HOUSING FINANCE IN AFRICA
A review of Africa’s housing finance markets

2021 YEARBOOK
Published by the Centre for Affordable Housing Finance in Africa
The mission of the Centre for Affordable Housing Finance in Africa (CAHF) is to make Africa’s housing finance markets work, with special attention to access to housing finance for the poor. We achieve this through the dissemination of research and market intelligence, the provision of strategic support, and ongoing engagement in both the public and the private sector; supporting increased investment, cross-sector collaborations and a market-based approach. The overall goal of our work is to see an increase of investment in affordable housing and housing finance throughout Africa: more players and better products, with a specific focus on the poor. CAHF is a not-for-profit company. Our core funder is the Agence Française de Développement (AFD). We are grateful for additional programme funding from Oppenheimer Generations, FSDA Investments, FSDKenya Africa, and the South African National Treasury.

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Recovery through the massive scale potential of small providers

After a difficult year, African housing markets are showing their resilience, responding to challenges with innovation and perseverance that might not have been imagined in earlier years. Housing circumstances across the continent continue to be dire – living conditions have worsened, businesses have closed and governments are stretched beyond capacity. The need seems insurmountable. However, as the world emerges from the intensity of the global pandemic, niche market interventions are offering opportunities for optimism and engagement, and hopefully for some investment too.

While analysts talk of a ‘bounce back’ citing the potential of tourism and commodities (graciously strong as the global economy again opens up), lessons learned about the reality of affordability and niche efforts to increase supply are arguably equally important for supporting ambitions for economic growth. Housing is a quintessentially local economic activity – and given its impact it should be (and in many cases is), a central strategy of government, with the active participation of all departments, from land and housing, through to trade and industry, and finance.

This year, there are more examples of houses priced at the bottom end of what was considered possible. This attention to affordability and access is also being witnessed in the finance space, with more examples of non-mortgage housing microfinance products. Meanwhile, households continue to be the primary supplier of their own affordable housing – incrementally realizing their goal for adequate housing.

As the world emerges from the pandemic, the opportunity for recovery is in the recognition of the massive potential of many small interventions combined together so the whole is greater than the sum of its parts. There are four components to this vision. We need to shift our target to building a US$11 500 house, in recognition of the reality of very low income households. This can be realised by broadening our understanding of the nature of supply to include small scale suppliers, microbuilders and households themselves. This new understanding needs to be matched with finance that accommodates in its design that loans will be small, incomes are informal, and businesses are nascent. And finally, all this needs to be underpinned by project-level data that suppliers and financiers themselves provide, to better understand the scope and potential of this market. The next year calls for creativity and pragmatism as all stakeholders in the sector grapple with the need to do more with less.
Foreword

Targeted at housing finance practitioners, investors, developers, researchers and government officials, this 2021 Yearbook – our 12th edition – provides an up-to-date review of practice and developments in housing finance and delivery in Africa, reflecting the challenges, change and growth evident in the market of each country over the past year. Despite the COVID-19 challenges of the last two years, we are extremely proud that the Yearbook has built a significant reputation in the sector; as a credible and unique source of valuable information on country housing markets.

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

In this respect, the Yearbook is one of the cornerstones of a larger concerted campaign by CAHF to promote a Data Agenda for Africa which advocates for more transparent, credible and timely data on housing finance across the continent, as part of the critical market infrastructure required to expand affordable housing investment. With its breadth of data across countries, the Yearbook enables cross-country comparison and benchmarking, as well ideas and alternative approaches and products suggested by other country’s experiences.

However the greatest strength of the Yearbook is its collaborative nature, and the process of primary decentralised data collection that underpins it. Individual country profiles are researched and authored by different housing and housing finance experts – where possible, we team up with in-country experts, while in some instances the authors are based elsewhere. This year we had a record number of 64 applicants to write for the Yearbook, with 47 authors appointed to write up the 55 profiles. Just over half (27) of these authors had written for the Yearbook previously, while 20 were new to the process. In addition we employ a team of 13 editors, and 3 copy editors. This publication therefore constitutes an amazing collaboration of over 60 members of the sector; in addition to our own CAHF staff.

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

This year has again been an unprecedented year, and through the profiles we are beginning to see the real costs of COVID-19. Most countries have experienced significant economic downturns, rising unemployment and many households have had to find alternative housing to cope with their changed circumstances. Informality is on the increase, despite great strides by many countries. On-the-ground data collection – already a challenge in many countries – was all the more difficult during lockdown, and when various organisations we tried to contact were short-staffed, temporarily closed, or working from home. We are once again grateful for the hard work and persistence of our authors, delivering to tight deadlines in a period of incredible uncertainty.

In some cases, timeframes did not allow us to engage with authors around last-minute editing decisions. Of course, we take responsibility for these ourselves, and hope to hear about any issues needing attention in next year’s edition.

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

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

As Africa begins to emerge from the worst of the pandemic, we are aware that the long-term effects and economic impact is still before us. Indeed, the negative economic growth rates reflected in the country profiles point to a period of hardship and difficult recovery before us. The housing and housing finance sector will be part of this. But as we are aware that economic downturns may reduce affordability of housing for impacted households, research also tells us that investment in the housing sector can itself be a lever for stimulating the economy. As we look toward 2022, we hope the Yearbook will continue to be a critical source of market intelligence to boost the affordable housing and housing finance markets in our path towards recovery.

Susan Carey and Alison Tshangana, Co-Editors
Centre for Affordable Housing Finance in Africa
November 2021
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<td>Angolan Banking Association</td>
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<td>ACAP</td>
<td>Africa China Agent Proposition</td>
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<td>AGB</td>
<td>Arab, Caribbean and Pacific States</td>
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<td>ACGH</td>
<td>Agence Centrafricaine pour la Promotion de l’Habitat, Central African Agency for the Promotion of Housing</td>
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<td>African Development Bank</td>
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<td>ADM</td>
<td>Aéroports de Mocambique (Mozambique Airports)</td>
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<td>AGCTA</td>
<td>African Continental Free Trade Area Agreement</td>
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<td>AFD</td>
<td>Agence Française de Développement (French Development Agency)</td>
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<td>AID</td>
<td>African Development Bank</td>
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<td>AFFD</td>
<td>African Foundation for Development</td>
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<td>AFGC</td>
<td>African Guarantee and Bonding Company, Benin</td>
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<td>AGF</td>
<td>Agence Foncière d’Habitation (Housing Land Agency), Tunisia</td>
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<td>Guinean Agency for Housing Finance</td>
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<td>AHCN</td>
<td>Association of Housing Corporation of Nigeria</td>
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<td>AHP</td>
<td>Affordable Housing Programme, Kenya</td>
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<td>AIB</td>
<td>African Investment Bank</td>
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<td>AMB</td>
<td>Banking Association of Mozambique</td>
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<td>AML</td>
<td>Anti Money Laundering, Botswana</td>
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<td>ANAIB</td>
<td>Association of Agents Immobiliers du Bénin (Benin Real Estate Agent Association)</td>
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<td>ANALOGH</td>
<td>Agence Nationale d’Appui au Logement et à l’Habitat (National Agency for Support to Housing and Habitat), Madagascar</td>
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<td>ANAMIF</td>
<td>Central Bank of the Republic of Guinea (BCRG) and the National Agency for Microfinance</td>
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<td>Investment Promotion Agency, Burundi</td>
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<td>ANASAP</td>
<td>National Agency for Sanitation and Public Sanitation, Togo</td>
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<td>ANDF</td>
<td>National Land Development Agency, Mauritania</td>
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<td>ANIT</td>
<td>National Association of Real Estate Promoters of Togo</td>
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<td>ANSD</td>
<td>National Agency for Statistics and Demography, Senegal</td>
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<td>ANSFD</td>
<td>National Agency for Decentralized Financial Systems, Benin</td>
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<td>APBEF-B</td>
<td>Association Professional Banks and Financing Institutions, Burkina Faso</td>
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<td>APID</td>
<td>Association of Real Estate Developers of Burkina Faso</td>
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<td>APIMA</td>
<td>Angolan Association of Property Developers</td>
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<tr>
<td>APTBEF</td>
<td>Tunisian Professional Association of Banks and Financial Institutions</td>
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<td>ARCEP</td>
<td>Electronic Communications and Post Regulatory Authority, Benin</td>
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<td>ARRU</td>
<td>Agency for Urban Rehabilitation, Tunisia</td>
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<td>ASCAs</td>
<td>Accumulated Savings and Credit Associations</td>
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<td>ATM</td>
<td>Automated Teller Machine</td>
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<td>AU</td>
<td>African Union</td>
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<td>AUHF</td>
<td>African Union for Housing Finance</td>
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<td>BaDeX</td>
<td>Bonds and Derivatives Exchange</td>
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<td>BAI</td>
<td>Banco Africano de Investimentos, Angola</td>
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<td>BAC</td>
<td>Banque Africaine pour l’investissement et le Commerce (African Bank for Investment and Trade)</td>
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<td>BANGE</td>
<td>National Bank of Equatorial Guinea</td>
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<td>BASA</td>
<td>Banking Association of South Africa</td>
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<td>BBCI</td>
<td>Burundi Bank for Commerce and Investment</td>
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<td>BBD</td>
<td>Benin Development Bank</td>
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<tr>
<td>BBS</td>
<td>Botswana Building Society</td>
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<td>BCA</td>
<td>Banco Comercial do Atlântico</td>
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<td>BCB</td>
<td>Banque Centrale des États de l’Afrique de l’Ouest (Central Bank of West African States)</td>
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<td>BCC</td>
<td>Central Bank of Comoros</td>
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<td>BCD</td>
<td>Banque Commerciale du Congo (Commercial Bank of Congo)</td>
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<td>BCF</td>
<td>Bureau Commercial du Domaine et du Foncier (Commercial Domain Land Bureau)</td>
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<tr>
<td>BCEA0</td>
<td>Banque Centrale des États de l’Afrique de l’Ouest (Central Bank of West African States)</td>
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<td>BCH</td>
<td>Banque Congolaise de l’Habitat (Housing Bank of Congo)</td>
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<tr>
<td>BCI</td>
<td>Commercial and Investment Bank</td>
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<tr>
<td>BCM</td>
<td>Central Bank of Mauritania</td>
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<tr>
<td>BCR</td>
<td>Banque Commerciale du Rwanda (Commercial Bank of Rwanda)</td>
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<td>BCRG</td>
<td>Central Bank of the Republic of Guinea</td>
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<td>BCS</td>
<td>Bureau of Central Statistics, Libya</td>
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<td>BDC</td>
<td>Development Bank of Comoros</td>
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<td>BEAC</td>
<td>Banque de Central African States</td>
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<td>BFA</td>
<td>Banco de Fomento, Angola</td>
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<td>BFSA</td>
<td>Banking and Financial Services Act</td>
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<td>BR</td>
<td>Banks and Financial Institutions</td>
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<td>BFC</td>
<td>Federal bank of Comoros</td>
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<td>BGF</td>
<td>Bank Financing and Management, Burundi</td>
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<td>BFGI</td>
<td>Banque Gabonaise et Française Internationale (International Gabonese and French Bank)</td>
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<td>BHB</td>
<td>Benin Housing Bank</td>
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<td>BHSF</td>
<td>Banque de l’Habitat en Centrafrique (Central African Housing Bank)</td>
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<td>BHC</td>
<td>Banque de l’Habitat du Tchad (Chad Housing Bank)</td>
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<td>BIAF</td>
<td>Angolan Association of Property Developers</td>
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<td>BIAI</td>
<td>Arab Bank of Tunisia</td>
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<td>BIC</td>
<td>Banco Internacional de Crédito</td>
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<td>BIC-Comoros</td>
<td>Bank for Industry and Commerce, Comoros</td>
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<td>BICEC</td>
<td>International Bank of Cameroon for Savings and Credit</td>
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<td>BIDIA-B</td>
<td>Banque Internationale pour le Commerce, l’industrie et l’Agriculture du Burkina (International Bank for Trade, Industry and Agriculture in Burkina)</td>
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<td>BICIG</td>
<td>Banque internationale pour le commerce et l’industrie du Gabon (International Bank for Trade and Industry in Gabon)</td>
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<td>BICIGUI</td>
<td>Banque Internationale pour le Commerce et l’Industrie de Guinée (International Bank for Trade and Industry in Guinea)</td>
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<td>BID</td>
<td>Banque Islamique de Développement (Islamic Development Bank)</td>
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<td>BIB</td>
<td>Mozambique International Bank</td>
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<td>BIM</td>
<td>Banque Internationale du Mali (Mali International Bank)</td>
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<td>BIP</td>
<td>Bank for Innovation and Partnership, Burundi</td>
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<td>BISTP</td>
<td>Banco Internacional de São Tomé e Príncipe</td>
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<td>BMCI</td>
<td>Mauritanian Bank for International Trade</td>
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<td>BMCI</td>
<td>Moroccan Bank for Commerce and Industry</td>
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<td>BNA</td>
<td>Banco Nacional de Angola / National Bank of Angola</td>
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OECD Organisation for Economic Cooperation and Development
OHADA Organisation for the Harmonisation of Business Law in Africa, Guinea Bissau
OHDU Observatoire de l’Habitat et du Développement Urbain (Urban Housing and Development Observatory), Chad
OIBM Opportunity International Bank of Malawi
OMH Office Malien de l’Habitat (Mali Housing Agency)
OMV Open Market Value
ONIC-T National Order of Civil Engineers of Chad
ONS National Statistics Office,
OPEC Organization of the Petroleum Exporting Countries
PABS Pan African Building Society
PAC Credit Support Programme, Angola
PAG Government Action Plan, Benin
PAGE Programme to Accelerate Growth and Employment, The Gambia
PAPD Pro-Poor Agenda for Prosperity and Development, Liberia
PCG Partial Credit Guarantee Fund, Carbo Verde
PCI Policy Coordination Instrument, Carbo Verde
PCU Project Coordination Unit
PDES Economic Social Development Plan, Niger
PDF People Development Fund, Malawi
PDU Urban Development Programme, Mauritania
PESHP Presidential Economic and Social Housing Programme, CIV
PFLA Regional Affordable Housing Financing Project, Togo
PHC Population and Housing Census
PIA Petroleum Industry Act, Nigeria
PIDU Infrastructure and Urban Development Project, Togo
PMB Primary Mortgage Banks
PMC Property Management Corporation, Seychelles
PMI Purchasing Managers’ Index
PMI Primary Mortgage Institution
PNCL National Housing Construction Programme, Burkina Faso
PNEI National Pact for Industrial Emergence, Morocco
PND Plan National de Développement (National Development Plan)
PNDRES National Plan for Social Economic and Social Development, Burkina Faso
PNL Plan National de Logement (National Housing Development Plan), Madagascar
PNOTU National Policy for Spatial and Urban Planning, Angola
PNUH National Urbanism and Housing Programme, Angola
PNUL National Town Planning and Housing Program, Angola
POHI Public Officers Housing Initiative
PsS Point of Sale
PPFHZ Peoples’ Process on Housing and Poverty in Zambia
PPP Public-Private Partnership
PPP Purchasing Power Parity
PROFTECH Property Technology
PRS Permanent Residence Scheme, Mauritius
PSI Policy Support Instrument
PSMD Public Service Management Division
PSPF Public Service Pension Fund, Eswatini
PSUP Participatory Slum Upgrading Programme, DRC and Carpe Verde
TI Triennial Investment Programme, Mali
PTI Payment-To-Income ratio
PURSEE Emergency Project for the Rehabilitation of Electricity and Water sectors, Guineau Bissau
RAF Reorganisation Agraire et Fonciere (Agrarian and Land Reorganisation)
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<th>Acronym</th>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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<td>UNECA</td>
<td>United Nations Economic Commission for Africa</td>
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<td>UNESCO</td>
<td>United Nations Educational, Scientific and Cultural Organization</td>
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<td>UN-Habitat</td>
<td>United Nations Human Settlements Programme</td>
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<td>UNICEF</td>
<td>United Nations Children's Fund</td>
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<td>UNMICO</td>
<td>Union Nationale des Mutuelles d'Investissement du Crédit Oasien</td>
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<td>UNGA</td>
<td>United Nations General Assembly</td>
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<td>UNHCR</td>
<td>United Nations High Commissioner for Refugees</td>
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<td>UNOPS</td>
<td>United Nations Office for Project Services</td>
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<td>UPND</td>
<td>United Party for National Development, Zambia</td>
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<td>URP</td>
<td>Urban and Regional Planning Act, Namibia</td>
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<td>UNSMIL</td>
<td>United Nations Support Mission in Libya</td>
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<td>World Bank</td>
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<td>World Health Organisation</td>
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<tr>
<td>WTO</td>
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<td>YoY</td>
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<td>ZAMCO</td>
<td>Zimbabwe Asset Management Corporation</td>
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<td>ZGJP</td>
<td>Zambia Green Jobs Project</td>
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<td>ZHPPF</td>
<td>Zimbabwe Homeless and Poor People’s Federation</td>
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<td>ZIEA</td>
<td>Zambia Institute of Real Estate Agents</td>
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<td>ZIISTAT</td>
<td>Zimbabwe National Statistics Agency</td>
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<tr>
<td>ZINAHCO</td>
<td>Zimbabwe National Association of Housing Cooperatives</td>
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<tr>
<td>ZNBS</td>
<td>Zambia National Building Society</td>
</tr>
<tr>
<td>ZSIC</td>
<td>Zambia State Insurance Corporation</td>
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</tbody>
</table>
After a difficult year, African housing markets are showing their resilience, responding to the challenges with innovation and perseverance that earlier years might not have imagined. Housing circumstances across the continent continue to be dire – living conditions have worsened in many areas, and with businesses closing and governments stretched beyond capacity, the need seems insurmountable. However, as the world emerges, albeit slowly, from the intensity of the global pandemic, niche market interventions are offering opportunities for optimism and engagement, and hopefully for some investment too.

