverse housing needs of households at the bottom end of the pyramid. Additionally, higher densities should be promoted to optimise land use and reduce infrastructure costs.

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\(^{1}\) The economy last grew at a rate of 7 percent in 2008/9.

\(^{2}\) Growth was revised downwards from 7 percent to 5.5 percent in FY2016/17 to reflect potential spill-overs from a weaker global environment, and the impact of expenditure overruns and tight credit conditions on private investment

\(^{3}\) Bancassurance is an arrangement in which a bank and an insurance company form a partnership so that the insurance company can sell its products to the bank’s client base.


\(^{5}\) Ministry of Finance Planning and Economic Development (June 2016): Background to the Budget Fiscal Year 2016/17.


\(^{7}\) www.monitor.co.ug/Magazine/Features/HousingProperty/What-drove-real-estate-sector-2015/-699858/3013762/-/i/u/37z/ix/index.html

\(^{8}\) Uganda Market Update (2016): Knight Frank.

\(^{9}\) www.globalcement.com/news/itemlist/tag/Uganda


\(^{11}\) NHCC, Akright Projects, Pearl Estate, Kensington Group, Nationwide Properties and Tirupati Uganda.

\(^{12}\) www.monitor.co.ug/

\(^{13}\) These housing projects are delivered by individuals. A project comprises one or two blocks of 10 to 15 2-bedroom flats.

\(^{14}\) www.altheasuites.com;www201607220509.html

\(^{15}\) Between 2013 and 2015, National Housing and Construction Company Ltd was able to deliver between 500 and 1,000 condominium properties. In the same period, other modestly sized developers were able to deliver about 500 condominiums.
Zambia

Overview
Zambia is a lower-middle income country and the second largest copper producer in Africa. Zambia’s real GDP growth rate is 3.4 percent compared to about seven percent per annum during the past decade due to falling copper prices, reduced power generation, lack of economic diversification, and depreciation of the Kwacha. Zambia is a highly unequal country, with a Gini co-efficient of 0.69 in July 2016. Sixty percent of the population lives below the poverty line (average GNI is about US$1 801.89) and unemployment sits at 9.2 percent. The annual inflation by July 2016 was 21.8 percent, up from 7.1 percent in June 2015 and 8 percent in August 2014.

Zambia’s population, estimated at 15.5 million in 2015, is very young and still quite rural. Just under half of the population (46.2 percent) is under the age of 14 and only 2.4 percent are older than 65. The population is projected to increase to 24.9 million in 2030 and 44.2 million in 2050 while the urban population will grow to 12.0 million by 2030, and 25.8 million by 2050, clearly indicating the need for a focused urban housing strategy.

Access to finance
According to Finscope (2015) the Government’s national target of 50 percent financial inclusion has been exceeded. In 2015, 59.3 percent (4.8m) of adults were financially included up from 37.3 percent (1.5m) in 2009. About 24.8 percent (2m) adults used bank services; 28.3 percent (2.3m) used non-bank formal services. About 6.3 percent of adults (0.4 million) belonged to Savings Groups while 12.5 percent (1.0 million) were members of ROSCAS (or Chilimas). At least 1.5 percent of adults (100 000) belonged to Savings Groups and Chilimas. Barriers to financial inclusion include an economy in which over 50 percent of sales are still cash based, weak market competition, and inadequate financial depth.

The banking sector is well-regulated with 19 licensed commercial banks, 15 of which are subsidiaries of foreign banks, four are locally owned private banks, and two are partly owned by the Government. Bank lending for housing mainly targets which are subsidiaries of foreign banks, four are locally owned private banks, and two are partly owned by the Government. Bank lending for housing mainly targets individuals or institutions in the formal sector. In July 2016 the BOZ Policy Rate was 15.5 percent, down from 18.5 percent in 2015, but up from 12.5 percent in 2014 and 9.75 percent in 2013. The average commercial bank lending increased to 26.47 in 2016, up from 20.5 percent in 2015; it has been above 20 percent for at least the past three years. For non-banking financial institutions the maximum interest rate charged is still calculated at 1.6 on the BOZ policy rate, while for MFIs it is 2.3 times the BOZ policy rate.

Mortgage financing still remains the main source of formal housing finance. The Zambia National Building Society (ZNBS) commands about two-thirds of the mortgage market share. The ZNBS reported a total mortgage loan portfolio of K181 million (US$19 million) in mid-2016, an increase from K112 million (US$15 million) held in 2014. A total of K67 million (US$7 million) of home mortgages was made in 2015 – 16 of which 10 percent was mortgage refinance. In 2014, Government recapitalised the ZNBS with K167 million (US$18 million) which increased access to mortgages by about 63.2 percent from 1 238 in December 2013 to 3 363 by December 2014. The total number of home mortgage loans outstanding increased from 2 000 in 2015 to 1300 in 2016. The Pan