Among the myriad of ways in which the pandemic impacted on the lives of households and the affairs of businesses and governments, it magnified the housing crisis, and its concomitant opportunities, at a very local level. Households’ experiences with their own housing have been at the core of how they managed the impact of the pandemic on their lives, whether in the intensity of living in lockdown or in their inability to adhere to the COVID-19 protocols advocated by health officials, given their poor access to water and sanitation services and cramped conditions. As the continent suffered the worst economic recession in half a century, the ability of governments to respond has been severely constrained. Disastrous, this has also created a sense of pragmatism among the players, in both the public and private sectors, as well as among households themselves.

The experience has been sobering, and it is this clarity that we must harness as we look forward into the next few years. While analysts talk of a ‘bounce back’ citing the potential of tourism and commodities (graciously strong as the global economy again opens up), lessons learned about the reality of affordability and niche efforts of supply are arguably equally as important in supporting ambitions for economic growth. Housing is a quintessentially local economic activity – and given its impact not only on living conditions, but also on household balance sheets and the sustainability of human settlements – it should be (and in many cases is), a central strategy of government, with the active participation of all departments, and the very real effort needed to make quality housing accessible to the majority.

This year, there are more examples of houses priced at the bottom of what was considered possible. While many of these are likely to reflect some level of subsidisation, this too reflects a growing appreciation of the reality of affordability and the very real effort needed to make quality housing affordable to the majority. This attention to affordability and access is also being witnessed in the finance space, with more examples of non-mortgage housing microfinance products. We have also seen important movement (and therefore clarity) in the policy space, with at least sixteen countries passing legislation in support of local land and housing markets. Meanwhile, households continue to be the primary supplier of their own affordable housing – building their homes themselves, primarily with savings, step by step, incrementally realizing their goal for adequate housing. As we gather the lessons of the past two years, this one must stand out: crises come and crises go, but people must still find somewhere decent to live. Developing appropriate policies, products and services that support and further leverage this energy must be the focus as we emerge out the pandemic, as all players grapple with the impossible imperative of having to do so much more with so much less.

A difficult year

The African Development Bank has named 2020 the worst economic year in the last fifty in Africa. Largely as a result of the pandemic, real GDP on the continent contracted by 2.1% in 2020, with more than half of all countries on the continent suffering negative GDP growth rates, many in excess of -5% (Madagascar fared the worst with a GDP growth rate of -3.2%). GDP per capita is particularly low throughout Central, East, and West Africa. Calculating the number of people living on less than US$1.90 a day, the ADB estimates that about 30 million Africans fell into extreme poverty in 2020. Worst-case estimates suggest that in 2021, 34.4% of Africans could be in extreme poverty, versus pre-COVID estimates of about 31.5% - an increase of about 38.7 million people.

While much of the continent remains rural, urbanisation rates in excess of 2% per annum are changing this picture in very many countries. Highest in East, Central and West Africa, Uganda’s urbanisation rate beats all others, at 5.7%. This has a particular impact on cities. For example, the urbanisation rate in the DRC, estimated at 4.1%, is equivalent to adding one million city dwellers each year – that would be 2.739 people per day, or 1.14 people per hour; or almost two people walking into the cities of the Democratic Republic of the Congo per minute. The World Bank estimates that at that rate, the DRC’s urban population will double in 15 years. This, in a country where 73% of the population (about 60 million people) live on less than US$1.90 per day. How are city managers to accommodate such an influx?

In part because of this, substantial proportions of urban populations continue to live in slums (the DRC’s housing backlog is estimated at almost four million units). While the data is not frequently updated, it is worth considering the impact of inadequate housing on household resilience to the pandemic and other emergencies. In 2018, UN Habitat reported on SDG indicator 11.1, the percentage of the urban population living in slums. In only twenty countries was the percentage less than half the urban population; in seven countries it was more than three quarters. Linked to poverty as well as to broader macro-economic factors, the percentages of urban populations living in slums is particularly high in East, Central and West Africa.

Meanwhile, the direct impact of the pandemic is measured in the number of COVID-19 related deaths per 100 000 people. This is an official figure, collected by local health offices in each country. Indicative, it does not include the total number of excess deaths, which are understood to be much higher. Per 100 000, excess deaths have been reported as 369 in South Africa and 186 in Egypt.

On top of this, the effects of climate change have been significant, with floods and landslides in many of the island countries (Seychelles, Comoros, and Madagascar) as well as in Djibouti, Chad and Sierra Leone, cyclones on the east coast of the continent, and desertification and drought in drier countries, including Sudan and Cabo Verde. Communities living in informal settlements and on low-lying or steep terrain have been particularly impacted, especially this year in Congo, Guinea Bissau, Togo, Sierra Leone, Djibouti and the Gambia.

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1 Several people have been talking about the need to shift our understanding of affordable housing from an emphasis on large scale, massive projects, to a recognition of and support for the massive potential of very many small-scale housing suppliers, all driving their own projects. Among these has been Matthew Nalu, a visionary affordable housing practitioner based in South Africa. Matthew Nalu passed away in September 2021. The ideas in this essay are presented with gratitude for the very many conversations we had over 20 years and are dedicated to Matthew in his memory for Matthew’s recent thinking on the subject. See https://www.100in5years.org/need-a-radical-rethink-on-housing-and-urban-development/ (Accessed 23 October 2021).
All of this has a particular impact on the state. While national lockdowns meant that revenue potential declined dramatically, demands on the fiscus increased in even greater measure. The AfDB estimates that as a result of the pandemic, African governments required an additional US$125-US$154 billion in gross financing – this, on top of the impossible-to-meet requirements they had before COVID-19. This has substantially increased the average debt-to-GDP ratio across the continent, pushing it over 70%, an increase of over ten percentage points since 2019.8

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URBAN POPULATION LIVING IN SLUMS | COVID DEATHS PER 100 000

There is nuance in these figures. Earlier this year, CAHF launched a dashboard exploring the housing circumstances of the bottom 40th percentile. Drawing on data from the Demographic and Health Surveys database of surveys undertaken globally by USAID, the dashboard compares household characteristics, dwelling characteristics, access to services, housing inadequacy and other factors among the bottom 40th percentile of households in ten African countries. The dashboard allows for the data to be explored by geography: national, urban areas, largest city; by wealth segments: bottom 40th percentile, middle 40th percentile, and upper 20th percentile; and by housing situation. The overwhelming conclusion of the data is that while housing needs are clearly high, especially among the bottom 40th percentile, they are not absolute. That is: households living in what might be classified as slum housing may not in all instances require a new house in its entirety – rather they may simply require investment in home improvements – in situ upgrading of water and sanitation, the construction of an additional room, the replacement of a roof, and so on.

For example, 2019 DHS data for Senegal suggests that 52% of urban dwellings are inadequate. Of these, the majority (95%) are constructed from formal material building materials. The primary inadequacy is in terms of sanitation; 38% of households live in housing where sanitation is unimproved or shared with other households. A further inadequacy relates to overcrowding: 29% of Senegalese households living in urban areas occupy dwellings in which there are three or more people per sleeping room. These inadequacies are greatest for households in the bottom 40th percentile: 73% of households live in dwellings with one or more inadequacy. However, they also exist for the middle 40th percentile, as 54% of households in that segment live in dwellings with one or more inadequacy. While there is nuance in the housing inadequacy, therefore, there is also nuance in the capacity of households to deal with that inadequacy and finance their own home improvements.

The ultimate housing-related consequence of these factors is not entirely clear: across the continent, many people have been living in inadequate circumstances for a long time. Although the pandemic exacerbated the housing challenges that households face, it did not introduce them.

Building affordably

Every year, CAHF invites the authors of the Yearbook country profiles to identify the cheapest newly built house by a formal developer or contractor in an urban area, documenting the price in local currency units. Yearbook authors survey three formal developers who are known for delivering to the affordable market in the main urban centre of the country and request the sales price of the cheapest newly built house available on the market in the current year. The authors then select the lowest price house from these three examples.

**PRICE OF THE CHEAPEST, NEWLY BUILT HOUSE BY A FORMAL DEVELOPER: 2020 AND 2021**

<table>
<thead>
<tr>
<th>Price of Cheapest House (US$)</th>
<th>House price 2020</th>
<th>House price 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$40 000 +</td>
<td></td>
<td></td>
</tr>
<tr>
<td>US$20 000 – $40 000</td>
<td></td>
<td></td>
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<tr>
<td>&lt;US$20 000</td>
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</tbody>
</table>

Source: CAHF Research, October 2021

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Focused on private developers, the data does not speak to what can be built, but rather, what is being built, reflecting market targeting rather than market capacity. In many countries, the cheapest newly built house is still above US$40 000. In most countries however, the cheapest newly built house falls between US$20 000 and US$40 000. In many instances, the price of the housing is not directly linked to its size – price per square metre for a 30m² unit ranges (in this very rudimentary calculation) from US$415 in Malawi through to US$1 012 in Djibouti; an 80m² unit in Angola is US$159/m² while in Sao Tome and Principe, 80m² is delivered at US$735/m².

The cost of housing is the sum of several factors, not just the cost of construction itself. In CAHF’s ongoing review of the estimated cost to build a ‘typical’ 55m² house, construction costs (building materials and labour) consistently comprise about 45% of the total (48% in Côte d’Ivoire and 42% in South Africa). Infrastructure costs comprise about 14% (5% in Nigeria, 14% in both Kenya and Ghana, 15% in Côte d’Ivoire). Across the continent as well as in these countries, the cost of infrastructure is often borne by the development itself, fully recouped through the cost of the units, rather than undertaken by the municipality and then amortized over a longer period so that it is reflected in the land price. This has to do with the infrastructure investment capacity of the municipal government. Nevertheless, in Kenya and Uganda, the cost of land is still a significant factor – about 6% of the overall cost in Kenya, and 5% in Uganda.

### ESTIMATED COST TO BUILD A 55M² HOUSE: SELECTED COUNTRIES


<table>
<thead>
<tr>
<th>Country</th>
<th>City</th>
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<th>5k</th>
<th>10k</th>
<th>15k</th>
<th>20k</th>
<th>25k</th>
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<th>60k</th>
<th>65k</th>
<th>70k</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>Nairobi (2018)</td>
<td>28 085</td>
<td>8 269</td>
<td>9 097</td>
<td>6 091</td>
<td>5 026</td>
<td>4 571</td>
<td>4 160</td>
<td>3 690</td>
<td>3 200</td>
<td>2 790</td>
<td>2 350</td>
<td>1 950</td>
<td>1 660</td>
<td></td>
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<tr>
<td>Cote d’Ivoire</td>
<td>Abidjan (2020)</td>
<td>30 157</td>
<td>8 975</td>
<td>9 182</td>
<td>3 973</td>
<td>4 193</td>
<td>3 799</td>
<td>2 335</td>
<td>1 954</td>
<td>1 594</td>
<td>1 234</td>
<td>1 044</td>
<td>894</td>
<td>714</td>
<td>584</td>
<td></td>
</tr>
<tr>
<td>Tanzania</td>
<td>Dodoma (2019)</td>
<td>25 830</td>
<td>6 632</td>
<td>8 783</td>
<td>6 021</td>
<td>3 916</td>
<td>3 923</td>
<td>3 401</td>
<td>3 084</td>
<td>2 504</td>
<td>2 144</td>
<td>1 804</td>
<td>1 584</td>
<td>1 344</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ghana</td>
<td>Accra (2020)</td>
<td>28 459</td>
<td>7 947</td>
<td>8 589</td>
<td>3 770</td>
<td>3 868</td>
<td>4 997</td>
<td>3 854</td>
<td>2 954</td>
<td>2 534</td>
<td>2 194</td>
<td>1 884</td>
<td>1 614</td>
<td>1 384</td>
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<td></td>
</tr>
<tr>
<td>Uganda</td>
<td>Kampala (2019)</td>
<td>25 090</td>
<td>8 102</td>
<td>8 450</td>
<td>5 790</td>
<td>4 178</td>
<td>4 120</td>
<td>3 650</td>
<td>3 132</td>
<td>2 730</td>
<td>2 320</td>
<td>1 970</td>
<td>1 690</td>
<td>1 460</td>
<td></td>
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<tr>
<td>Rwanda</td>
<td>Kigali (2018)</td>
<td>24 636</td>
<td>7 643</td>
<td>8 146</td>
<td>5 344</td>
<td>2 589</td>
<td>4 532</td>
<td>3 894</td>
<td>3 295</td>
<td>2 780</td>
<td>2 305</td>
<td>1 954</td>
<td>1 640</td>
<td>1 380</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nigeria</td>
<td>Lagos (2019)</td>
<td>23 795</td>
<td>8 359</td>
<td>9 899</td>
<td>5 732</td>
<td>3 897</td>
<td>3 808</td>
<td>2 697</td>
<td>2 412</td>
<td>2 132</td>
<td>1 852</td>
<td>1 612</td>
<td>1 382</td>
<td>1 162</td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Africa</td>
<td>Johannesburg (2018)</td>
<td>16 635</td>
<td>6 589</td>
<td>4 915</td>
<td>3 239</td>
<td>3 719</td>
<td>2 955</td>
<td>2 165</td>
<td>1 895</td>
<td>1 625</td>
<td>1 415</td>
<td>1 235</td>
<td>1 075</td>
<td>925</td>
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</table>

A significant driver of costs across all categories is the efficiency (or inefficiency) of statutory compliance processes – whether in terms of land titling, building plan approval, environmental impact assessments, etc. In Ghana, compliance costs comprised 8% of the overall price of the unit and represented the highest absolute value, closely followed by Rwanda, where compliance costs comprised 9% of the overall price of the unit. In all countries, value added tax plays a significant role in adding to the price of the unit – between 13-16%. While this is appropriate for a middle-income unit at the price range of these 55m² houses, it would seem equally appropriate to waive or reduce this fee for units targeted at the very bottom end of what developers can feasibly build.

In 2021, the cheapest newly built house was again the house delivered by the Millard Fuller Foundation, now being sold by Family Homes Funds in a development of about 600 units just outside of Abuja. At NGN 3.4m (or about US$8 275) per unit, this house has set a new standard for affordable housing.

In 2021, there were more examples clustering around this price range. Two of these (the MFF house in Nigeria and a house delivered in Mozambique by Casa Real) were supported with capital from Reall, an impact investor targeting the delivery of affordable housing across Africa and Asia. The Kenyan example is built by a private developer, Tsavo Real Estate, and the Angolan developer, Imogestin SA is a private company that has been appointed by the Angolan government to drive the government’s housing projects. The units are small – between 20-34m² – and save land costs by taking a denser settlement approach. It is likely that for many, there is some form of subsidy. All support a sustainable human settlements approach, prioritizing access to amenities along with the unit spec.

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### MOZAMBIQUE

**MOZN 620k | US$9 767**

**Project:** Inhamizua Phase 2, Beira  
**Developer:** Casa Real  
**Other participants:** Reall; ABSA  
**Units:** 56 Casa Basica houses  
**Specifications:** 26m² – with slab to increment house to twice its size – plot size 100m². Well located with amenities within 1km.  
**Urban population who might afford this unit:** 2.81%  

### KENYA

**KENYAT 1.1m | US$10 185**

**Project:** Tsavo Studios, Nairobi  
**Developer:** Tsavo Real Estate  
**Units:** 248 studio and 1-bedroom apartments (selling at KES 1.1m – 2.6m)  
**Specifications:** 20m² studio apartment in a high rise building with a lift, laundromat, mini mart, communal space, security, parking.  
**Urban population who might afford this unit:** 63.45%  

### ANGOLA

**AOA 8.3m | US$12 732**

**Project:** Zango 5 RED Centrality, Luanda  
**Developer:** Imogestin SA Angola  
**Units:** 600  
**Specifications:** 34m² apartment in an integrated development with social & economic amenities.  
**Urban population who might afford this unit:** 12.4%  
Source: https://www.imocandidaturas.co.ao/Projectos/Projecto/b12c3eb5-d41f-47b9-bd71-96648d3d8f4f (Accessed on 23 October 2021)
There are other examples. In Malawi, a MWK 10m unit (about US$12 468) was developed by a developer known as Suldec. In Rwanda, the Rwandan Housing Authority was delivering a RWF 12.5m unit (about US$12 689). AGUIFIL, the state housing developer in Guinea delivered a GNF 132.5m unit (about US$1 349)\(^\text{12}\) while OPES Holding in Côte d’Ivoire delivered a XOF 8.5m (about US$13 364) unit. More are coming: while the cheapest house in Sierra Leone was recorded this year as costing about US$20 469, Jobomax has announced that it will start delivering a US$10 000 house in a new project in Freetown.\(^\text{13}\)

In 2021 it feels like more developers are recognizing the affordability imperative and meeting this with well-priced housing targeted at the bottom end of what can be delivered. And yet, this effort is no more than a drop in the ocean of what is needed to even begin to meet the potential demand. Few developers have the capacity to deliver more than a few hundred units at a time. In Kenya, a country where the government is actively supporting the delivery of affordable housing, the national statistical bureau reports that only 12 332 houses were completed in 2019\(^\text{14}\), in contrast with the estimated 200 000 units required annually to address the backlog and accommodate new family formation. While the Rwandan government’s Integrated Development Programme – arguably the most successful large scale development programme in the country – has delivered 28 000 units, this was over 10 years; much slower than the country’s Vision 2050 anticipates is necessary. Shelter Afrique, the Pan African body with 44 African governments as its shareholders, financed the delivery of only 5 101 housing units in 2020. In June 2021, Pan African developer TAF Africa Global announced a one million house commitment to the nature of the product, its composition and associated costs; the housing development process followed, including steps, time and cost; the blockages that arise and the implications these have on overall affordability; details relating to people, the target market, their affordability, other financial pressures, housing needs; and then the performance of the investment, whether this is a worthwhile venture, how it might be improved, and so on. This detail remains elusive, locked in the quarterly funding reports that developers submit to their funders and invisible to everyone else. As a result, investors and other market players are reticent to engage because they can’t quantify what that would involve.

Even with a focus on lower cost housing, the housing affordability picture remains bleak. In only twelve countries can more than half of the urban population afford to buy the cheapest newly built house this year. Among these are Nigeria and Kenya, where an estimated 63% of the urban population in each country can afford to buy the cheapest house, and Côte d’Ivoire, where about 54% can afford to buy the US$15 364 unit. Casa Real’s US$9767 house in Mozambique is only affordable to about 2.81% of the urban population, however. And the US$12 732 unit in Angola is affordable to only about 12.4% of the urban population in that country.

What points to, therefore, is that house price is not the only factor contributing to affordability. Another factor is the cost and structure of the available finance. Interest rates remain high across the continent, often more than 10% and in some cases as high as 20% (in 2021, sixteen countries had mortgage interest rates above 15% compared with twenty countries in 2020). The highest mortgage interest rate this year was found in Zimbabwe – 54%, as offered by CBZ Bank over a maximum period of 12 months.\(^\text{16}\) Zimbabwe is a sobering example of the impact that macro-economic factors have on the cost of borrowing; with an inflation rate of 50.2% in August 2021 (this being the lowest since 2018) and a 40% overnight lending rate set by the Reserve Bank of Zimbabwe\(^\text{17}\), mortgage lending is virtually impossible.

One measure that central banks adopted to address the economic impact of the COVID-19 pandemic, was a reduction in interest rates. In several countries, the prevailing mortgage rate in 2020 was lower than in previous years – South Africa’s prime rate of 7% in 2020 was the lowest that country had seen in forty years. 2021 saw a slight increase in some countries – in many however, interest rates are still lower than before the pandemic. The mortgage rates in Kenya, Tanzania, Nigeria and Egypt reflect the impact of the mortgage liquidity facilities established in those countries.\(^\text{18}\) Rwanda’s rate is expected to come down to 11% in late 2021 or 2022, with support from the World Bank and the possible establishment of a mortgage refinance company in that country.

\(^\text{15}\) This data was collected as part of the Data Landscape Review of Kenya, undertaken by CAHF in cooperation with Reall and 71point4. The data is showcased on Reall’s website https://www.reall.net/msi/kenya/ and is available from the KNBS’ Economic Survey 2020 https://s3-eu-west-1.amazonaws.com/s3.sourceafrica.net/documents/119905/KNBS-Economic-Survey-2020.pdf (Accessed 24 October 2021).
\(^\text{17}\) See https://tradingeconomics.com/zimbabwe/interest-rate#:~:text=Interest%20Rate%20in%20Zimbabwe%20averaged%203.9%20percent%20in%202019 (Accessed 24 October 2021).
\(^\text{18}\) See the Kenya Mortgage Refinance Company (www.kmerc.com), the Tanzania Mortgage Refinance Company (www.tmr.co.tz), the Nigeria Mortgage Refinance Company (www.nmrc.com.ng), the Egypt Mortgage Refinance Company (www.emrc-online.com), and also the Caisse Régionale de Refinancement-Hypothécaire (CRRH - www.vrhuromos.org) that serves the West African region (All accessed 24 October 2021).
Understanding housing affordability

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

Across Africa, the confluence of low urban household incomes, high mortgage interest rates and short tenors (where these exist) or no mortgage interest rates and short urban household incomes, high across the continent, only 400 were actually built. Add to this the other affordable units in the top map: 56 units in Beira, Mozambique; 248 units in Nairobi, Kenya; 600 units in Luanda, Angola. These examples are exciting – an indication of what is possible – but they are nowhere close to what we actually need to see built.

The calculations in the maps say nothing about scale: while a US$8 275 house might be both desirable and affordable to millions of households across the continent, only 400 were actually built. Add to this the other affordable units in the top map: 56 units in Beira, Mozambique; 248 units in Nairobi, Kenya; 600 units in Luanda, Angola. These examples are exciting – an indication of what is possible – but they are nowhere close to what we actually need to see built.

An important challenge is to improve the macroeconomic conditions that reduce the cost (and increase the availability) of mortgage finance, and thereby enable a wider population to access affordable housing. While finance subsidies might address affordability in the short term, these are unlikely to be sustainable. Rather, attention to the underlying cost of capital, targeted underwriting practices, and improved administrative efficiencies are key.

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**PREVAILING MORTGAGE INTEREST RATE AND TERM**

![Graph depicting mortgage interest rates for selected countries (2018-2021).](image)

Source: CAHF research, 2020, 2021

**MORTGAGE INTEREST RATES, SELECTED COUNTRIES: 2018 – 2021**

![Graph depicting mortgage interest rates for selected countries (2018-2021).](image)

Source: CAHF research 2018-2021 (data reflects the 'typical' rate, defined as the mid-point between the high and low rates available at the time of collection).
The third factor impacting on affordability is, of course, household incomes and expenditure, both of which shape the amount that a household can dedicate to the repayment of their loans, and access to finance given such repayment capacity. Income is notoriously difficult to determine — aside from the fact that accurate data is simply not available, the proportion of employed people who earn their income informally, without documented evidence, is significant. A better measure of affordability, therefore, is consumption. CAHF’s purchase of GIDD data from the Economist Intelligence Unit is based on consumption, in purchasing power parity dollars (PPP$). Indicative, it offers only a rough picture of income distribution across the continent.

We know a little bit about what people spend. Income and expenditure surveys across the continent measure the distribution of expenditure across various categories. In Rwanda, for example, we can see that urban renter households apply about 15% of their total expenditure to rent. Rural renter households apply about 8% of total expenditure to rent. By contrast, about 40% of monthly expenditure among urban Rwandans is spent on food and another 10% on transport;19 This is important information, because it suggests that it is unlikely that households can afford to allocate 30% of their incomes to housing. In a forthcoming paper prepared for the World Bank, Nohn et al argue that households in lower income deciles spend far less than the benchmark “30%” applied to mortgage affordability calculations.20 A 2014 paper by Lozano-Gracia and Young also makes this point, showing that the poorest quintile in Africa spends 60% on food, with only about 12% spent on housing and utilities. As income increases, the percentage expenditure on food decreases, but transport costs rise. Housing expenditure for the top quintile, however, was still found to be only about 12% of total expenditure.21 The consequence of applying this observation to mortgage affordability is significant. In Rwanda, for example, anticipating the 11% mortgage promised by the Rwanda Housing Finance Programme, the cheapest newly built unit of RWF 125,000 would be affordable to 13.6% of urban households at 30% instalment to income (about 71,403 households), but only 3.6% of urban households at 15% instalment to income (about 19,033 households).22

A further challenge relates to financial access. Typical mortgage eligibility requirements include formal employment demonstrated with pay slips. This necessarily excludes a significant segment of the workforce that is not self-employed, farmers, and informally employed. In the Central African Republic, the informal sector is the largest employer. In Rwanda, out of 6.76 million adults, only a third (2.14 million) are salaried workers. A further 520,395 are self-employed and another 1.6m are independent farmers. Finscope Rwanda 2020 finds that the majority of Rwandan homeowners in both urban and rural areas financed their homes using savings. Only about a fifth of urban homeowners (19% of those who built their own housing and 22% of those who bought) used a bank loan to pay for their homes.23 This, of course, also has an impact on market target. In Kenya, for example, it has been observed that cash buyers of entry-level units are likely to be investors, rather than buyers of their own home. While the use of the dwelling once bought may not be of concern to the developer, the sale of affordable targeted units to investors who then rent them out to higher income earners defeats the affordable housing delivery objective).

So, while developers are increasingly recognizing the need to make more affordable housing, the scale at which they’re delivering is insufficient to meet the potential scale of demand. At the same time, the capacity of the demand to access supply is curtailed — finance is expensive, and often inaccessible to the lower income earners at whom affordable housing is targeted, given the informal nature of their employment. Meanwhile, the capacity of the state to step in and fix it, providing land, infrastructure, or other subsidies to assist households overcome affordability constraints, or expediting development processes to enable housing investment, is more constrained than it ever has been.

This picture is common across the continent, and well understood among housing sector practitioners. The disconnect persist on asserting a developer-driven, whole house construction approach financed with mortgages. In virtually every country, the true business of housing is quite different from what the policies, administrative systems and statutory frameworks define. The majority of housing is built by households themselves, incrementally, step-by-step with savings, by micro builders operating on the instruction of homeowners, or by small-scale, often informal sector builders building five or ten units at a time. In Tanzania, it is estimated that only 41% of employment in construction is with the private sector. The informal sector, on the other hand, employs about 56% of all construction labour in the country. In Côte d’Ivoire, most housing construction is a result of informal sector activity.24 The Ugandan Bureau of Statistics estimated that informal activity contributed 24% to the GDP of the construction sector in 2018.25 While these smaller scale, informal sector players are particularly important, their action is below the radar, and therefore overlooked not only by policy, but also by finance. Small scale and micro developers with the capacity to build anywhere between 2-20, or even up to 100 dwellings by annum struggle to raise capital. Operating informally, they often skirt building standards and bylaws. While this allows them to deliver more cheaply, it also makes them ineligible for formal finance, and may also put consumers at risk. They rely on buyer deposits as construction progress payments to finance their developments which necessarily puts a cap on the scale at which they are able to build. On their own, their delivery is unremarkable. Added up together, these are the builders of Africa.

21 Analysis by 71point4 using the Fifth Integrated Household Living Survey (EICV 5) for Rwanda (2016/17). Expenditure data was used to estimate household income, inflated to 2021. See https://www.statistics.gov.rw/publication/eicv-5-main-indicators-report-201617.pdf for the Main Indicators Report.
22 Access to Finance Rwanda (2021). Scoping Rwanda’s Affordable Housing Sector and Its Financing; Prepared for AF by the Centre for Affordable Housing Finance in Africa. 71point4, Cleye, F and Mwango, B.A. September 2021.
26 This is important information, added up together, these are the builders of Africa.
2021: Recovery through recognition of massive small potential

As the world emerges from the pandemic, the question of economic recovery is paramount. This is the focus of this year’s African Economic Outlook, which considers the post-COVID 19 recovery imperative as a progression from debt resolution to growth. Assessing the continent’s potential, the AfDB projects 3.4% growth in real GDP overall in 2021 – with recovery strongest in tourism-dependent countries (6.2% growth projected for 2021 versus a contraction of 11.5% in 2020), and non-resource intensive economies (4.1% growth in 2021 versus a 0.9% contraction in 2020). While oil-exporting and other resource-intensive economies contracted by 1.5% and 4.6% in 2020 respectively, these are expected to grow by 3.1% in 2021.25

These movements anticipate a resumption of activity in the typical sectors that drive our economies. But they overlook the particular opportunity that a renewed focus on the housing sector offers us. There are four components to this vision: target, supply, finance, and data.

First, we need to shift our target. We need to recognize that the demand for affordable housing is a demand for a much lower cost unit than is currently the norm. While a US$20 000 unit may be ‘affordable’ in comparative terms, there are only a very few countries where this is affordable to the majority. Setting the benchmark around US$10 000 is more realistic. This is achievable – this year we are already seeing the delivery of housing units costing less than US$15 000. While developers realise this price through a combination of factors (very small sizes, limited finishes, some subsidization), their delivery demonstrates that this is possible, and over time, lessons in efficiency will improve the output, especially if we document the process and share the data. Just doing a back-of-the-envelope calculation: if we take the GIDD income distribution as set out on the following pages and consider the proportion of households, roughly, who could afford more than US$8000 but less than US$15 000 with current mortgage financing (say, an average unit price of US$11 500), we come to about 18 million units across Africa. Delivered over ten years, this would imply a continental rate of delivery of about 1.8 million units per year. The total value of annual delivery therefore would be about US$20.7 billion. Drawing on assumptions developed through CAHF’s research into the housing economic value chain27, we can very roughly calculate the following:

### The economic potential of affordable housing: back-of-the-envelope calculations

<table>
<thead>
<tr>
<th>Estimated potential demand</th>
<th>18 000 000 housing units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target price</td>
<td>US$11 500</td>
</tr>
<tr>
<td>Total potential value of delivery</td>
<td>US$207 000 000 000</td>
</tr>
<tr>
<td>Estimated annual delivery</td>
<td>1 800 000</td>
</tr>
<tr>
<td>Total value of annual delivery</td>
<td>US$20 700 000 000</td>
</tr>
<tr>
<td>Estimated Gross Value Added</td>
<td>55%</td>
</tr>
<tr>
<td>Contribution to GDP (direct impact) per annum</td>
<td>US$11 385 000 000</td>
</tr>
<tr>
<td>Upstream economic activity (intermediate inputs)</td>
<td>45%</td>
</tr>
<tr>
<td>Contribution to GDP (direct impact) per annum</td>
<td>US$3 15 000 000</td>
</tr>
<tr>
<td>Of which secondary (manufacturing)</td>
<td>32%</td>
</tr>
<tr>
<td>Potential local manufacturing demand</td>
<td>US$6 624 000 000</td>
</tr>
<tr>
<td>Contribution to mortgage markets</td>
<td>80% LTV</td>
</tr>
<tr>
<td>Annual value of loans extended</td>
<td>US$16 560 000 000</td>
</tr>
<tr>
<td>Labour remuneration</td>
<td>20%</td>
</tr>
<tr>
<td>Labour market stimulus</td>
<td>US$4 140 000 000</td>
</tr>
<tr>
<td>Current estimated nominal GDP of Africa</td>
<td>US$2 692 000 000 000</td>
</tr>
<tr>
<td>Housing Programme Multiple of Africa GDP</td>
<td>0.77%</td>
</tr>
<tr>
<td>Estimated economic impact on selected manufactured products and professional services</td>
<td></td>
</tr>
<tr>
<td>Manufactured steel products</td>
<td>4.81% of total unit cost / US$995 670 000 per annum</td>
</tr>
<tr>
<td>Manufactured electrical products</td>
<td>2.03% of total unit cost / US$420 210 000 per annum</td>
</tr>
<tr>
<td>Manufactured cement products (excluding cement)</td>
<td>3.21% of total unit cost / US$664 470 000 per annum</td>
</tr>
<tr>
<td>Manufactured wood products</td>
<td>3.93% of total unit cost / US$813 510 000 per annum</td>
</tr>
<tr>
<td>Professional services</td>
<td>5.54% / US$1 146 780 000 per annum</td>
</tr>
<tr>
<td>Total of subcategories of labour and materials</td>
<td>US$4 040 640 000 (14.7%)</td>
</tr>
</tbody>
</table>

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27. CAHF has undertaken Housing Economic Value Chain studies in South Africa, Kenya, Rwanda, Nigeria, Uganda, Tanzania, Ghana, and Côte d’Ivoire. A study on Senegal is currently underway. David Gardner, Keith Lockwood and Jesus Remari are the authors of the work. Many thanks to David Gardner for these back of the envelope calculations.
What does this mean? By targeting the delivery of very affordable housing units at the market that would be able to afford them, and by ensuring the availability of appropriate and adequate finance, we could stimulate US$20.7 billion of economic activity across the continent, annually. Estimated gross value added to Africa’s economies would be around US$11 billion per annum, and this in turn would stimulate an additional US$99 billion of upstream economic activity in Africa’s economies. About one third of this would likely come from the manufacturing sector – a total stimulus of US$6.6 billion per annum. The effort is likely to generate about US$4 billion of labour market activity, whether in the formal or informal sector. Just looking at four main categories of manufactured products, this housing construction programme would demand just on US$1 billion in manufactured steel products, US$665 million in manufactured cement products, US$813 million in manufactured wood products and US$420 million in manufactured electrical goods. Most of these products can be produced by Africa’s manufacturing sector if it is able to handle this burden, making this feasible.