Key Figures

<table>
<thead>
<tr>
<th>Main Urban Centres</th>
<th>Lusaka (capital), Ndola, Livingstone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange Rate: 1 US$</td>
<td>9.31 Zambian Kwacha (ZMW)</td>
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<tr>
<td>Inflation 2014</td>
<td>7.8%</td>
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<tr>
<td>Population</td>
<td>16 212 000</td>
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<tr>
<td>Population (% of total)</td>
<td>40.92%</td>
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<td>GDP per capita (current US$)</td>
<td>1 308</td>
</tr>
<tr>
<td>GDP (current US$)</td>
<td>21 201 564 248</td>
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<td>GN per capita, Atlas method (current US$)</td>
<td>1 500</td>
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<tr>
<td>Population below national poverty line</td>
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<tr>
<td>Unemployment rate (%)</td>
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<td>Gini co-efficient (year of survey)</td>
<td>55.62 (2010)</td>
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<td>HDI (Global Ranking)</td>
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<td>Lending Interest Rate (%)</td>
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<td>Unsecured lending interest rate (housing microloan)</td>
<td>45 – 60%</td>
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<tr>
<td>Mortgage Interest Rate (%)</td>
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<tr>
<td>Down Payment (%)</td>
<td>10 – 20% /</td>
</tr>
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<td>Credit % of GDP (%)</td>
<td>19.60</td>
</tr>
<tr>
<td>Average Mortgages % of GDP (%)</td>
<td>1.29% (2012)</td>
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<td>Estimated number of mortgages</td>
<td>1 309</td>
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<td>Average loan size in US$ (mortgage)</td>
<td>4 000</td>
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<tr>
<td>Average loan size in US$ (non-mortgage/micro lending)</td>
<td>200 – 1 500</td>
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<tr>
<td>Price To Rent Ratio City Centre</td>
<td>Outside City Centre</td>
</tr>
<tr>
<td>Gross Rental Yield City Centre</td>
<td>Outside of City Centre</td>
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<tr>
<td>Price To Rent Ratio Outside City Centre</td>
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<td>Construction as a % of GDP</td>
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<td>No. of resid. title deeds in registry</td>
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<td>Outstanding home loan (% age 15+)</td>
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<td>What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)?</td>
<td>925</td>
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<tr>
<td>What is the size of this house (in m²)?</td>
<td>30</td>
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<tr>
<td>What is the average rental price for a formal unit (in US$/month)?</td>
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<td>What is the minimum plot size for residential property (in m²)?</td>
<td>288m²</td>
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<td>Ease of doing business rank</td>
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<td>Number of procedures to register property</td>
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<td>Time (days) to register property</td>
<td>45</td>
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<tr>
<td>Cost (% of property value) to register property</td>
<td>13.50</td>
</tr>
</tbody>
</table>

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Africa Housing Finance Yearbook 2016

247
Urban
No. of households (thousands)

ZAMBIA
Pension-backed lending is permissible by Zambian law, though the huge reserve
technical (home) designs to Habitat for Humanity Zambia to build 2,150 houses.
BancABC and ZNBS. In 2014 Lafarge donated 1,008 bags of cement and free
provides loans of up to K2,500 (US$269) to its clients in partnership with
ranging between 51 and 53 percent annually. Lafarge, a building materials company,
US$215 to US$37,600) with maximum loan terms of 60 months at an interest
purchased the CRB which to date remains the sole credit bureau in Zambia.
Cut the Credit Reference Bureau (CRB). In 2012, TransUnion
compelled the Bankers Association of Zambia (BAZ) to establish the first credit
lending, in an effort to make lending more cost effective. The high default rates
50 percent which has further pushed MFI interest rates to 52 percent and above.
The Policy caps have led to many MFI streamlining their operations, closing
results of up to K2,500 (US$269) to its clients in partnership with
banking and Financial Services Act.
The BoZ minimum policy interest rate caps for MFIs range between 47 to
50 percent which has further pushed MFI interest rates to 52 percent and above.
The Policy caps can have led to many of their operations, closing
margin of branches with high operating costs or decreasing loan sizes and group
In 2016 the microfinance sector comprised just over 45 MFIs up from 35 MFI in
2014 and 25 licensed MFIs in 2013. The BoZ requires a MFI to have at least
80 percent of its total loan portfolio serving MSEs, less than 20 percent of the
total loan portfolio serving individuals in formal employment and an average loan
size per borrower not exceeding K2,500 (US$269) making most MFIs non-bank
financial institutions. Most MFIs are payroll based consumer lenders, accounting
for 92 percent of total MFIs assets; four are microenterprise lenders while six are
deposit-taking financial institutions in terms of the 2006 Banking and Financial
Provinces and the 33 newly created districts facing the most critical housing
shortage. Supply constraints exist across the market, even at the top end.
Zambia’s existing housing stock is estimated to be 2.5 million units of which 64
percent is rural and 36 percent is urban housing. About 40 percent of the urban
stock is good quality housing; 28.3 percent are detached single unit houses. About
60 percent is standard, informal housing, of which 20 percent is traditional,
while 21.5 percent is improved, traditional huts. About 32 percent of the dwellings
are in national annual production rate of about 73,000 units per annum falls far below
the national requirement with the Copperbelt, North Western and Lusaka
regions. Mortgage finance is expensive with interest rates ranging between 22.5 and 27.5 percent. Access to wholesale finance,
cost of a 2 – 3 bedroom high cost house is US$80,000 and
US$150,000 with monthly rentals of US$600 to US$1,000 while a 2 – 3 bedroom
middle-income house cost from US$65,000 to US$100,000 with monthly rentals
of US$350 and US$500. In 2016, the cheapest newly built 2 bedroom 65m2 house
by a formal developer cost about K227,500 (US$24,382 but more affordable
housing options are delivered by other means. Construction costs for an NGO
funded houses range from K8,000 (US$859) for one room, K12,000 (US$1,289
for two rooms, and K15,000 (US$1,645) for three rooms while a low income
council house costs around US$1,000 and US$1,500 with monthly rentals of
US$100 to US$150.

Affordability
In Zambia, households spend 40 to 50 percent of their monthly income on rentals.
Low income households in urban areas can purchase a house costing between
K61,300 and K1,000,000 (US$6,584 – US$10,741) while small scale farmers in
rural areas can afford a house costing K24,900 (US$2,675). Developers targeting
young professionals are building in the range of US$60,000 and US$100,000. The
construction cost of a 2 – 3 bedroom middle-income house is US$100,000 and
US$150,000 with monthly rentals of US$600 to US$1,000 while a 2 – 3 bedroom
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Housing supply
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60 percent is standard, informal housing, of which 20 percent is traditional,
while 21.5 percent is improved, traditional huts. About 32 percent of the dwellings
in rural areas are traditional housing. The urban housing backlog is estimated at
1,539,000 units, that is expected to reach over 3.3 million by 2030 nationally.
The national annual production rate of about 73,000 units per annum falls far below
the national requirement with the Copperbelt, North Western and Lusaka
Provinces and the 33 newly created districts facing the most critical housing
shortage. Supply constraints exist across the market, even at the top end.
The main housing suppliers have been the mining houses, local authorities, and
government. By law, housing was supplied as part of an employment contract but
following the liberalisation reforms of the 1990s, this link was broken and each household became responsible for its own housing. Many who could not afford homeownership or pay market rentals moved into low income areas and informal settlements. Most current housing supply is self-build for mainly for rent or owner-occupation, and may take up to seven years to complete.

The NHA’s delivery track record has not met national expectations: between 1971 and 2002 it built or upgraded only 13 938 dwellings; and since 1994 it has produced less than 100 units per annum. Other state agencies like NAPSA, Zambia State Insurance Corporation (ZUSIC) and Workmen’s Compensation Fund have built units for rent in major towns. However, due to the high cost of completed units many have remained unoccupied. Both the NHA and NAPSA plan to rent them out, sale or initiate rent-to-own schemes. It is not clear how the NHA’s or other state agency efforts in housing will be funded, however, as the housing budget is small and declining as a proportion of the budget overall. Government allocated K469 million (US$50 million) or 0.9 percent of the 2016 budget to housing and community amenities – a significant decrease on the 2015 budget which saw K799 million (US$86 million) or 1.7 percent directed at housing.

Private developers like Meanwood, Lilayi Estates, Silverest Gardens, Nkowashi, Roma, Vorna Valley, Salama Park have emerged, but their contribution to housing supply is less than 5 000 completed units per annum focusing more on the high end of the housing market. Developers like Smart Homes Africa, have plans to build two to four-bedroom units and student housing in the US$40 000 to US$80 000 range.

NGOs like Habitat for Humanity, Zambia, Homeless and Poor People’s Federation (ZHPPF), People’s Process on Housing and Poverty in Zambia (PPHPZ), Shelter for All and the UK-based Homeless International help to fill the affordable housing supply gap. HfH Zambia secures land from Local Authorities and then provided micro loans of between K10 000 – 45 000 (US$4 300 – 4 833). The PPHPZ through its Swalisano Fund, a form of ROSCA, has continued to support the poor to build core houses and complete units in various towns of Zambia. The ZHPPF has mobilised more than 50 000 urban poor families to secure land in 42 municipalities and signed a MOU with the NHA to commit land to federation members.

Housing supply is constrained by various factors including lengthy environmental approvals for new housing developments; an inefficient land delivery system; high cost of provision of infrastructure and services and legislated planning standards (now under review) particularly existing large residential plots which range between 30x54m (or 1 350m2 for high cost areas); 18x30m or 540m2 for medium cost areas) and 12x24 or 288m2 for low cost areas. Large plot sizes have a constraining effect on efforts to reduce the projected three million housing deficit by 2030.

Property markets
At the top end, Zambia boasts a vibrant and growing residential property market; and its rental housing market has registered a threefold increase since 2014. The shortage of quality housing at the higher end of the market is driving several developments of modern cluster-style and gated communities. Resale housing stock is limited, especially given that 70 percent of Zambia’s total housing stock is classified as informal. Lower income groups have challenges obtaining affordable housing as there is little formal development.

Land for property development is owned by the state but administered mainly by local authorities and traditional leaders. Private developers and individuals are able to obtain 99 year leasehold with no limitations and land is transferable. In Zambia it takes on average 45 days to go through the five procedures involved in registering a property in 2015. The cost of the registration process is about 13.6 percent of the property’s value. In 2015 Zambia was ranked 111th out of 189 countries but dropped to 97 of 189 in the 2016 Doing Business Report.

Policy and regulation
The 1996 National Housing Policy (NHP) commits government to spend 15 percent of the national budget on housing. This is clearly unrealistic in 2016, only 0.9 percent of the national budget was dedicated to housing. The 1996 NHP is also out-dated prompting Government to formulate a new housing policy whose main goal is to facilitate reforms to the housing finance system, increase government financing of housing and developing public social housing estate funds and group housing improvement finance schemes. Other measures include improving affordability of mortgages by providing mortgage guarantee schemes, fiscal incentives to private financial institutions and introducing mortgage specific policy rates. By mid-2016 the new policy was still in draft state.

Significant challenges remain in reforming legislation around collateral and credit recovery. The slow land delivery system is a major constraint on private sector finance. The on going review of the Land Act of 1995; approval of the Land and National Urban Policy, enactment of the Urban and Regional Planning Act (2015) and the Urban and Regional Planners Act (2014) will provide an enabling environment for housing delivery. The URP Act recognises informality creating potential for housing microfinance by providing collateral. Only 40 percent of the population hold formal title as collateral for loans. A K6 billion (US$644 million) land audit programme is expected to improve title registration enhancing access to housing finance.

Opportunities
The period leading to the 2016 General Elections and Referendum on the Bill of Rights has negatively impacted on national economic performance and created uncertainties in the housing market. Zambia, however, still retains a large untapped residential property market especially for affordable housing. Government has created 33 new districts which require new housing while the huge informal housing stock can be upgraded to decent and acceptable standards thereby increasing both their quality and market value. The microfinance sector has good potential for growth while housing microfinance could benefit from specialised institutions away from traditional MFIs. There is huge potential to increase financial inclusion among the majority poor as well as use of existing accounts for loans and mortgages.