Again, technology offers interesting opportunities for alternative credit scoring and underwriting practices. And if they wish to engage constructively with the small scale and micro developer sector, lenders will need to understand the nature of their businesses in various stages of development, tailoring the products they offer to meet the capacity of the client. The lack of construction finance for the supplier submarkets that explicitly target lower income households results in haphazard and constrained housing delivery. The provision of finance in this underserved and diverse space therefore is much more critical to the notion of a ‘micro’ mortgage. Lenders will need to leverage technology to achieve the economies of scale necessary to make the case – this is entirely possible in the current environment. Lenders also need to recognize that their borrowers will likely not have pay slips. Again, technology offers interesting opportunities for alternative credit scoring and underwriting practices. And if they wish to engage constructively with the small scale and micro developer sector, lenders will need to understand the nature of their businesses in various stages of development, tailoring the products they offer to meet the capacity of the client. The lack of construction finance for the supplier submarkets.

Governments can be encouraged by the flexibility of the private sector. Across the continent, private sector practitioners are building track records, operating across the entire value chain, or in specific niche markets, providing goods and services to a wide breadth of households. Their ability to operate is fundamentally influenced by their awareness of the market – the demand for their products and services – and the risks associated with specific sub-segments. This means that private sector interest in engaging can be influenced by the information that is available to quantify the opportunity and clarify the risk. In many instances, access to data and functioning, smooth statutory processes, will be significantly more valuable to private sector players than actual subsidies.

Second, we need to think more broadly about the nature of supply, and then support this diversity in each of its submarkets. The delivery of this many units would require much more delivery capacity, well beyond the cohort of formal developers that are currently understood to underpin the sector. Policy makers and the private sector need to recognise small scale providers – small scale developers, micro builders, and households – as key suppliers of housing in addition to the more obviously recognized developer sector. To date, operational inefficiencies and barriers for entry have relegated much of this small scale activity to the informal sector. This undermines both the quality and scale at which small scale players can deliver and limits their access to finance, having knock-on effects on their low income consumers. Policy should explicitly embrace the capacity of these smaller scale players – and recognise the massive potential of their collective effort.

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Third, we need to think about finance with much greater reference to its target, designing products and services that meet and support the delivery capacity and needs of households as well as small scale suppliers. The mortgages for this target will be small – much smaller than is likely comfortable for lenders, in some cases closer to the notion of a ‘micro’ mortgage. Lenders can leverage technology to achieve the economies of scale necessary to make the case – this is entirely possible in the current environment. Lenders also need to recognize that their borrowers will likely not have pay slips. Again, technology offers interesting opportunities for alternative credit scoring and underwriting practices. And if they wish to engage constructively with the small scale and micro developer sector, lenders will need to understand the nature of their businesses in various stages of development, tailoring the products they offer to meet the capacity of the client. The lack of construction finance for the supplier submarkets that explicitly target lower income households results in haphazard and constrained housing delivery. The provision of finance in this underserved and diverse space therefore has the potential to fundamentally transform and leverage this energy, creating a massive effort out of multiple, small initiatives creating a whole that is greater than the sum of its parts.

The fourth component, the data, is fundamental market infrastructure. A key constraint undermining private sector participation and good policy engagement in affordable housing and its financing is the availability of data and market intelligence to facilitate risk taking and decision making. In providing market intelligence that makes the case for investment in underserved markets (segmenting and quantifying the demand side; and scoping, understanding and tracking the supply side), we can support a better policy environment and increased private sector activity in affordable housing markets, catalysing scale interventions.

Ironically, the best source for nuanced, project-level data is the project itself. From the first concept note to the market feasibility study, to the due diligence undertaken on the fund proposal, important information is collected and presented to promote the project. Once underway, the delivery experience in each link in the housing value chain produces further data that can offer insights into the efficiencies and challenges that support or undermine the delivery of affordable housing. How the project is then received by the target market, and key features of that target, is similarly useful in understanding the breadth and character of demand.

### Diagram

**African affordable housing environment**

- Classic research focus: CAHF, HHR, UNHabitat, Real

**Country affordable housing environment**

- CAHF/FSD Kenya/Realis/HHRK focus:
  - also available for curation from in public sector agencies/regulators

**Fund portfolio of projects**

- What funds & DFIs look at, but keep internal

**Developer portfolio of projects**

- What developers look at, but keep internal

**Project level data**

- What developers look at, but keep internal

**Household level data**

- What developers look at, but keep internal

- High level market information is increasingly available, but key gaps remain. These could be addressed by public sector players and DFIs, and are the focus of CAHF’s Data Agenda for Housing in Africa

- Opaque, limited availability; unstandardised collection, incidental.

- This micro-level data is kept from the public domain because of its supposed commercial value, and the fear that sharing will undermine the competitiveness of the players. The challenge therefore is to harvest/assemble this data in ways that support market development without undermining commercial competitiveness.
All of this data is valuable. It clarifies the nature of the effort, creating a basis for evaluating outcomes. It highlights blockages in the value chain for attention by policy makers, or possibly for the creation of innovative work-arounds by other market players or government officials. It demonstrates particular market opportunities and suggests points of emphasis. And in these ways (and overall), it can be used to reduce risk as the stakeholders to an initiative have more and better information about what might be involved, enabling them to plan and better target their offerings. This improves the efficiency of investment while also lowering barriers to entry by other parties, who then see opportunities to engage in affordable housing. All of this together creates the basis for scale, even beyond the capital associated with the actual investment.

While the COVID19 pandemic has magnified the housing challenges facing a large majority of households living across this continent, the actual efforts of developers, small scale providers and households themselves has highlighted the opportunity for a new approach. The context calls for creativity and pragmatism as all grapple with the need to do more with less. Towards this imperative, data and information sharing between the parties, and collaboration in the advocacy and engagement processes, will leverage the individual efforts of the parties to realise economies of scale across their efforts. This is the power of massive small.

A highlight of the new policies and legislation on housing and housing finance adopted in the last two years in Africa.

Policy and legislation is critical for guiding housing development and investment activities. Setting the rules and codifying state expectations, they create certainty around which investors can then more accurately quantify their risk and potential returns.

This year, new policies were enacted and laws promulgated in a number of countries. These are summarised below.

<table>
<thead>
<tr>
<th>Country</th>
<th>Country</th>
<th>Description</th>
<th>Reference (URL link)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>Decree 142-08 Amendment (2020)</td>
<td>The amendment sets the rules for access to public rental housing, revises the criteria and gives greater importance to the social situation instead of the monthly salary.</td>
<td><a href="https://www.legal500.com/developments/thought-leadership/property-tax-code-in-angola/">https://www.legal500.com/developments/thought-leadership/property-tax-code-in-angola/</a></td>
</tr>
<tr>
<td>Angola</td>
<td>The Property Tax Code (2020)</td>
<td>The new Property Tax Code, among other new additions, has a broader scope and covers both urban and rural properties.</td>
<td></td>
</tr>
<tr>
<td>Cote d’Ivoire</td>
<td>Construction and Housing Code (2020)</td>
<td>Some of the features address data collection, with reporting obligation from key stakeholders, the regulation of real estate agencies and real estate agents, the prohibiting of some construction material, and a new definition of co-ownership.</td>
<td></td>
</tr>
<tr>
<td>Egypt</td>
<td>Legislative amendments (2020), The amendment sets the rules for access to public rental housing, revises the criteria and gives greater importance to the social situation instead of the monthly salary.</td>
<td>Amendments on the regulation of medium, small and micro enterprise financing, The amendments include increasing the maximum amount granted to each microfinance project to EE200 000 (US$12 740).</td>
<td><a href="http://www.dremy.partners/news-articles/law-no-201-for-year-2020-regulating-msmes">http://www.dremy.partners/news-articles/law-no-201-for-year-2020-regulating-msmes</a></td>
</tr>
<tr>
<td>Kenya</td>
<td>Kenya Sectional Properties Act 2020</td>
<td>It is expected to boost the development of multi-dwellings, such as apartment blocks, where buyers will now have title to their respective units.</td>
<td><a href="http://kenyalaw.org/kil/fileadmin/pdf/downloads/Laws/2020/TheSectionalPropertiesAct_No.21of2020.pdf">http://kenyalaw.org/kil/fileadmin/pdf/downloads/Laws/2020/TheSectionalPropertiesAct_No.21of2020.pdf</a></td>
</tr>
<tr>
<td>Country</td>
<td>Country Description</td>
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<td>--------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Togo</td>
<td>Town Planning and Construction Code (2020)</td>
<td>n/a</td>
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</tr>
</tbody>
</table>
An explanation of the approach used to compare housing affordability in different African countries

Keith Lockwood

A market price reflects the interplay between demand for the product concerned and its supply. The housing market is no different. Changes in the price of accommodation in a particular country can be due to any number of developments on either (or both) the demand or supply sides of the housing market. Tracking these prices using the currency of the country concerned is relatively easy, but the resulting trends can be distorted over time by a range of factors.

For example, if the general price level in a country rises by 255% (as happened in Zimbabwe in 2019) then a similar increase in the price of accommodation would mean that in relative terms the cost of accommodation to households remained unchanged. If average household incomes rose by more than the inflation rate over the same period, then housing would actually be more affordable to most people – despite the significant increase in its price. If, however, the price of accommodation only increased by 200% over the same period and incomes rose by 150% then accommodation would simultaneously be relatively cheaper than most other items purchased by households, and less affordable relative to household income.

One way to reduce the potential distortions created by the passage of time is to eliminate the effects of inflation by deflating prevailing market values using the prices of a selected base year. Doing so makes it easier to examine volume trends and relative price changes.

However, the task of comparing housing affordability across different African countries is made more difficult because the cost of houses, and the incomes used to pay for them, are usually denominated in the local currency of the countries included in the analysis. For this reason, earlier editions of this Yearbook converted relevant elements of the affordability calculations into a single, internationally-accepted currency – the United States dollar – using prevailing market exchange rates. However, some countries have fixed or pegged official exchange rate systems that operate in conjunction with parallel or “black market” rates that often provide a more accurate reflection of economic fundamentals. For example, at the start of 2018, Angola had an official exchange rate of around Kz165/US$ and a parallel market rate of more than Kz400/US$. Those importers able to import at the official rate had a substantial advantage over those that had to use the parallel market.

In addition exchange rate movements are seldom consistent with inflation differentials and market exchange rates tend to be far more volatile over time than both house prices and incomes expressed in local currency terms. This is especially true of countries – of which there are a number of examples in Africa - with comparatively narrow export bases whose currencies are unduly affected by the prevailing prices of their primary export commodities on international markets.

Nigeria is a good example of this. Between May 2016 and May 2017, the Naira weakened against the US dollar by more than 58%, but over the same period inflation in Nigeria was around 16% while in the United States it was less than 2%. To reflect relative purchasing power, the Naira should only have weakened against the US dollar by around 14%. If house prices in Nigeria moved in tandem with consumer prices over this period they would have increased by 16.3% in local currency but in US dollar terms they would have dropped by 27%. In the subsequent twelve months (May 2017 to May 2018), the Naira weakened by a further 14% against the US dollar while the inflation differential between the two countries dropped to just under 9%. In local currency terms, house prices would have increased by 11.6% if they matched CPI inflation, but in US dollar terms they would have dropped by a further 2%.

Because of the distortions that the use of prevailing market exchange rates can give rise to, the affordability calculations in this Yearbook are converted into international purchasing power parity (PPP) dollars. A PPP dollar is a notional currency that reflects the rate at which the currency of one country would have to be converted into that of another country to buy the same amount of goods and services in each country. It takes account of the prevailing inflation rates in each country.

The following graph shows the relative movements in the exchange rate of the Nigerian Naira and the US dollar and the Naira and a PPP dollar (left-hand graph), with the impact of this variation on the price of an asset such as a house (right-hand graph). A house that cost US$25,000 (equating to NGN3.8 million at market exchange rates in 2010) would have cost around NGN10.8 million at prevailing market exchange rates in 2020. However, if the exchange rate had moved in line with inflation differentials (i.e. in line with purchasing power parity) the same house should only have cost NGN7.3 million.

The practical implication of this is that if the cost of producing a house in both countries changed in accordance with the inflation rates that prevailed in each country, you would have needed around 44% more Naira (converted at market exchange rates) to purchase an equivalent house (same type of neighbourhood, same size, same quality of finishes) in the United States than you would have needed in Nigeria in 2020. The prevailing market exchange rate undervalued the Naira by around 44% in 2020.
If the prevailing market exchange rates of different African countries were all undervalued to the same extent against the US dollar, it would still be possible to compare the relative cost of housing across countries with reasonable accuracy using the market-based exchange rates of local currencies to the US dollar. However, that is not the case - as the figure below shows. Relative movements in market and PPP exchange rates between 2010 and 2020 indicate that across a selection of African countries, the local currency generally depreciated against the US dollar by more than it should have - based on inflation differentials. The extent of this under-valuation in 2020 ranged from close to 300% in the case of Angola to 9% in Burundi. Three of the countries studied had local currencies that were over-valued in terms of their purchasing power in 2020. These were Kenya (1% over-valued), Egypt (3% over-valued) and Ethiopia (35% over-valued).

Comparing the costs of housing in different African countries using prevailing market exchange rates would therefore be distorted by the extent to which their local currencies were either under- or over-valued against the US dollar at that point in time. So if, for example, the price of a standard CAHF house in South Africa was compared with a standard CAHF house in Nigeria in 2020 using prevailing US dollar market exchange rates, the house in South Africa would be roughly 30% cheaper than the Nigerian equivalent based purely on the extent of the relative under-valuation of the two currencies.

Extant of over- and under-valuation of market exchange rates against the US dollar in 2020 based on purchasing power parity

Consistent use of PPP dollars over time will not only significantly reduce the volatility that would be inherent in US$-based calculations but will also provide a more accurate reflection of the relative affordability of housing in each of the African countries included in the analysis – both in a particular year and over time. Comparing the relative affordability of housing across different African countries will also be more accurate and meaningful.