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Overview

Zimbabwe’s GDP growth was projected at 2.7 percent in 2016. However, Zimbabwe’s economy has suffered a rapid and contraction. Former Minister of Finance, Mr Tendai Biti, ascribes this to several key factors, including a shrinking revenue base and food insecurity brought on by effects of El Niño on the agrarian-driven economy. Suggestions are that the country will not meet the revised modest projected growth of 1.4 percent, down from 1.5 in 2015. The largest contributor to this accelerated economic downturn is the Reserve Bank of Zimbabwe (RBZ)'s announcement to introduce bond notes into the economy to address liquidity challenges and plug externalisation of the now scarce US dollar. While the RBZ will introduce the bond note at perfect par-convertibility to the US$, the country will trade at 1:1, bond notes cannot be used to settle external payments. This factor exacerbates pre-existing economic crises, including sources of capital; policy uncertainty; high cost of doing business; the high debt burden at US$25 million. It is an early market leader with the lowest mortgage lending rate 13.00%.

The lingering double-digit lending rates constrain economic recovery. In 2016, Zimbabwe still experiences a structural regression, with acceleration of de-industrialisation and economic informalisation. These challenges are caused by difficult economic problems, including infrastructure and regulatory deficiencies, policy uncertainty, a large external debt burden and insufficient formal employment. Year-on-year inflation has remained subdued and is pushing down to deflation trends. According to the RBZ, the inflation rate up to May 2016 remained negative, reaching 1.69 percent. The gains achieved through domestic price structures reached 1.69 percent. The gains achieved through domestic price structures are projected to be eroded through escalated policy manipulation. The impositions of quotas on basic commodities are perceived as an untenable protectionist strategy that will only raise domestic prices, unless economic fundamentals are realigned.

Access to finance

Despite challenges in the operating environment, the Zimbabwean financial sector remains well developed and sophisticated. As at 31 March 2016, it had 20 operating banking institutions (a central bank, thirteen commercial banks, one merchant bank, four building societies – the country’s major source of housing finance, and one savings bank), 16 asset management companies and 163 microfinance institutions. National Building Society (NBS) is Zimbabwe’s newest building society, operational since May 2016 with an initial capital of US$25 million. It is an early market leader with the lowest mortgage lending rate of 9.5 percent and the longest tenure of up to 25 years. The NBS’s traditional mortgage requires the property as surety and its building loan is only offered for serviced stands to build a habitable structure. Credit risk has been a key component of the profile of banking institutions; however, the ratio of non-
performing loans to total loans declined markedly from a peak of 20.45 percent as at 30 September 2014 to 10.87 percent at the beginning of January 2016. Government's Zimbabwe Asset Management Corporation (ZAMCO) developed a Credit Reference System against threats by non-performing loans (NPLs) to the banking sector and the economy. The RBZ attributes the improvement in NPLs to disposal of qualifying loans to ZAMCO, and to more effective risk and credit management strategies by local banks. Austerity collections and workout plans also helped alleviate the rate of NPLs in the banking sector. ZAMCO’s positive effect is expected to lower funding cost which in tandem, translates into reduced lending rates. The borrowing cost is a major factor in the housing sector's costs and competitiveness. The 2016 World Bank Doing Business Report notes that Zimbabwe's effective reforms facilitate access to credit, and resulted in the country rising 11 positions up to 71 out of 189 countries. Zimbabwe has made significant strides on the 2016 World Bank Ease of Doing Business index, moving 16 positions in the positive from 171 in 2015, to 155 out of 189 countries, in 2016.

As of 31 December 2015, total credit provided by the financial sector grew by 11.2 percent to US$3.6 billion translating loans of US$3.9 billion into a deposit ratio of 68.8 percent, a decline from 71.4 as of 31 December 2014. Mortgage lending is largely undertaken by the Central African Building Society (CABS), CBZ Bank, FBC Bank and ZB Building Society. New mortgage lenders include more traditional institutions: People's Own Saving Bank (POSB); Stanbic Bank; and Barclays Bank. Overall mortgage lending rates are unchanged and still range from 15 – 20 percent. However, NBS has introduced welcome flexibility in the mortgage lending landscape. As the traditional leader, CABS retains a 10 percent ratio of the property value as deposit, in addition to 10 percent of the value paid towards property transfer fees. Stanbic Bank requires exclusive banking for a minimum of 12 months, 5 percent of the property value and 5 percent for property transfer fees.

Although Finscope reported in 2014 that 99 percent of Zimbabwe’s adult population (18 years and above) were financially excluded, a 17 percent growth in financial inclusion was recorded in 2015 by the International Monetary Fund (IMF). Against this backdrop, the RBZ introduced a 2016 – 2020 financial inclusion strategy. Zimbabwe registered as one of the highest countries on Sub-Saharan Africa’s financial inclusion rate at 77 percent in 2014; however, that figure is propped up by mobile money services, particularly among the rural population. The RBZ 2016 – 2020 financial inclusion strategy hinges on targeting priority areas and specific strategic measures. In addition to establishing an additional banking class (deposit-taking microfinance institutions dedicated to supporting Micro, Small and Medium Enterprises [SMEs]), the RBZ will increase flexibility in bank lending. Banks will be encouraged to fine-tune their risk assessment frameworks, by adjusting to the significantly changed macroeconomic environment.

To incentivise provision of additional mortgage financing the government still waives stamp duty on cession of mortgage bonds, effective since January 2015. This was to intended to enhance availability of resources towards financing the national housing programme; however, no current data are available to assess progress.

The possibility of bond notes has raised the rate of demand deposits to unsustainable levels; the re-emergence of long queues outside banking halls and automated teller machines (ATMs) is noted. Demand deposits are 52.9 percent of total deposits in the banking sector; which increased from US$4.09 billion in April 2014 to US$4.6 billion as at end of April 2016. Lending is still for short-term working capital and consumer durable requirements.

Limited availability of affordable long-term finance impacts negatively on the ability of mortgage lenders to provide affordable mortgages; as such, lenders pass high borrowing cost to customers. Mobile money is also spreading quickly as persistent cash shortages have spurred the growth of mobile money services. Along with mobile money, plastic money transactions have increased by 400 percent as of May 2016 in just under a month, to counter liquidity shortages and to move Zimbabwe towards a cashless society. To incentivise this initiative, the RBZ slashed fees on all electronic transfers. Unfortunately mobile money transactions remain largely cash based and are not valid as a platform for savings and credit. Mobile money does not provide historical data needed to acquire loans or other banking opportunities, a limitation that impedes an individual’s access to housing finance. Housing finance remains between 8 – 16 percent per annum for regular borrowers, 6 – 0 percent per annum for prime borrowers with low credit risk, and 10 – 18 percent per annum for borrowers with high credit risk. New economic factors, including new players, coupled with the 3.8 percent charged above the interest rate of borrowers, are expected to increase access and affordability of housing finance.

Despite high cost of funds, financial institutions have developed innovations to reduce borrowing cost for low-income clients. Until 2016 CABS offered the lowest priced mortgage product for borrowers in high-density areas: an interest rate of 12 percent, as opposed to 15 percent for borrowers in low-density areas. To enable low-income earners to access housing finance, building societies collaborate with employers for loans at subsidised rates. In July 2012, CBZ introduced the CashPlus Accounts range, including the CashPlus Housing account targeting the informal sector. This CBZ account allows clients to save money towards home financing, which is matched by the bank. Repayment is pegged over a term of between two and 10 years. Some microfinance institutions, including Homelink and Unito, provide loan products for new home seekers and other products for home improvements. Microfinance loans run over a shorter term in comparison to banks. Additionally, Homelink requires collateral, usually another house, as surety against the loan; this policy continues to exclude the majority who do not own property.

Affordability

With the 2016 cash shortages, Zimbabwe’s fragile economy spiralled down and contracted significantly, triggering a humanitarian and economic crisis, following the four-year long continuously deteriorating liquidity situation. The economic contraction resulted in increased job losses and further eroded disposable incomes, resulting in a rapid increase in poverty; this continues to affect affordability of housing finance as well as the housing itself.

Stanbic Bank and NBS both state that mortgage loan repayments are usually marginally lower than rental of a similar property. However, the application guidelines preclude the majority of Zimbabweans by conditions such as 12 months’ continuous employment; furthermore, the funds have to be channelled through the bank. With a significant number of Zimbabweans either unemployed or on reduced salaries, the number of people qualifying for loans are significantly reduced.

In late 2012, Harare City Council signed an agreement with CABS to build 3 102 core houses for low-income earners in Budiriro, Harare. Beneficiaries needed an initial deposit and CABS provided mortgage finance, repayable over 15 years. In October 2015, only 500 of some 2 800 completed housing units were sold (approximately 20 percent of the entire project). In response, the bank revised the mortgage terms: an upfront deposit of 10 percent (down from an initial 25 percent) is now required upon application, and the mortgage tenure is extended to 20 years. Despite these changes, home ownership is still unattainable to many due to rigid mortgage terms in a highly informal economy.

In 2015, loan finance noted a high default risk due to low economic performance marked by retrenchments; the NPL rate stood at 14.52 percent as of 30 June 2015. These conditions prevail in 2016 as cash unavailability resulted in late or non-payment of retained staff in private and public sector. In most banks, low-income earners (earning $750 per month) qualify for mortgages between US$15 000 and US$20 000. CABS defines low income as a monthly income of at least US$750, significantly above earnings of most industry and commerce workers, and those in government service. The cheapest newly built house now costs a minimum of US$15 000 – beyond the reach of many. While it is laudable to prioritise first-time home buyers, in reality the economy continues to haemorrhage jobs. Even those in formal employment for a decade or more can no longer afford basic houses, partly due to savings depletion after successive currency regimes leading to the dollarisation in 2009.

A major affordability concern is high interest rates; prevailing interest rates of up to 20 percent are considered both prohibitive and punitive. In addition, the 25 percent deposit/own contribution (the only contribution requirement) has remained the main cause of slow uptake of mortgages: as a cash flow item, its impact is immediate.
Housing supply

Zimbabwe's national strategy, the Medium Term Plan (2011 – 2015), had as its major objective elimination of the housing backlog and halving of the housing dependency ratio at household level by 2015.

Government plays a pivotal role in housing development through direct provision of houses, legislation and land. This is a daunting challenge considering that the current national housing waiting list remains at an estimated 1.25 million. The government plans to construct 130,000 housing units by 2018. Recently, the national Housing Minister appointed a new board for urban development with "three main functions, which include urban development, with emphasis on housing provision in a manner that creates sustainable urban settlement, provision of audit services and training of local authorities".

Several new housing Sno-Zim projects under Build, Operate and Transfer (BOT) loan facilities are underway to meet the ZIMASSET housing targets against one million plus housing backlog cited by government. The biggest project, the US$1.9 billion government contract with China-Africa Construction Company earmarked for Harare South; aimed to start in 2016 after feasibility studies and environmental impact assessments were completed in 2015. The agreement will provide 32 new houses and expansion of existing suburbs to meet the 2018 Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET) finish line. In early 2016, an additional contract for more than 32,000 houses was also secured from China, in line with the economic blueprint of ZIMASSET. As at July 2016, the construction had not yet commenced on this project.

Financial institutions are also promoting housing development projects through mortgage loans or by housing stock construction, as was done by CABS (in partnership with the City of Harare) in Budiriro; a project started in 2012 was completed in 2016. In addition to mortgage lending for buying and building houses, ZB Bank and FBC Bank both contributed by servicing stands or building houses for sale. ZB Bank had serviced stands in Springvale, which range from US$11,000 to US$26,000 (300 – 600m²), 10 garden flats in Hatfield, which range from US$109,000 to US$130,000, and some in Beitbridge. CBZ developed the Nehosho housing project in Gweru, with 1,095 undeveloped low cost-residential stands ranging in price from US$15,000 to US$23,000. The project has so far developed an undisclosed number of two-bedroomed core houses. A minimum of 25 percent deposit is required; monthly repayments on the mortgage range from US$200 up to US$300.