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

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

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

AFRICA
Annual income profile for rural and urban households based on consumption (PPPS)
### ALGERIA

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

- **Population:** 43 851 043
- **Urbanisation rate:** 2.58%
- **Cost of cheapest newly built house:** 3 031 490 DZD
- **House price PPS:** PPP$81 394
- **Urban households that could afford this house with finance:** 80.73%
- **1 PPPS:** 37.24 Algerian dinar

### ANGOLA

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

- **Population:** 32 866 268
- **Urbanisation rate:** 4.19%
- **Cost of cheapest newly built house:** 8 300 000 AOA
- **House price PPS:** PPP$49 505
- **Urban households that could afford this house with finance:** 12.40%
- **1 PPPS:** 167.66 Kwanza

### BENIN

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

- **Population:** 12 123 198
- **Urbanisation rate:** 3.84%
- **Cost of cheapest newly built house:** 20 000 000 XOF
- **House price PPS:** PPP$94 351
- **Urban households that could afford this house with finance:** 3.78%
- **1 PPPS:** 211.97 CFA franc

### BOTSWANA

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

- **Population:** 2 351 625
- **Urbanisation rate:** 3.06%
- **Cost of cheapest newly built house:** 385 000 BWP
- **House price PPS:** PPP$64 734
- **Urban households that could afford this house with finance:** 45.41%
- **1 PPPS:** 4.54 Pula
**BURKINA FASO**

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

<table>
<thead>
<tr>
<th>No. of households (thousands)</th>
<th>PPP$10 233</th>
<th>PPP$12 901</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>600</td>
<td>400</td>
</tr>
<tr>
<td>Urban</td>
<td>200</td>
<td>100</td>
</tr>
</tbody>
</table>

**Population:** 20,903,278

**Urbanisation rate:** 4.89%

**Cost of cheapest newly built house:** 7,500,000 XOF

**House price PPP$:** PPP$35,741

**Urban households that could afford this house with finance:** 37.89%

**1 PPP$:** 209.84 CFA franc

---

**BURUNDI**

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

<table>
<thead>
<tr>
<th>No. of households (thousands)</th>
<th>PPP$6,650</th>
<th>PPP$23,849</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>400</td>
<td>300</td>
</tr>
<tr>
<td>Urban</td>
<td>200</td>
<td>100</td>
</tr>
</tbody>
</table>

**Population:** 11,890,781

**Urbanisation rate:** 5.60%

**Cost of cheapest newly built house:** 35,000,000 BIF

**House price PPP$:** PPP$51,439

**Urban households that could afford this house with finance:** 2.51%

**1 PPP$:** 680.41 Burundi franc

---

**CABO VERDE**

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

<table>
<thead>
<tr>
<th>No. of households (thousands)</th>
<th>PPP$22,375</th>
<th>PPP$20,514</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>25</td>
<td>20</td>
</tr>
<tr>
<td>Urban</td>
<td>15</td>
<td>10</td>
</tr>
</tbody>
</table>

**Population:** 555,988

**Urbanisation rate:** 1.78%

**Cost of cheapest newly built house:** 3,088,079 CVE

**House price PPP$:** PPP$66,393

**Urban households that could afford this house with finance:** 36.85%

**1 PPP$:** 46.51 Cape Verdean Escudo

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**CAMEROON**

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

<table>
<thead>
<tr>
<th>No. of households (thousands)</th>
<th>PPP$14,433</th>
<th>PPP$14,300</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>800</td>
<td>600</td>
</tr>
<tr>
<td>Urban</td>
<td>600</td>
<td>400</td>
</tr>
</tbody>
</table>

**Population:** 26,545,864

**Urbanisation rate:** 3.39%

**Cost of cheapest newly built house:** 19,587,750 XAF

**House price PPP$:** PPP$85,629

**Urban households that could afford this house with finance:** 4.99%

**1 PPP$:** 228.75 CFA franc
CENTRAL AFRICAN REPUBLIC

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

No. of households (thousands)

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

Population: 4 829 764
Urbanisation rate: 2.79%
Cost of cheapest newly built house: 13 445 760 XAF
House price PPP$: PPP$47 968
Urban households that could afford this house with finance: 3.77%
1 PPP$: 280.19 CFA franc

CHAD

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

No. of households (thousands)

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

Population: 16 425 859
Urbanisation rate: 3.99%
Cost of cheapest newly built house: 27 750 000 XAF
House price PPP$: PPP$125 803
Urban households that could afford this house with finance: 1.60%
1 PPP$: 220.58 CFA franc

COMOROS

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

No. of households (thousands)

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

Population: 869 595
Urbanisation rate: 2.91%
Cost of cheapest newly built house: 30 000 000 KMF
House price PPP$: PPP$164 527
Urban households that could afford this house with finance: 8.08%
1 PPP$: 182.34 Comorian franc

CONGO

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

No. of households (thousands)

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

Population: 5 518 092
Urbanisation rate: 3.20%
Cost of cheapest newly built house: 350 000 000 XAF
House price PPP$: PPP$121 657
Urban households that could afford this house with finance: 2.40%
1 PPP$: 312.04 Congolese franc
EQUATORIAL GUINEA
Annual income profile for rural and urban households based on consumption (PPP$)

<table>
<thead>
<tr>
<th>PPP$</th>
<th>No. of households (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;PPP$801</td>
<td>80 60 40 20 0 20 40 60 80</td>
</tr>
<tr>
<td>PPP$801 – PPP$1 600</td>
<td>42 048</td>
</tr>
<tr>
<td>PPP$1 601 – PPP$2 400</td>
<td>40 30 20 10 0 10 20 30 40</td>
</tr>
<tr>
<td>PPP$2 401 – PPP$3 600</td>
<td>PPP$1 7 59</td>
</tr>
<tr>
<td>PPP$3 601 – PPP$6 000</td>
<td>PPP$2 3 94</td>
</tr>
<tr>
<td>PPP$6 001 – PPP$10 000 000</td>
<td>PPP$8 041 048</td>
</tr>
<tr>
<td>PPP$10 001 000 000 – PPP$20 000 000</td>
<td></td>
</tr>
</tbody>
</table>

Population: 1 402 985
Urbanisation rate: 4.06%
Cost of cheapest newly built house: 40 000 000 XAF
House price PPP$: PPP$174 548
Urban households that could afford this house with finance: 45.49%
1 PPP$: 229.16 CFA franc

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

<table>
<thead>
<tr>
<th>PPP$</th>
<th>No. of households (thousands)</th>
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<tbody>
<tr>
<td>&lt;PPP$801</td>
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<td>PPP$1 7 59</td>
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<tr>
<td>PPP$3 601 – PPP$6 000</td>
<td>PPP$2 3 94</td>
</tr>
<tr>
<td>PPP$6 001 – PPP$10 000 000</td>
<td>PPP$8 041 048</td>
</tr>
<tr>
<td>PPP$10 001 000 000 – PPP$20 000 000</td>
<td></td>
</tr>
</tbody>
</table>

Population: 1 160 164
Urbanisation rate: 1.83%
Cost of cheapest newly built house: 472 440.52L
House price PPP$: PPP$74 312
Urban households that could afford this house with finance: 60.74%
1 PPP$: 6.36 Llilangeni

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

<table>
<thead>
<tr>
<th>PPP$</th>
<th>No. of households (thousands)</th>
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<tbody>
<tr>
<td>&lt;PPP$801</td>
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<td>40 30 20 10 0 10 20 30 40</td>
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<td>PPP$1 7 59</td>
</tr>
<tr>
<td>PPP$3 601 – PPP$6 000</td>
<td>PPP$2 3 94</td>
</tr>
<tr>
<td>PPP$6 001 – PPP$10 000 000</td>
<td>PPP$8 041 048</td>
</tr>
<tr>
<td>PPP$10 001 000 000 – PPP$20 000 000</td>
<td></td>
</tr>
</tbody>
</table>

Population: 3 213 972
Urbanisation rate: 3.0%
Cost of cheapest newly built house: 296 296 ERN
House price PPP$: PPP$49 696
Urban households that could afford this house with finance: 24.50%
1 PPP$: 5.93 ERN

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

<table>
<thead>
<tr>
<th>PPP$</th>
<th>No. of households (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;PPP$801</td>
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</tr>
<tr>
<td>PPP$801 – PPP$1 600</td>
<td>42 048</td>
</tr>
<tr>
<td>PPP$1 601 – PPP$2 400</td>
<td>40 30 20 10 0 10 20 30 40</td>
</tr>
<tr>
<td>PPP$2 401 – PPP$3 600</td>
<td>PPP$1 7 59</td>
</tr>
<tr>
<td>PPP$3 601 – PPP$6 000</td>
<td>PPP$2 3 94</td>
</tr>
<tr>
<td>PPP$6 001 – PPP$10 000 000</td>
<td>PPP$8 041 048</td>
</tr>
<tr>
<td>PPP$10 001 000 000 – PPP$20 000 000</td>
<td></td>
</tr>
</tbody>
</table>

Population: 114 963 583
Urbanisation rate: 4.73%
Cost of cheapest newly built house: 600 000 ETB
House price PPP$: PPP$49 530
Urban households that could afford this house with finance: 25.00%
1 PPP$: 12.11 Ethiopian birr
**LIBYA**

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

<table>
<thead>
<tr>
<th>No. of households (thousands)</th>
<th>PPP$10 001 – PPP$10 000 000</th>
<th>PPP$8 001 – PPP$10 000 000</th>
<th>PPP$6 001 – PPP$8 000 000</th>
<th>PPP$4 001 – PPP$6 000 000</th>
<th>PPP$2 001 – PPP$4 000 000</th>
<th>PPP$0 001 – PPP$2 000 000</th>
<th>&lt;PPP$0 001</th>
</tr>
</thead>
</table>

**Population:** 6,871,287

**Urbanisation rate:** 1.74%

**Cost of cheapest newly built house:** 69,000 LYD

**House price PPP$:** PPP$144,710

**Urban households that could afford this house with finance:** 1.40%

**1 PPP$:** 0.48 Libyan dinar

---

**MADAGASCAR**

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

<table>
<thead>
<tr>
<th>No. of households (thousands)</th>
<th>PPP$7 902</th>
<th>PPP$43 029</th>
</tr>
</thead>
</table>

**Population:** 27,691,019

**Urbanisation rate:** 4.40%

**Cost of cheapest newly built house:** 90,000,000 MGA

**House price PPP$:** PPP$76,394

**Urban households that could afford this house with finance:** 1.31%

**1 PPP$:** 1,178.10 Malagasy ariary

---

**MALAWI**

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

<table>
<thead>
<tr>
<th>No. of households (thousands)</th>
<th>PPP$7 747</th>
<th>PPP$25 699</th>
</tr>
</thead>
</table>

**Population:** 19,129,955

**Urbanisation rate:** 4.12%

**Cost of cheapest newly built house:** 10,000,000 MWK

**House price PPP$:** PPP$33,465

**Urban households that could afford this house with finance:** 4.67%

**1 PPP$:** 298.82 Malawian kwacha

---

**MALI**

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

<table>
<thead>
<tr>
<th>No. of households (thousands)</th>
<th>PPP$10 241</th>
<th>PPP$6 970</th>
</tr>
</thead>
</table>

**Population:** 20,250,834

**Urbanisation rate:** 4.75%

**Cost of cheapest newly built house:** 13,300,000 XOF

**House price PPP$:** PPP$62,911

**Urban households that could afford this house with finance:** 2.59%

**1 PPP$:** 211.41 CFA franc
Africa Housing Finance Yearbook 2021

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

<table>
<thead>
<tr>
<th>PPP$</th>
<th>No. of households (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPP$40 001 – PPP$10 000 000</td>
<td>PPP$41 317</td>
</tr>
<tr>
<td>PPP$23 001 – PPP$40 000 000</td>
<td></td>
</tr>
<tr>
<td>PPP$12 001 – PPP$23 000</td>
<td>PPP$21 532</td>
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<td>PPP$8 001 – PPP$12 000 000</td>
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<td>PPP$5 001 – PPP$8 000 000</td>
<td></td>
</tr>
<tr>
<td>PPP$3 601 – PPP$5 000 000</td>
<td></td>
</tr>
<tr>
<td>PPP$2 401 – PPP$3 600</td>
<td></td>
</tr>
<tr>
<td>PPP$1 601 – PPP$2 400</td>
<td></td>
</tr>
<tr>
<td>PPP$801 – PPP$1 600</td>
<td></td>
</tr>
<tr>
<td>&lt;PPP$800</td>
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</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>PPP$</th>
<th>No. of households (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPP$40 001 – PPP$10 000 000</td>
<td>PPP$40 468</td>
</tr>
<tr>
<td>PPP$23 001 – PPP$40 000 000</td>
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<td>PPP$12 001 – PPP$23 000</td>
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<tr>
<td>PPP$5 001 – PPP$8 000 000</td>
<td></td>
</tr>
<tr>
<td>PPP$3 601 – PPP$5 000 000</td>
<td></td>
</tr>
<tr>
<td>PPP$2 401 – PPP$3 600</td>
<td></td>
</tr>
<tr>
<td>PPP$1 601 – PPP$2 400</td>
<td></td>
</tr>
<tr>
<td>PPP$801 – PPP$1 600</td>
<td></td>
</tr>
<tr>
<td>&lt;PPP$800</td>
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</table>

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

<table>
<thead>
<tr>
<th>PPP$</th>
<th>No. of households (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPP$40 001 – PPP$10 000 000</td>
<td>PPP$22 307</td>
</tr>
<tr>
<td>PPP$23 001 – PPP$40 000 000</td>
<td></td>
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<tr>
<td>PPP$12 001 – PPP$23 000</td>
<td>PPP$14 480</td>
</tr>
<tr>
<td>PPP$8 001 – PPP$12 000 000</td>
<td></td>
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<tr>
<td>PPP$5 001 – PPP$8 000 000</td>
<td></td>
</tr>
<tr>
<td>PPP$3 601 – PPP$5 000 000</td>
<td></td>
</tr>
<tr>
<td>PPP$2 401 – PPP$3 600</td>
<td></td>
</tr>
<tr>
<td>PPP$1 601 – PPP$2 400</td>
<td></td>
</tr>
<tr>
<td>PPP$801 – PPP$1 600</td>
<td></td>
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<tr>
<td>&lt;PPP$800</td>
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</table>

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

<table>
<thead>
<tr>
<th>PPP$</th>
<th>No. of households (thousands)</th>
</tr>
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<tbody>
<tr>
<td>PPP$40 001 – PPP$10 000 000</td>
<td>PPP$8 227</td>
</tr>
<tr>
<td>PPP$23 001 – PPP$40 000 000</td>
<td></td>
</tr>
<tr>
<td>PPP$12 001 – PPP$23 000</td>
<td>PPP$6 58</td>
</tr>
<tr>
<td>PPP$8 001 – PPP$12 000 000</td>
<td></td>
</tr>
<tr>
<td>PPP$5 001 – PPP$8 000 000</td>
<td></td>
</tr>
<tr>
<td>PPP$3 601 – PPP$5 000 000</td>
<td></td>
</tr>
<tr>
<td>PPP$2 401 – PPP$3 600</td>
<td></td>
</tr>
<tr>
<td>PPP$1 601 – PPP$2 400</td>
<td></td>
</tr>
<tr>
<td>PPP$801 – PPP$1 600</td>
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<tr>
<td>&lt;PPP$800</td>
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</table>
### Namibia

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

<table>
<thead>
<tr>
<th>Income Bracket</th>
<th>No. of Households (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPP$23 898</td>
<td>127</td>
</tr>
<tr>
<td>PPP$18 381</td>
<td>80</td>
</tr>
<tr>
<td>PPP$13 244</td>
<td>60</td>
</tr>
<tr>
<td>PPP$12 001</td>
<td>40</td>
</tr>
<tr>
<td>PPP$8 001</td>
<td>20</td>
</tr>
<tr>
<td>PPP$5 001</td>
<td>10</td>
</tr>
<tr>
<td>PPP$3 601</td>
<td>5</td>
</tr>
<tr>
<td>PPP$2 401</td>
<td>2</td>
</tr>
<tr>
<td>PPP$1 601</td>
<td>1</td>
</tr>
<tr>
<td>&lt;PPP$800</td>
<td>0</td>
</tr>
</tbody>
</table>

**Population:** 2,540,916

**Urbanisation rate:** 3.77%

**Cost of cheapest newly built house:** 365,000 NAD

**House price PPP$:** PPP$49,348

**Urban households that could afford this house with finance:** 45.82%

1 PPP$: 7.40 Namibian Dollar

### Niger

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

<table>
<thead>
<tr>
<th>Income Bracket</th>
<th>No. of Households (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPP$9 446</td>
<td>800</td>
</tr>
<tr>
<td>PPP$20 121</td>
<td>600</td>
</tr>
<tr>
<td>PPP$4 466</td>
<td>400</td>
</tr>
<tr>
<td>PPP$2 001</td>
<td>200</td>
</tr>
<tr>
<td>PPP$1 001</td>
<td>100</td>
</tr>
<tr>
<td>&lt;PPP$800</td>
<td>0</td>
</tr>
</tbody>
</table>