Fidelity Life Assurance first embarked on housing development projects in 2011 and developed 317 stands in phase one of Manresa Fidelity Park in Arcturus. Although Fidelity failed to meet its end of 2015 target to complete servicing stands in its South View projects, it reported in March 2016 that the project was 84 percent complete. At present all available 5,304 stands have been sold.

National Social Security Authority (NSSA) came on board to provide housing stock currently, it is working on 680 low-cost housing stands in Masvingo. After Masvingo, it moves to Bulawayo to construct between 800 and 1,000 housing stands.

According to the Zimbabwe National Association of Housing Cooperatives (ZINAHCO), an apex body representing housing co-operatives, its membership serviced more than 20,000 stands and built more than 10,000 houses since 2000. Many housing cooperatives were being registered and delivering housing developments in line with ZIMASSET goals. However, the threat from such institutions is issuing of fake land allocation and distribution, which has led to extortion, of and losses by home seekers.

In April 2016, following a review of its housing policy, the Harare City Council banned housing cooperatives from occupying any new state land, to streamline housing development and better manage waiting lists and backlogs. This development is welcomed as a large number of cases regarding housing cooperatives prejudicing their clients of their contributions under unclear circumstances, were heard in the courts. The City Council system remains a challenge, as backlogs and red tape compromises the service.

In March 2015 Bulawayo City Council commissioned a new suburb by unveiling 391 medium-density residential housing stands in Emhlangeni. The project – Emhlangeni Phase One – is the third in a series of the City Council’s pre-sale housing projects. The Emhlangeni contract started in September 2013 and was implemented at a cost of US$2.9 million. In March 2015, nearly 400 service residential stands were handed over to residents as part of phase one presales. The contract for implementation of services for phase two stands commenced in July 2016.

Property markets

A strong property market usually denotes a growing economy. “Financial results for the year 2015 released by Pearl Properties and Zimre Property Investments Limited (ZPI) showed that commercial and residential properties were suffering due to weak demand for leased space and other real estate products”. Market activity for medium-density houses, flats and cluster units has been constrained by low disposable incomes coupled with speculation around the introduction of bond notes in 2016. Both rental prices and house prices are decreasing. The Independent of Zimbabwe suggests that this could be a result of several co-existing factors, such as increased allocation of state-owned land, the surge of low-income housing products by various banks, and the liquidity crunch fuelled by the general macro-economic slump. Despite the market being constrained, unit prices in this category up to a value of US$150,000 remain elevated due to consistently high demand. More expensive homes are taking much longer to sell and have witnessed price stagnation.
The rental property market has been hard hit by the money crisis. The number of tenants defaulting on rentals has increased; this has pushed some to renegotiate existing contracts for downward rental reviews. In addition to tenants moving out of residential properties, others have resorted to property-sharing arrangements as single households cannot sustain current rentals. The property market has suffered a major hit in value as most properties have become dilapidated due to under-utilisation, poor maintenance or strain on facilities and structures as a result of overcrowding. A large number of home seekers and tenants opt for cheaper housing options to rent or buy. It is not unusual for more properties to stay vacant for long periods, resulting in excess stock on the market. Due to the falling property prices, owners opt to hold on to their properties in anticipation of better market prices.

Zimbabwe maintained its ranking of 114 out of 189 countries according to the World Bank’s 2016 Doing Business Report’s ease of registering property category. There are five procedures to register a property, which takes 36 days and costs 7.6 percent of the property value.

**Policy and regulation**

The housing sector in Zimbabwe is shaped by a strong institutional and regulatory framework. Many Acts and instruments remain unchanged in recent history; they are mostly progressive and include the Regional Town and Country Planning Act [Chapter 29:12]; Urban Councils Act [Chapter 29:13]; Land Survey Act [Chapter 27:06]; Deeds Registry Act [Chapter 2005]; Consolidated Land Acquisition Act [Chapter 2010]; Rural Land Occupiers Act of 2002; the National Housing Policy of 2012; and Model Building By-laws. Some analysts observe that major challenges in the sector possibly stem from inadequate institutional capacity to support the effectiveness of these laws. For instance, the 1.5 million housing waiting list is cited as inaccurate as it does not adequately capture the deficit; the roll is also cited as susceptible to duplication as well as manipulation by officials.

Several laws also suffer the retrogression of not being retrospective in application. The government appreciated the importance of decongesting the urban areas and demand for housing therein through Acts aligned with the Peri-Urban Settlement (GoZ 1998). This was aimed at augmenting residential and industrial infrastructure in zones called growth points. However, development at growth points has stagnated due to economic regression, and new laws are not taking cognisance of the gap that developed when targeted growth in these peri-urban centres was not achieved.

Further long-term funding to address infrastructure bottlenecks is needed for effective housing delivery, including additional capacity to avail loans for both land and housing development. The Deed Registries Act [Chapter 20:05] targets the issue of loan security and provides for the registration of mortgage bonds and notarial bonds. This provides security in the housing finance sector.

**Opportunities**

While demand for housing remains a factor, several constraints affect both developers and potential buyers, reflecting the worsening macroeconomic environment. Opportunity for investors and developers seems tied firmly to economic performance. Finding buyers who can afford new or refurbished properties in this economic environment is not feasible. Investment opportunities in Zimbabwe are still replete, banking more than anything on human capital. Zimbabwe must weather yet another storm in the wake of resurgent political and economic unrest fuelled by incongruent government policies.

Investors, however, remain optimistic of Zimbabwean prospects; Africa’s richest man, Aliko Dangote, had feasibility assessments conducted throughout Zimbabwe early in 2016 in preparation to setting up cement plants to the amount of US$3 billion. This development is key towards creating competitiveness in the cement sector, which may result in lower prices. The government’s stance in various development policies articulates requirements to improve housing delivery; these require implementation.

The RBZ’s continued efforts to cut interest rates and promote financial inclusion are direct policy interventions to reduce the cost of both capital and of doing business in Zimbabwe. This yields a positive effect on housing finance by making the cost of borrowing lucrative for homebuilders.

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IMPACT OVER THE LAST 5 YEARS

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We have grown our loan book through adapting innovative and competitive housing products, including the development of Malkerns Square – an iconic, environmentally responsible, and resource-efficient lifestyle property development in Swaziland.

We have a defined plan to apply our expertise to establish businesses in other sub-Saharan African countries, and to establish new product offerings. This expertise, coupled with the potential of the African continent, provide the impetus for us to accomplish our growth objectives.

Select has various existing funding sources, and we continuously seek new funding partnerships.
HIFSA

Housing Impact Fund South Africa (HIFSA) finances the construction of homes for sale and rent that are affordable to the lower and middle income and “gap” markets, as well as providing mortgage loans and rental accommodation for families and students.

OMRAF

The objective of the Old Mutual Retirement Accommodation Fund (OMRAF) is to invest in retirement accommodation development and acquisition transactions of a Life Right, sectional title, rental, leasehold or any other nature in South Africa; with the aim of optimizing risk-and-return and building a long term asset base. The Fund is in its second year and three transactions have been approved to date.

IMPACT FUNDS, WITHIN OLD MUTUAL ALTERNATIVE INVESTMENTS, AIMS TO INVEST IN ASSETS THAT PRODUCE POSITIVE DEVELOPMENT OUTCOMES WHILE GENERATING RETURNS TO INVESTORS.
Encouraging local bond market development in Africa through investments in affordable housing and other developmental sectors.

- Investments in 10 companies across 7 African countries
- The Fund works with mortgage lenders and refinancing companies, housing developers, and providers of incremental housing microfinance
- Access to technical assistance for first-time issuers with an interest in raising funds through local capital markets

**Fund Manager**

**Sponsors**

LION’S HEAD  
**global partners**

KFW

**F**ederal **M**inistry for **E**conomic **C**ooperation and **D**evelopment

E: info@alcbfund.com  T: +44 (0) 20 7340 0400

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**GAP SOLUTIONS**

**GAP Solutions** is a Johannesburg-based Pan-African consulting firm with a network of experienced affordable housing consultants, researchers, and communicators who provide clients with flexible, low-cost, high quality services and outputs.

With over 10 years experience, by combining our professional expertise and experience in different formations for different projects, our services are tailored to and specified by the individual client.

**WHAT WE DO**

- Housing market analysis
- Project and programme evaluation and monitoring
- Owner’s rep services
- Investment and development facilitation
- Stakeholder engagement/Communications development

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**Are you developing affordable quality units in metropolitan areas?**

Chartwell is an integrated residential real estate investor and provider of innovative home loans.

We partner with developers with a proven track record of delivering quality homes.

Contact Greg or Matt on +27 (0)11 252 1900

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**African Union for Housing Finance**

“Mobilising funds for shelter and housing in Africa”

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**BECOME A MEMBER OF THE AUHF AND JOIN 54 ORGANISATIONS WORKING TOWARDS CREATING AN ENABLED AND PRODUCTIVE HOUSING FINANCE SECTOR ACROSS AFRICA**

- An industry body, established in 1984.
- Members include banks, building societies, microfinance lenders, developers and other institutions involved in the mobilisation of funds for shelter and housing.
- Works in the interests of both our members and the industry as a whole.

www.auhf.co.za
auhf@housingfinanceafrica.org
+27 11 447 9581

The AUHF is proudly associated with the Centre for Affordable Housing in Africa, which acts as its secretariat.
The Making Finance Work for Africa Partnership (MFW4A) Partnership brings together African governments, African financial sector policy makers and development partners to unleash the full potential of Africa’s financial sector to drive economic growth and poverty reduction across the continent.

It is a unique platform for joint action, dissemination of ideas and coordination amongst and between donors and African financial sector stakeholders to address African development priorities. The Partnership Secretariat is hosted at the African Development Bank (AfDB) headquarter in Abidjan, Côte d’Ivoire.

MFW4A works to promote financial sector development in Africa through:

- Maintaining an online knowledge hub dedicated to financial sector development in Africa;
- Building networks of development partners and African stakeholders to better align interventions with priority needs on the ground;
- Impacting the financial sector development agenda in Africa through advocacy.

Immeuble CCIA, Avenue Jean Paul II
01 BP 1387 Abidjan
Côte d’Ivoire

Email: secretariat@mfw4a.org
www.mfw4a.org

Housing Finance Course for Sub-Saharan Africa (HFCSSA)
1-7 October 2017

A range of housing finance products need to be designed and delivered through viable finance systems to deliver housing at scale in Sub-Saharan Africa. To achieve this, key players from the private and public sectors need to acquire the analytical tools to assist the housing finance systems in their countries and subsequently become constructive partners in improving these systems in the region.

The HFCSSA is run in partnership between the University of Cape Town and the Wharton School of the University of Pennsylvania and is supported by the Centre for Affordable Housing Finance in Africa.

Course Modules Include:
- Housing Markets and Housing Finance
- The State of Housing Finance in Sub-Saharan Africa
- The Building Blocks of a Housing Finance System
- The Business of Housing Finance
- Housing Finance Funding
- The Safety and Soundness of Housing Finance Systems
- Financing the Housing Value-Chain
- Extending Housing Finance to Lower Income Groups
- Using Subsidies to Improve Housing Finance Systems

Course Location
The Course will be run from the 1-7 October at the beautiful University of Cape Town

Course Director
Rob McGaffin, University of Cape Town

For More Information
Contact the Course Director at: robmcgaffin@uct.ac.za

Hofinet
Housing Finance Information Network

A Global Resource for Housing Finance Information

The Housing Finance Information Network is the first truly global web portal that consolidates and regularly updates international housing finance knowledge in one central, easily accessible place. All data is in the public domain and can be easily downloaded.