**Population:** 24,206,828

**Urbanisation rate:** 4.43%

**Cost of cheapest newly built house:** 8,800,000 XOF

**House price PPP$:** PPP$34,550

**Urban households that could afford this house with finance:** 4.00%

1 PPP$: 257.60 CFA franc

### Nigeria

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

<table>
<thead>
<tr>
<th>Income Bracket</th>
<th>No. of Households (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPP$20 040</td>
<td>6000</td>
</tr>
<tr>
<td>PPP$11 409</td>
<td>4000</td>
</tr>
<tr>
<td>PPP$6 801</td>
<td>2000</td>
</tr>
<tr>
<td>PPP$3 401</td>
<td>1000</td>
</tr>
<tr>
<td>PPP$2 400</td>
<td>600</td>
</tr>
<tr>
<td>PPP$1 600</td>
<td>300</td>
</tr>
<tr>
<td>&lt;PPP$800</td>
<td>0</td>
</tr>
</tbody>
</table>

**Population:** 206,139,587

**Urbanisation rate:** 4.10%

**Cost of cheapest newly built house:** 3,400,000 NGN

**House price PPP$:** PPP$23,567

**Urban households that could afford this house with finance:** 63.32%

1 PPP$: 144.27 Nigerian naira

### Rwanda

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

<table>
<thead>
<tr>
<th>Income Bracket</th>
<th>No. of Households (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPP$21 795</td>
<td>500</td>
</tr>
<tr>
<td>PPP$12 431</td>
<td>300</td>
</tr>
<tr>
<td>PPP$8 001</td>
<td>200</td>
</tr>
<tr>
<td>PPP$5 001</td>
<td>100</td>
</tr>
<tr>
<td>PPP$3 601</td>
<td>70</td>
</tr>
<tr>
<td>PPP$2 401</td>
<td>50</td>
</tr>
<tr>
<td>PPP$1 600</td>
<td>30</td>
</tr>
<tr>
<td>&lt;PPP$800</td>
<td>0</td>
</tr>
</tbody>
</table>

**Population:** 12,952,209

**Urbanisation rate:** 3.23%

**Cost of cheapest newly built house:** 12,500,000 RWF

**House price PPP$:** PPP$36,777

**Urban households that could afford this house with finance:** 12.74%

1 PPP$: 339.88 Rwandan franc
SÃO TOMÉ AND PRÍNCIPE

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

Average annual household income needed for the cheapest newly built house by a formal developer, 2020
Average annual household income using expenditure, 2020 (PPP$)

No. of households (thousands)

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 – $1,225</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,226 – $3,600</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$3,601 – $11,198</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$11,200 – $40,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$40,001 – $122,500</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Population: 219,161
Urbanisation rate: 2.92%
Cost of cheapest newly built house: 1,225,000 STD
House price PPP$: PPP$111,978
Urban households that could afford this house with finance: 13.60%
1 PPP$: 10.94 Dobra

SENEGAL

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

Average annual household income needed for the cheapest newly built house by a formal developer, 2020
Average annual household income using expenditure, 2020 (PPP$)

No. of households (thousands)

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 – $2,400</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$2,401 – $7,198</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$7,200 – $23,540</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$23,541 – $45,790</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$45,800 – $165,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$165,001 – $2,400,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Population: 16,743,930
Urbanisation rate: 3.69%
Cost of cheapest newly built house: 16,500,000 XOF
House price PPP$: PPP$67,079
Urban households that could afford this house with finance: 45.27%
1 PPP$: 245.98 CFA franc

SEYCHELLES

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

Average annual household income needed for the cheapest newly built house by a formal developer, 2020
Average annual household income using expenditure, 2020 (PPP$)

No. of households (thousands)

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 – $1,360</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,361 – $3,389</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$3,400 – $8,642</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$8,643 – $23,539</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$23,540 – $33,892</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$33,893 – $1,359,571</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Population: 98,462
Urbanisation rate: 1.60%
Cost of cheapest newly built house: 1,359,571 SCR
House price PPP$: PPP$173,763
Urban households that could afford this house with finance: 54.81%
1 PPP$: 7.82 Seychellois rupee

SIERRA LEONE

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

Average annual household income needed for the cheapest newly built house by a formal developer, 2020
Average annual household income using expenditure, 2020 (PPP$)

No. of households (thousands)

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 – $1,225</td>
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<td></td>
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<tr>
<td>$1,226 – $3,600</td>
<td></td>
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</tr>
<tr>
<td>$3,601 – $11,225</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$11,226 – $40,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$40,001 – $122,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$122,501 – $2,739,260</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Population: 7,976,985
Urbanisation rate: 3.10%
Cost of cheapest newly built house: 210,000,000 SLL
House price PPP$: PPP$76,663
Urban households that could afford this house with finance: 8.86%
1 PPP$: 2,739.26 Sierra Leonean Leone
**Somalia**

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

- **Population:** 15,893,219
- **Urbanisation rate:** 4.15%
- **Cost of cheapest newly built house:** $22,011,637 SOM
- **House price PPP$:** $2,417
- **Urban households that could afford this house with finance:** 94.68%
- **1 PPP$:** 9,107.78 Somali Shilling

**South Sudan**

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

- **Population:** 11,193,729
- **Urbanisation rate:** 2.68%
- **Cost of cheapest newly built house:** 1,106,400 SSP
- **House price PPP$:** $160,348
- **Urban households that could afford this house with finance:** 10.82%
- **1 PPP$:** 6.90 South Sudanese pound

**South Africa**

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

- **Population:** 59,308,690
- **Urbanisation rate:** 2.02%
- **Cost of cheapest newly built house:** 473,440 ZAR
- **House price PPP$:** $68,284
- **Urban households that could afford this house with finance:** 32.42%
- **1 PPP$:** 6.93 South African Rand

**Sudan**

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

- **Population:** 43,849,269
- **Urbanisation rate:** 3.29%
- **Cost of cheapest newly built house:** 3,600,000 SDG
- **House price PPP$:** $164,759
- **Urban households that could afford this house with finance:** 70.71%
- **1 PPP$:** 21.85 Sudanese pound
TANZANIA
Annual income profile for rural and urban households based on consumption (PPP$)

<table>
<thead>
<tr>
<th>Type of Income</th>
<th>No. of Households (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPP$40 001 – PPP$10 000 000</td>
<td>2 000</td>
</tr>
<tr>
<td>PPP$32 001 – PPP$40 000</td>
<td>1 500</td>
</tr>
<tr>
<td>PPP$12 001 – PPP$23 000</td>
<td>1 000</td>
</tr>
<tr>
<td>PPP$8 001 – PPP$12 000</td>
<td>500</td>
</tr>
<tr>
<td>PPP$5 001 – PPP$8 000</td>
<td>500</td>
</tr>
<tr>
<td>PPP$3 601 – PPP$5 000</td>
<td>1 000</td>
</tr>
<tr>
<td>PPP$2 401 – PPP$3 600</td>
<td>1 500</td>
</tr>
<tr>
<td>PPP$1 601 – PPP$2 400</td>
<td>2 000</td>
</tr>
<tr>
<td>PPP$801 – PPP$1 600</td>
<td>1 500</td>
</tr>
<tr>
<td>&lt;PPP$800</td>
<td>1 000</td>
</tr>
</tbody>
</table>

Population: 59 734 213
Urbanisation rate: 5.02%
Cost of cheapest newly built house: 115 450 000 TZS
House price PPP$: PPP$129 964
Urban households that could afford this house with finance: 2.94%
1 PPP$: 688.32 Tanzanian shilling

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

<table>
<thead>
<tr>
<th>Type of Income</th>
<th>No. of Households (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPP$40 001 – PPP$10 000 000</td>
<td>1 500</td>
</tr>
<tr>
<td>PPP$32 001 – PPP$40 000</td>
<td>1 000</td>
</tr>
<tr>
<td>PPP$12 001 – PPP$23 000</td>
<td>500</td>
</tr>
<tr>
<td>PPP$8 001 – PPP$12 000</td>
<td>500</td>
</tr>
<tr>
<td>PPP$5 001 – PPP$8 000</td>
<td>1 000</td>
</tr>
<tr>
<td>PPP$3 601 – PPP$5 000</td>
<td>1 500</td>
</tr>
<tr>
<td>PPP$2 401 – PPP$3 600</td>
<td>2 000</td>
</tr>
<tr>
<td>PPP$1 601 – PPP$2 400</td>
<td>2 500</td>
</tr>
<tr>
<td>PPP$801 – PPP$1 600</td>
<td>2 000</td>
</tr>
<tr>
<td>&lt;PPP$800</td>
<td>1 500</td>
</tr>
</tbody>
</table>

Population: 8 278 737
Urbanisation rate: 3.70%
Cost of cheapest newly built house: 11 500 000 XOF
House price PPP$: PPP$48 557
Urban households that could afford this house with finance: 7.57%
1 PPP$: 236.83 CFA franc

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

<table>
<thead>
<tr>
<th>Type of Income</th>
<th>No. of Households (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPP$40 001 – PPP$10 000 000</td>
<td>800</td>
</tr>
<tr>
<td>PPP$32 001 – PPP$40 000</td>
<td>600</td>
</tr>
<tr>
<td>PPP$12 001 – PPP$23 000</td>
<td>400</td>
</tr>
<tr>
<td>PPP$8 001 – PPP$12 000</td>
<td>200</td>
</tr>
<tr>
<td>PPP$5 001 – PPP$8 000</td>
<td>0</td>
</tr>
<tr>
<td>PPP$3 601 – PPP$5 000</td>
<td>200</td>
</tr>
<tr>
<td>PPP$2 401 – PPP$3 600</td>
<td>400</td>
</tr>
<tr>
<td>PPP$1 601 – PPP$2 400</td>
<td>600</td>
</tr>
<tr>
<td>PPP$801 – PPP$1 600</td>
<td>600</td>
</tr>
<tr>
<td>&lt;PPP$800</td>
<td>800</td>
</tr>
</tbody>
</table>

Population: 11 818 618
Urbanisation rate: 1.51%
Cost of cheapest newly built house: 130 000 TND
House price PPP$: PPP$142 946
Urban households that could afford this house with finance: 41.96%
1 PPP$: 0.91 CFA franc

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

<table>
<thead>
<tr>
<th>Type of Income</th>
<th>No. of Households (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPP$40 001 – PPP$10 000 000</td>
<td>150</td>
</tr>
<tr>
<td>PPP$32 001 – PPP$40 000</td>
<td>100</td>
</tr>
<tr>
<td>PPP$12 001 – PPP$23 000</td>
<td>50</td>
</tr>
<tr>
<td>PPP$8 001 – PPP$12 000</td>
<td>50</td>
</tr>
<tr>
<td>PPP$5 001 – PPP$8 000</td>
<td>100</td>
</tr>
<tr>
<td>PPP$3 601 – PPP$5 000</td>
<td>150</td>
</tr>
<tr>
<td>PPP$2 401 – PPP$3 600</td>
<td>200</td>
</tr>
<tr>
<td>PPP$1 601 – PPP$2 400</td>
<td>300</td>
</tr>
<tr>
<td>PPP$801 – PPP$1 600</td>
<td>300</td>
</tr>
<tr>
<td>&lt;PPP$800</td>
<td>300</td>
</tr>
</tbody>
</table>

Population: 11 818 618
Urbanisation rate: 1.51%
Cost of cheapest newly built house: 130 000 TND
House price PPP$: PPP$142 946
Urban households that could afford this house with finance: 41.96%
1 PPP$: 0.91 CFA franc

Population:
- Tanzania: 59 734 213
- Uganda: 8 278 737
- Togo: 11 818 618
- Tunisia: 11 818 618
- Uganda: 45 741 000

Urbanisation rate:
- Tanzania: 5.02%
- Uganda: 3.70%
- Togo: 1.51%
- Tunisia: 5.67%
- Uganda: 5.67%

Cost of cheapest newly built house:
- Tanzania: 115 450 000 TZS
- Uganda: 11 500 000 XOF
- Togo: 130 000 TND
- Tunisia: 58 000 000 UGX
- Uganda: 58 000 000 UGX

House price PPP$:
- Tanzania: PPP$129 964
- Uganda: PPP$48 557
- Togo: PPP$142 946
- Tunisia: PPP$291 946
- Uganda: PPP$43 895

Urban households that could afford this house with finance:
- Tanzania: 2.94%
- Uganda: 7.57%
- Togo: 41.96%
- Tunisia: 41.96%
- Uganda: 10.26%

1 PPP$:
- Tanzania: 688.32 Tanzanian shilling
- Uganda: 236.83 CFA franc
- Togo: 236.83 CFA franc
- Tunisia: 0.91 CFA franc
- Uganda: 1 321.35 Ugandan shilling
### Western Sahara

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

- No. of households (thousands)
  - PPP$40 001 – PPP$10 000 000
  - PPP$23 001 – PPP$40 000
  - PPP$12 001 – PPP$23 000
  - PPP$8 001 – PPP$12 000
  - PPP$5 001 – PPP$8 000
  - PPP$3 601 – PPP$5 000
  - PPP$2 401 – PPP$3 600
  - PPP$1 601 – PPP$2 400
  - PPP$801 – PPP$1 600
  - <PPP$800

### Zambia

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

- No. of households (thousands)
  - PPP$9 793
  - PPP$111 188

### Zimbabwe

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

- No. of households (thousands)
  - PPP$13 547
  - 30 20 10 0 10 20 30

---

**Population:**
- **Western Sahara:** 652 271
- **Zambia:** 18 383 956
- **Zimbabwe:** 14 862 927

**Urbanisation rate:**
- **Western Sahara:** 2.61%
- **Zambia:** 4.14%
- **Zimbabwe:** 1.57%

**Cost of cheapest newly built house:**
- **Western Sahara:** n/a
- **Zambia:** 575 000 ZMW
- **Zimbabwe:** 1 531 360 ZWD

**House price PPP$:**
- **Western Sahara:** n/a
- **Zambia:** PPP$102 890
- **Zimbabwe:** PPP$61 310

**Urban households that could afford this house with finance:**
- **Zambia:** 4.74%
- **Zimbabwe:** 4.74%

**1 PPP$:**
- **Western Sahara:** 9.71 Moroccan Dirham
- **Zambia:** 5.59 Zambian Kwacha
- **Zimbabwe:** 24.98 Zimbabwean Dollar
Although investor interest in housing in Africa has grown substantially in recent years, data for the sector remains scarce. As a result, investors struggle to accurately assess market risk and opportunity, and either shift their sights to more easily quantified 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.

To address this, CAHF launched a Data Agenda for Housing in Africa in 2019, a broad initiative undertaken in partnership with Reall, Afd, 71point4, FSDAfrica Investment, and FSDKenya. The Data Agenda for Housing in Africa seeks to curate and collate existing data, whether collected by the private, public or NGO sectors, in the normal course of business, or explicitly for unique purposes, and share this into the public domain in support of overall market development.

The Yearbook serves as a key pillar of the Data Agenda. In this Yearbook, each of the country profiles includes a set of indicators, drawn from various sources, including the African Economic Outlook database, the World Bank’s various databases, UNDP’s International Human Development Indicators, the World Health Organisation (WHO) and USAID’s Demographic and Health Surveys. In addition to data from these international sources, we present CAHF’s own data, collected by the Yearbook authors appointed to complete the Yearbook data survey and write the country profiles.

Inevitably, the data presented in this Yearbook is limited to what our Yearbook authors were able to access and what we were able to obtain via desktop study. While every effort has been made to overcome these shortcomings, there will always be more information and nuance to add to the picture. In some instances, data tables state ‘n/a’ where the data is not available. Furthermore, COVID-19 has introduced additional challenges as lockdowns hindered on-the-ground data collection by our Yearbook authors as well as impeding the gathering of statistical data responses by some government institutions. Owing to this, some data has not been updated for 2021, in which case we publish the most recent data available.

To this end, CAHF continues to work to improve the data situation and build the baseline of information available to housing finance practitioners to encourage greater investment and enable better decision making. Please visit our website for details on our progress to pursue our Data Agenda for Africa, or contact us directly: www.housingfinanceafrica.org

### Explaining the indicators

<table>
<thead>
<tr>
<th>Indicator name</th>
<th>Definition</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Main urban centres</strong></td>
<td>The capital city of the country and any other large city</td>
<td>Data collected by CAHF</td>
</tr>
<tr>
<td><strong>US$ exchange rate</strong></td>
<td>USD exchange rate (1 USD = x LCU) as at 1 July 2021</td>
<td>Data collected by CAHF Source: Xe URL: <a href="https://Xe.com">https://Xe.com</a></td>
</tr>
<tr>
<td><strong>Purchase Power Parity exchange rate (PPPS)</strong></td>
<td>According to the International Monetary Fund (IMF), PPP is the rate at which the currency of one country would have to be converted into that of another country to buy the same amount of goods and services in each country. This conversion rate is calculated for the year 2019. See explanation on PPP on page 15.</td>
<td>Data collected by CAHF Source: World Bank World Development Indicators URL: <a href="https://data.worldbank.org/indicator/PA.NUS.PPPP">https://data.worldbank.org/indicator/PA.NUS.PPPP</a></td>
</tr>
<tr>
<td><strong>Total population</strong></td>
<td>The number of all residents regardless of legal status or citizenship – except for refugees not permanently settled in the country of asylum, who are generally considered part of the population of their country of origin. The values are mid-year estimates.</td>
<td>Data collected by CAHF Source: World Bank World Development Indicators URL: <a href="https://data.worldbank.org/indicator/SP.POP.TOTL">https://data.worldbank.org/indicator/SP.POP.TOTL</a></td>
</tr>
<tr>
<td><strong>Urban population</strong></td>
<td>The number of all residents in urban areas regardless of legal status or citizenship – except for refugees not permanently settled in the country of asylum, who are generally considered part of the population of their country of origin. The values are mid-year estimates.</td>
<td>Data collected by CAHF Source: World Bank World Development Indicators URL: <a href="https://data.worldbank.org/indicator/SP.URB.TOTL">https://data.worldbank.org/indicator/SP.URB.TOTL</a></td>
</tr>
<tr>
<td><strong>Number of households</strong></td>
<td>Household is the persons who live together in the same dwelling.</td>
<td>Data collected by CAHF Source: Canback Global Distribution Database (C-GIDD) URL: <a href="https://www.cgidd.com/">https://www.cgidd.com/</a></td>
</tr>
<tr>
<td><strong>Urbanisation rate</strong></td>
<td>The increase in the proportion of urban population over time, calculated as the rate of growth of the urban population minus that of the total population. An urban area can be defined by one or more of the following: administrative criteria or political boundary.</td>
<td>Data collected by CAHF through World Bank API Source: World Bank URL: <a href="https://data.worldbank.org/indicator/SP.URB.GROW">https://data.worldbank.org/indicator/SP.URB.GROW</a></td>
</tr>
<tr>
<td>Indicator name</td>
<td>Definition</td>
<td>Source</td>
</tr>
<tr>
<td>----------------</td>
<td>------------</td>
<td>--------</td>
</tr>
</tbody>
</table>
| **GDP per capita (Current US$)** | Gross domestic product (GDP) divided by total population. Provides a rough indication of the residents’ standard of living, but misses the important factor of inequality. It must therefore be read together with the Gini coefficient and the percent of the population living below the poverty line. | Data collected by CAHF through World Bank API  
Source: World Bank  
GDP (Current US$):  
URL: https://data.worldbank.org/indicator/NY.GDP.MKTP.CD  
Total population:  
URL: https://data.worldbank.org/indicator/SP.POP.TOTL |
| **Percentage of the population below national poverty line** | Nation-specific estimates of the percentage of the population falling below the national poverty line are generally based on surveys of sub-groups, with the results weighted by the number of people in each group. Definitions of poverty vary considerably among nations. For this reason, some countries have established national poverty lines that better reflect the reality of poverty in their own local economies. | Data collected by CAHF  
Source: World Bank  
URL: https://data.worldbank.org/indicator/SL.POV.NAHC |
| **Unemployment rate (% of total labour force, national estimate)** | Percentage of the labour force that is without work but available for and seeking employment. The number typically does not include discouraged job seekers. | Data collected by CAHF  
Source: World Bank  
URL: https://data.worldbank.org/indicator/SP.URB.TOTL |
| **Proportion of the adult population that borrowed formally** | Proportion of the adult population that borrowed formally. | Data collected by CAHF  
Source: World Bank Global Findex Database 2017  
URL: https://globalfindex.worldbank.org/ |
| **Gini coefficient** | Index measuring levels of inequality in a country, based on the extent to which the distribution of income or consumption expenditure among the population deviates from a perfectly equal distribution. A Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality. The data relates to various years, depending on when the calculation was done for a particular country. | Data collected by CAHF through World Bank API  
Source: World Bank  
URL: https://data.worldbank.org/indicator/SL.POV.GINI |
| **HDI country ranking** | A summary measure of average achievement in key dimensions of human development including life expectancy, education, and per capita income indicators. The HDI is the geometric mean of normalised indices for each of the three dimensions used to rank countries. The global ranking is out of 187 countries. | Data collected by CAHF from 2019 Human Development Data Bank  
Source: United Nations Development Programme Human Development Data Bank  
| **HDI country score** | The HDI index score is drawn from the UN Development Programme. | Data collected by CAHF from 2019 Human Development Data Bank  
Source: United Nations Development Programme Human Development Data Bank  
| **GDP (Current US$)** | The sum of all value added, or simply the gross value of output, by all resident producers in the respective country’s economy without making deductions for the depreciation of assets or for depletion and degradation of natural resources, plus any product taxes and minus any subsidies not included in the value of the products. | Data collected by CAHF through World Bank API  
Source: World Bank  
URL: https://data.worldbank.org/indicator/NY.GDP.MKTP.CD |
| **GDP growth rate annual** | The annual percentage growth in GDP at market prices based on constant local currency. Aggregates are based on constant 2005 US dollars. The GDP growth rate measures the growth in the economy. | Data collected by CAHF through World Bank API  
Source: World Bank  
URL: https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG |
| **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. | Data collected by CAHF through World Bank API  
Source: World Bank  
URL: https://data.worldbank.org/indicator/FP.CPI.TOTL.ZG |
| **Lending interest rate** | Prevailing interest rate in the country, charged as a percentage of the loan amount, that usually meets the short- and medium-term financing needs of the private sector. While the rate offered will differ from one lender to the next, and be adjusted to the creditworthiness of borrowers and objectives of the loan, the number offered is indicative of the state of lending in the country. | Data collected by CAHF through World Bank API  
Source: World Bank  
URL: https://data.worldbank.org/indicator/FR.INR.LEND |
<table>
<thead>
<tr>
<th>Indicator name</th>
<th>Definition</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of residential mortgages outstanding</td>
<td>The number of residential mortgages outstanding on the books of registered/licensed residential mortgage providers.</td>
<td>Data collected by Yearbook authors Main sources: Central bank; mortgage providers association; banking association; registered financial service provider websites</td>
</tr>
<tr>
<td>Value of residential mortgages outstanding in local currency units</td>
<td>The value of outstanding residential mortgages in local currency units at the end of a calendar year for residential mortgages issued by licensed/registered residential mortgage providers.</td>
<td>Data collected by Yearbook authors Main sources: Central bank; mortgage providers association; banking association; registered financial service provider websites</td>
</tr>
<tr>
<td>Value of residential mortgages outstanding (Current US$)</td>
<td>The total value of residential mortgages outstanding in current US$.</td>
<td>Calculated by CAHF from the LCU value collected by the Yearbook authors using a USD exchange rate as at 1 July 2021 also collected by CAHF.</td>
</tr>
<tr>
<td>Prevailing residential mortgage rate</td>
<td>Range between minimum (lowest) and maximum (highest) interest rate on residential mortgages offered by registered/licensed mortgage providers.</td>
<td>Data collected by Yearbook authors Source: The main, or largest, registered financial service provider that offers residential mortgages.</td>
</tr>
<tr>
<td>Term</td>
<td>The maximum term in years on residential mortgages offered by registered/licensed mortgage providers.</td>
<td>Data collected by Yearbook authors Source: The main, or largest registered financial service provider that offers residential mortgages.</td>
</tr>
<tr>
<td>Maximum LTV on a residential mortgage</td>
<td>The regulatory maximum residential mortgage loan-to-value (LTV) ratio set by the central bank. If there is no maximum residential mortgage LTV set by the central bank then use the maximum residential LTV accepted/offered by registered/licensed residential mortgage providers.</td>
<td>Data collected by Yearbook authors Source: Commercial banks/central bank/mortgage refinance company.</td>
</tr>
<tr>
<td>Ratio of mortgages to GDP</td>
<td>The ratio of outstanding to the gross domestic product (GDP).</td>
<td>Calculated by CAHF, as value of total outstanding residential mortgages divided by GDP in USD.</td>
</tr>
<tr>
<td>Number of residential mortgage providers</td>
<td>The number of residential mortgage providers. Each provider should be registered with, or licensed by, the Central Bank/financial regulator and one of their financing offerings must be residential mortgage loans.</td>
<td>Data collected by Yearbook authors Main sources: Central bank; mortgage providers association; banking association; registered financial service provider websites.</td>
</tr>
<tr>
<td>Number of microfinance loans outstanding</td>
<td>Total number of outstanding microfinance loans in the country.</td>
<td>Data collected by Yearbook authors Main sources: Central bank; microfinance association; national credit regulator.</td>
</tr>
<tr>
<td>Value of microfinance loans in USD</td>
<td>Total value of outstanding microfinance loans in the country.</td>
<td>Data collected by Yearbook authors Main sources: Central bank; microfinance association; national credit regulator.</td>
</tr>
<tr>
<td>Number of microfinance providers</td>
<td>Number of registered microfinance providers subject to prudential regulation/government oversight.</td>
<td>Data collected by Yearbook authors Main sources: Central bank; microfinance association; national credit regulator.</td>
</tr>
<tr>
<td>Total number of residential properties with a title deed</td>
<td>Total number of residential properties that have a title deed as per the deed registry.</td>
<td>Data collected by Yearbook authors Main sources: Ministry of lands, housing, and human settlements; deeds office</td>
</tr>
<tr>
<td>Number of formal dwellings completed annually</td>
<td>The number of new residential units completed per annum for which occupancy permits have been issued. A dwelling/residential unit is considered completed if it has been deemed fit for occupation, hence the requirement for an occupancy permit to be issued. This permit requirement implies that the scope of the indicator is constrained to formal construction activity.</td>
<td>Data collected by Yearbook authors Main sources: Ministry of lands, housing, and human settlements; national statistics bureau; deeds office; municipal or district offices.</td>
</tr>
<tr>
<td>Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units</td>
<td>Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units. YB authors were advised to contact three formal developers who are known for delivering to the affordable market in the main urban centre of the country, and request the sales price of the cheapest newly built house available on the market in the current year. YB authors then selected the lowest price house of these three examples.</td>
<td>Data collected by Yearbook authors Main sources: Contractors/Developers</td>
</tr>
<tr>
<td>Indicator name</td>
<td>Definition</td>
<td>Source</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| Size of cheapest, newly built house by a formal developer or contractor in an urban area in square metres | Size of cheapest, newly built house by a formal developer or contractor in an urban area in square meters. (The house referred to is the same as the one whose price is listed in the indicator for the cheapest newly built house.) | Data collected by Yearbook authors  
Primary sources: Contractor / developer of the cheapest newly built house. |
| Typical monthly rental price for cheapest, newly built house by a formal developer or contractor in an urban area in local currency units | The typical rental price for cheapest, newly built house by a formal developer or contractor in an urban area in local currency units. (The house referred to is the same as the one whose price is listed in the indicator for the cheapest newly built house.) | Data collected by Yearbook authors  
Main sources: Contractor / developer of the cheapest newly built house. |
| Cost of standard 50kg bag of cement in local currency units                     | Cost of standard 50kg bag of cement in local currency units. This is the retail price as would be bought by a household at a building material supply store. The cement quality should be that typically used by owner-builders for bricklaying. | Data collected by Yearbook authors  
Main sources: Building supply stores. |
| Type of deeds registry: digital, scanned or paper                              | The format of the deeds registry in the country.                                                                                                                                                           | Data collected by CAHF from historical World Bank Doing Business Indicators dataset available for bulk download  
Source: World Bank  
URL: [https://www.doingbusiness.org/en/custom-query](https://www.doingbusiness.org/en/custom-query) |
| World Bank Ease of Doing Business index rank                                  | Ease of Doing Business ranks economies from 1 to 190, with first place being the best. A high numerical rank means that the regulatory environment is not conducive to business operations. The index averages the country's percentile rankings on 10 topics covered in the World Bank Doing Business Survey, conducted annually (most recent survey was 2020). The ranking on each topic is the simple average of the percentile rankings on its component indicators. Property-related indicators are for commercial, not residential property, but are nonetheless a useful indicator. | Data collected by CAHF from historical World Bank Doing Business Indicators dataset  
Source: World Bank  
URL: [https://www.doingbusiness.org/en/custom-query](https://www.doingbusiness.org/en/custom-query) |
| Number of procedures to register property                                      | Part of the Doing Business survey, this represents the number of procedures required for a business to secure rights to a commercial property.                                                                 | Data collected by CAHF from historical World Bank Doing Business Indicators dataset available for bulk download  
Source: World Bank  
URL: [https://www.doingbusiness.org/en/custom-query](https://www.doingbusiness.org/en/custom-query) |
| Time to register property                                                      | Part of the Doing Business survey, this represents the number of days required for a business to secure rights to a commercial property.                                                                 | Data collected by CAHF from historical World Bank Doing Business Indicators dataset available for bulk download  
Source: World Bank  
URL: [https://www.doingbusiness.org/en/custom-query](https://www.doingbusiness.org/en/custom-query) |
| Cost to register property as share of property price                          | Part of Doing Business survey, this represents the average cost incurred by a business to secure rights to a commercial property, expressed as a percentage of the property value. | Data collected by CAHF from historical World Bank Doing Business Indicators dataset  
Source: World Bank  
| World Bank DBI Quality of Land Administration index score (0-30)              | Score on the Quality of land administration index as per the World Bank Doing Business Indicators. The Quality of land administration index is composed of five other indices: the reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution and equal access to property rights. | Data collected by CAHF from historical Doing Business Indicators dataset  
Source: World Bank  
URL: [https://www.doingbusiness.org/en/custom-query](https://www.doingbusiness.org/en/custom-query) |
| Percentage of women who own a house alone and/or jointly                      | Percentage of women who own a house alone plus percentage of women who own a house jointly plus percentage of women who own a house alone and jointly.                                                             | Data collected by CAHF  
Source: Demographic and Health Surveys, USAID  
| Percent of female-headed households                                          | Percentage of households where the person considered to be responsible for the household (household head) identifies as female.                                                                      | Data collected by CAHF  
Source: Demographic and Health Surveys, USAID  
<table>
<thead>
<tr>
<th>Indicator name</th>
<th>Definition</th>
<th>Source</th>
</tr>
</thead>
</table>
| **Percentage of urban population living in slums** | The agreed definition classified a ‘slum household’ as one in which the inhabitants suffer one or more of the following ‘household deprivations’: 1. Lack of access to improved water source, 2. Lack of access to improved sanitation facilities, 3. Lack of sufficient living area; 4. Lack of housing durability and, 5. Lack of security of tenure. By extension, the term ‘slum dweller’ refers to a person living in a household that lacks any of these attributes. | Data collected by CAHF  
Source: United Nations Human Settlements Programme (UN-HABITAT)  
| **Percent of households with basic sanitation service** | Percentage of households with basic sanitation service for the total country and urban areas, defined as improved sanitation facilities that are not shared with other households. | Data collected by CAHF  
Source: Demographic and Health Surveys, USAID  
| **Percent of households with electricity** | Percentage of households with electricity. | Data collected by CAHF  
Source: Demographic and Health Surveys, USAID  
| **Cumulative number of COVID-19 deaths per 100 000 as of 1 Oct 2021** | The cumulative number of total COVID-19 deaths since December 2019 per 100 000 of the population. | Data collected by CAHF  
Source: World Health Organisation (WHO)  
URL: [https://covid19.who.int/](https://covid19.who.int/) |
| **Percentage of population fully vaccinated against COVID-19 as of 1 Oct 2021** | The percentage of the total population that have been fully vaccinated for COVID-19 since the start of vaccination in the country. | Data collected by CAHF  
Source: Johns Hopkins University Coronavirus Resource Center  
URL: [https://coronavirus.jhu.edu/vaccines/international](https://coronavirus.jhu.edu/vaccines/international) |
| **Number of households per income bracket (used to inform the affordability graphs on pages 16 – 30)** | Provides the average income profile for the respective country per market segment identified, for both rural and urban areas. The intent is to understand affordability and illustrate market potential at each market segment. | Data collected by CAHF  
Source: Economist Intelligence Unit GIDD  
URL: [https://www.cgidd.com](https://www.cgidd.com)  
This database contains selected macroeconomic data series which presents the analysis and projections of economic developments at the global level, updated annually. Data on rural and urban household income profiles was collected based on customised market segmentation. |
| **Urban households that can afford the cheapest newly built house given prevailing mortgage terms** | The indicative number of households in urban areas that could afford the cheapest newly built house by a formal developer in the respective country given the lending terms available. This indicator intends to provide an indication of the levels of affordability based on current supply. Calculated using the ‘Price of the cheapest, newly built house by a formal developer or contractor’ indicator against the lending terms’ indicators (prevailing mortgage interest rate, term, LTV) for each country where data is available and counted per market income segment for the urban household split. This indicator is a rough estimate and in no instance a thorough and accurate representation of the current market situation in the respective country. | Calculated by CAHF using input data collected by Yearbook authors |
**World Bank Doing Business**

**global rank, 2020**

The Doing Business indicators provide comprehensive and comparative global data tracking business regulation environments over time. A high ease of doing business ranking means that the regulatory environment in that economy is more conducive to the starting and operation of a local firm. The indicators were not updated in 2021, therefore the most recent data from 2020 is presented here.