- It collects and updates standardized statistical data until 2013 on countries’ housing finance systems – currently for 140 countries – and provides country reports and links to legal and statistical country resources.
- It provides state-of-the-art information on the main topics in housing finance through our professional network of editors and through a
Our ultimate objective is to improve the livelihoods of the poor through:

- A holistic approach to financial inclusion by placing the poor at the centre of every strategy, particularly vulnerable groups such as women and youth;
- Commissioning research to identify the systemic constraints that prevent financial markets from reaching out to the un-served and under-served population;
- Providing technical support to map out strategies for inclusive growth and development at national and regional levels.

www.finmark.org.za
FSD Africa is pleased to support CAHF in its work in promoting housing finance in Africa

Created in 2012, FSD Africa is a £30 million, DFID-funded, financial sector development programme or ‘FSD’ based in Nairobi. It is a non-profit company that aims to reduce poverty across sub-Saharan Africa by building financial markets that are efficient, robust and inclusive.

To do this, FSD Africa acts as a market facilitator or catalyst. It applies a combination of resources, expertise and research to address financial market failures and deliver a lasting impact. FSD Africa has a mandate to work across sub-Saharan Africa on issues that relate to both ‘financial inclusion’ and ‘finance for growth.’

FSD Africa is also a regional platform. It fosters collaboration, best practice transfer, economies of scale and coherence between development agencies, donors, financial institutions, practitioners and government entities with a role in financial market development in sub-Saharan Africa.

In particular, FSD Africa provides strategic and operational support to the FSD Network.

If you are interested in working with FSD Africa, then please email: info@fsdafrika.org.
For more information, visit: www.fsdafrika.org.
BECAUSE TOMORROW WILL BE BUILT BOTH HERE AND THERE

AGENCE FRANÇAISE DE DÉVELOPPEMENT works every day to build a more just and more sustainable world:

- Through the commitment of its 1,742 employees
- Through its action in over 90 countries
- Through its expertise in all the fields of development

afd.fr  facebook.com/AFDOfficiel  twitter: @AFD_France
CAHF is an NGO based in Johannesburg, South Africa. Our main work is to understand housing finance markets well, and to use this to make housing finance markets work for the poor, enabling access to affordable housing across the continent.

We commission research, track and analyse data, invest in innovation, and advocate for change among both the public, private and DFI sectors.

We believe that housing finance is a critical component of the financial inclusion story, central to poverty alleviation, and fundamental to the growth agenda.

For more information and to join us in pursuing this agenda, please visit our website: www.housingfinanceafrica.org, like our Facebook page and follow us on Twitter Handle @CAHF_Africa

Why do we do what we do?

Data and market information is critical market infrastructure: if we invest in this, others can invest in housing.

Investment in housing is undermined by poorly functioning value chains, both horizontal and vertical. We need to understand these better, and then target blockages along the value chain, to facilitate investment.

Market segmentation enables a more nuanced approach and changes the affordability challenge. If we identify and clarify these segments, we can facilitate investment.

Housing finance markets are multisectoral, and work when a diversity of roleplayers across the public and the private sectors work together, each trusting the other to do their job. In the early stages, collaboration needs to be choreographed. Established track records are important. We must build a sense of a ‘sector’ to encourage individual market participation.

In 2016, Citymark has focused on the impact of government sponsored properties in South Africa’s metro housing markets. Call us to get updated.

Citymark is a tool designed to stimulate investment in the affordable property market. Merging deeds registry and census data on a cutting edge business intelligence platform, Citymark allows investors, lenders, developers and public sector officials explore new ways of understanding affordable housing markets at the local level across major municipalities in South Africa.

Citymark has developed four tools to better understand local housing markets:

- **Housing Performance Index** – measuring and comparing a basket of local, key market indicators to the city, allows the growth of housing markets to be measured relative to local conditions over time, across all cities;

- **Affordability and the housing gap** – newly released census data at the local level makes it possible to consider housing affordability relative to local income, to quantify local housing gaps, and get a better sense of real affordability; and,

- **Equity Leverage** – measuring and unlocking the levels of equity in affordable housing markets can help close the affordability gap, which in upper income markets is the most common way households move up the housing continuum.

- **Rental Index** – interest is growing in rental housing options as a means of meeting housing backlogs efficiently and affordably. The rental index seeks out areas primed for rental development, helping direct investors, developers target their search for potential sites more efficiently.

For more information, contact Adelaide Steedley on adelaide@housingfinanceafrica.org or visit www.housingfinanceafrica.org/citymark

Distribution of Government sponsored properties
*By number and percent of all properties*

Gauteng province, through 2014
IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in emerging markets. IFC is boosting housing finance with investments and advisory work across Africa, including the West African Economic and Monetary Union, Nigeria, Tanzania, Kenya and Rwanda. IFC has invested over $3 billion in housing finance in 46 countries world-wide.

IFC is pleased to support the 7th edition of the Africa Housing Finance Yearbook, published by the Centre for Affordable Housing Finance in Africa.
Our vision: to achieve a R5 billion loan book, serving every major city in South Africa.

Current loan book: R2.12 billion

5 branches nationwide

13% Growth average over 5 years

128 unique inner city areas financed

13 years in operation

R1bn DMTN Programme on JSE

245 Entrepreneurs assisted

20,377 Units

136,011 m² of retail shops financed as part of TUHF projects.

Bigger than Mall of Africa!

518 buildings

186 years of property finance experience in our executive team, 20 years average per person.

Leading inner city property financier. Backing ordinary people, doing extraordinary things.

Information correct as at financial year end 31 March 2016, for active loans in servicing.
With thanks to our sponsors