**Number of households, 2021**

- **Cameroon**: 250,516
- **Equatorial Guinea**: 53,968
- **Sao Tome & Principe**: 5,528,887
- **Chad**: 3,282,832
- **Congo, Rep.**: 934,711
- **Central African Republic**: 910,430
- **Gabon**: 445,086

57% of countries in the region have available information on number of mortgages.

**Financing view (most recent data available)**

- **Number of microfinance loans outstanding**
  - **Cameroon**: n/a
  - **Central African Republic**: 14,142
  - **Chad**: 755
  - **Congo, Rep.**: 10
  - **Equatorial Guinea**: n/a
  - **Gabon**: n/a

- **Number of microfinance providers**
  - **Cameroon**: n/a
  - **Central African Republic**: 11
  - **Chad**: 225
  - **Congo, Rep.**: 10
  - **Equatorial Guinea**: 3
  - **Gabon**: 5

- **Value of microfinance loans outstanding (US$ million)**
  - **Cameroon**: n/a
  - **Central African Republic**: 6.90
  - **Chad**: 0.75
  - **Congo, Rep.**: 0.16
  - **Equatorial Guinea**: n/a
  - **Gabon**: n/a

**Mortgage lending (most recent data available)**

- **Number of mortgage providers**
  - **Cameroon**: 3
  - **Central African Republic**: 2
  - **Chad**: 3
  - **Congo, Rep.**: 6
  - **Equatorial Guinea**: 15
  - **Gabon**: 20
  - **Sao Tome and Principe**: 2

- **Number of mortgages outstanding**
  - **Cameroon**: 356,618
  - **Central African Republic**: 2,080
  - **Chad**: 190,964
  - **Congo, Rep.**: 500
  - **Equatorial Guinea**: n/a
  - **Gabon**: n/a

- **Prevailing mortgage rate**
  - **Cameroon**: 19%
  - **Central African Republic**: 9%
  - **Chad**: 12%
  - **Congo, Rep.**: 9%
  - **Equatorial Guinea**: 8%
  - **Gabon**: 11%

- **Average mortgage term in years**
  - **Cameroon**: 16
  - **Central African Republic**: 10
  - **Chad**: 15
  - **Congo, Rep.**: 10
  - **Equatorial Guinea**: 20
  - **Gabon**: 15

- **Percent of mortgages classified as non-performing**
  - **Cameroon**: 24.0%
  - **Central African Republic**: 21.7%
  - **Chad**: n/a
  - **Congo, Rep.**: n/a
  - **Equatorial Guinea**: n/a
  - **Gabon**: n/a

**Price of standard 50kg bag of cement, 2020 and 2021**

- **CAMEROON**: 2015 2021
  - **2015**: 24.40
  - **2021**: 13.60

- **CENTRAL AFRICAN REPUBLIC**: 2015 2021
  - **2015**: 24.40
  - **2021**: 13.50

- **CHAD**: 2015 2021
  - **2015**: 24.40
  - **2021**: 13.50

- **CONGO, REP.**: 2015 2021
  - **2015**: 24.40
  - **2021**: 13.50

- **EQUATORIAL GUINEA**: 2015 2021
  - **2015**: 24.40
  - **2021**: 13.50

- **GABON**: 2015 2021
  - **2015**: 24.40
  - **2021**: 13.50

- **SAO TOME AND PRINCIPE**: 2015 2021
  - **2015**: 24.40
  - **2021**: 13.50

**Cheapest newly built house: Cost, size and percent urban population that can afford, (most recent data available)**

- **Cameroon**:
  - **Price**: US$ 600,000
  - **Size**: 130 m²
  - **Percent urban population that can afford**: 52.67%

- **Central African Republic**: ...

- **Chad**: ...

- **Congo, Rep.**: ...

- **Equatorial Guinea**: ...

- **Gabon**: ...

- **Sao Tome and Principe**: ...

**Price of a standard 50kg bag of cement, 2020 and 2021**

- **Cameroon**: 2015 2021
  - **2015**: 24.40
  - **2021**: 13.60

- **Central African Republic**: 2015 2021
  - **2015**: 24.40
  - **2021**: 13.50

- **Chad**: 2015 2021
  - **2015**: 24.40
  - **2021**: 13.50

- **Congo, Rep.**: 2015 2021
  - **2015**: 24.40
  - **2021**: 13.50

- **Equatorial Guinea**: 2015 2021
  - **2015**: 24.40
  - **2021**: 13.50

- **Gabon**: 2015 2021
  - **2015**: 24.40
  - **2021**: 13.50

- **Sao Tome and Principe**: 2015 2021
  - **2015**: 24.40
  - **2021**: 13.50

*Most recent data available and sourced through the Yearbook process is presented here; therefore years may vary from 2016 to 2021. To learn the year for the data presented, see the Key Figures table in the respective country profile.*

NB: Figures for indicators collected by Yearbook authors only include the information they were able to obtain. Actual amounts, for total number of mortgage providers and mortgages outstanding, for example, may be higher.

Source: World Bank Doing Business, 2020; Economist Intelligence Unit GIDD, 2020; data collected by Yearbook authors.
World Bank Doing Business
global rank, 2020

The Doing Business indicators provide comprehensive and comparative global data tracking business regulation environments over time. A high ease of doing business ranking means that the regulatory environment in that economy is more conducive to the starting and operation of a local firm. The indicators were not updated in 2021, therefore the most recent data from 2020 is presented here.

<table>
<thead>
<tr>
<th>Country</th>
<th>Households, 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethiopia</td>
<td>21,681,819</td>
</tr>
<tr>
<td>Kenya</td>
<td>11,945,426</td>
</tr>
<tr>
<td>Uganda</td>
<td>9,726,564</td>
</tr>
<tr>
<td>Tanzania</td>
<td>12,439,968</td>
</tr>
<tr>
<td>Rwanda</td>
<td>2,876,622</td>
</tr>
<tr>
<td>Somalia</td>
<td>2,738,106</td>
</tr>
<tr>
<td>Eritrea</td>
<td>709,031</td>
</tr>
<tr>
<td>Burundi</td>
<td>290,703</td>
</tr>
<tr>
<td>Djibouti</td>
<td>154,352</td>
</tr>
<tr>
<td>Comoros</td>
<td>149,887</td>
</tr>
<tr>
<td>Population Size</td>
<td></td>
</tr>
<tr>
<td>Ethiopia</td>
<td>114,963,583</td>
</tr>
<tr>
<td>Kenya</td>
<td>53,771,300</td>
</tr>
<tr>
<td>Eritrea</td>
<td>3,213,972</td>
</tr>
<tr>
<td>Somalia</td>
<td>15,893,219</td>
</tr>
<tr>
<td>Uganda</td>
<td>45,741,000</td>
</tr>
<tr>
<td>Rwanda</td>
<td>12,952,209</td>
</tr>
<tr>
<td>Tanzania</td>
<td>59,734,213</td>
</tr>
<tr>
<td>Djibouti</td>
<td>988,002</td>
</tr>
<tr>
<td>Comoros</td>
<td>869,595</td>
</tr>
<tr>
<td>Burundi</td>
<td>11,890,781</td>
</tr>
</tbody>
</table>

World Bank Doing Business global rank, 2020

The Doing Business indicators provide comprehensive and comparative global data tracking business regulation environments over time. A high ease of doing business ranking means that the regulatory environment in that economy is more conducive to the starting and operation of a local firm. The indicators were not updated in 2021, therefore the most recent data from 2020 is presented here.

<table>
<thead>
<tr>
<th>Country</th>
<th>Mortgage providers</th>
<th>Mortgage outstanding</th>
<th>Average mortgage term in years</th>
<th>Average percentage of the down payment on a mortgage if required</th>
<th>Percent of mortgages classified as non-performing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burundi</td>
<td>n/a</td>
<td>7</td>
<td>12</td>
<td>20%</td>
<td>n/a</td>
</tr>
<tr>
<td>Comoros</td>
<td>3</td>
<td>n/a</td>
<td>18</td>
<td>20%</td>
<td>3%</td>
</tr>
<tr>
<td>Djibouti</td>
<td>4</td>
<td>n/a</td>
<td>22</td>
<td>20%</td>
<td>2%</td>
</tr>
<tr>
<td>Eritrea</td>
<td>1</td>
<td>7</td>
<td>25</td>
<td>10%</td>
<td>15%</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>7</td>
<td>n/a</td>
<td>20</td>
<td>10%</td>
<td>13%</td>
</tr>
<tr>
<td>Kenya</td>
<td>35</td>
<td>n/a</td>
<td>15</td>
<td>10%</td>
<td>13%</td>
</tr>
<tr>
<td>Rwanda</td>
<td>4</td>
<td>6</td>
<td>25</td>
<td>40%</td>
<td>19%</td>
</tr>
<tr>
<td>Somalia</td>
<td>6</td>
<td>n/a</td>
<td>20</td>
<td>20%</td>
<td>15%</td>
</tr>
<tr>
<td>Tanzania</td>
<td>6</td>
<td>6</td>
<td>15</td>
<td>40%</td>
<td>19%</td>
</tr>
</tbody>
</table>

Financing view (most recent data available)*

<table>
<thead>
<tr>
<th>Country</th>
<th>Microfinance loans outstanding</th>
<th>Microfinance providers</th>
<th>Value of microfinance loans outstanding (US$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burundi</td>
<td>n/a</td>
<td>2</td>
<td>n/a</td>
</tr>
<tr>
<td>Comoros</td>
<td>n/a</td>
<td>3</td>
<td>n/a</td>
</tr>
<tr>
<td>Djibouti</td>
<td>n/a</td>
<td>4</td>
<td>n/a</td>
</tr>
<tr>
<td>Eritrea</td>
<td>n/a</td>
<td>2</td>
<td>n/a</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>4 673,647</td>
<td>41</td>
<td>1 500.00</td>
</tr>
<tr>
<td>Kenya</td>
<td>330,546</td>
<td>14</td>
<td>409.00</td>
</tr>
<tr>
<td>Rwanda</td>
<td>509,724</td>
<td>457</td>
<td>205.05</td>
</tr>
<tr>
<td>Somalia</td>
<td>6,711</td>
<td>6</td>
<td>7 713.00</td>
</tr>
</tbody>
</table>

Source: World Bank Doing Business, 2020; Economist Intelligence Unit (GIDD), 2020; data collected by Yearbook authors.

Financing view (most recent data available)*

<table>
<thead>
<tr>
<th>Country</th>
<th>Microfinance loans outstanding</th>
<th>Microfinance providers</th>
<th>Value of microfinance loans outstanding (US$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burundi</td>
<td>n/a</td>
<td>2</td>
<td>n/a</td>
</tr>
<tr>
<td>Comoros</td>
<td>n/a</td>
<td>3</td>
<td>n/a</td>
</tr>
<tr>
<td>Djibouti</td>
<td>n/a</td>
<td>4</td>
<td>n/a</td>
</tr>
<tr>
<td>Eritrea</td>
<td>n/a</td>
<td>2</td>
<td>n/a</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>4 673,647</td>
<td>41</td>
<td>1 500.00</td>
</tr>
<tr>
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<td>330,546</td>
<td>14</td>
<td>409.00</td>
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<td>457</td>
<td>205.05</td>
</tr>
<tr>
<td>Somalia</td>
<td>6,711</td>
<td>6</td>
<td>7 713.00</td>
</tr>
</tbody>
</table>

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Mortgage lending (most recent data available)*

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of mortgage providers</th>
<th>Number of mortgages outstanding</th>
<th>Prevailing mortgage rate</th>
<th>Average mortgage term in years</th>
<th>Average percentage of the down payment on a mortgage if required</th>
<th>Percent of mortgages classified as non-performing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burundi</td>
<td>n/a</td>
<td>7</td>
<td>14%</td>
<td>12%</td>
<td>20%</td>
<td>n/a</td>
</tr>
<tr>
<td>Comoros</td>
<td>n/a</td>
<td>7</td>
<td>12%</td>
<td>20%</td>
<td>20%</td>
<td>3%</td>
</tr>
<tr>
<td>Djibouti</td>
<td>n/a</td>
<td>13</td>
<td>7%</td>
<td>22</td>
<td>40%</td>
<td>2%</td>
</tr>
<tr>
<td>Eritrea</td>
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<td>1</td>
<td>10%</td>
<td>25</td>
<td>40%</td>
<td>15%</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>12</td>
<td>6 000</td>
<td>13%</td>
<td>20</td>
<td>10%</td>
<td>13%</td>
</tr>
<tr>
<td>Kenya</td>
<td>7</td>
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<td>10%</td>
<td>13%</td>
</tr>
<tr>
<td>Rwanda</td>
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<td>10%</td>
<td>20</td>
<td>20%</td>
<td>15%</td>
</tr>
<tr>
<td>Somalia</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Tanzania</td>
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<td>6 000</td>
<td>10%</td>
<td>15</td>
<td>20%</td>
<td>19%</td>
</tr>
</tbody>
</table>

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Financing view (most recent data available)*

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of microfinance loans outstanding</th>
<th>Number of microfinance providers</th>
<th>Value of microfinance loans outstanding (US$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burundi</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Comoros</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Djibouti</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Eritrea</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
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<td>1 500.00</td>
<td>6</td>
<td>409.00</td>
</tr>
<tr>
<td>Kenya</td>
<td>409.00</td>
<td>6</td>
<td>205.05</td>
</tr>
<tr>
<td>Rwanda</td>
<td>7 713.00</td>
<td>6</td>
<td>7 713.00</td>
</tr>
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Cheapest newly built house: Cost, size and percent urban population that can afford, (most recent data available)*

50% of countries in the region have available information on number of mortgages.
### Population Size

<table>
<thead>
<tr>
<th>Country</th>
<th>Population Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>43,851,043</td>
</tr>
<tr>
<td>Tunisia</td>
<td>11,694,719</td>
</tr>
<tr>
<td>Egypt</td>
<td>102,334,403</td>
</tr>
<tr>
<td>Algeria</td>
<td>7,072,442</td>
</tr>
<tr>
<td>Egypt</td>
<td>24,364,146</td>
</tr>
<tr>
<td>Sudan</td>
<td>7,072,109</td>
</tr>
<tr>
<td>South Sudan</td>
<td>1,434,699</td>
</tr>
<tr>
<td>Morocco</td>
<td>6,963,084</td>
</tr>
<tr>
<td>Libya</td>
<td>1,164,155</td>
</tr>
<tr>
<td>Tunisia</td>
<td>2,626,142</td>
</tr>
</tbody>
</table>

### Number of Households, 2021

#### Algeria
- Population: 7,072,442
- Number of households: 7,072,442

#### Egypt
- Population: 24,364,146
- Number of households: 24,364,146

#### Sudan
- Population: 7,072,109
- Number of households: 7,072,109

#### South Sudan
- Population: 1,434,699
- Number of households: 1,434,699

#### Morocco
- Population: 6,963,084
- Number of households: 6,963,084

#### Libya
- Population: 1,164,155
- Number of households: 1,164,155

#### Tunisia
- Population: 2,626,142
- Number of households: 2,626,142

### Mortgage Lending (most recent data available)

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of microfinance loans outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>944,558</td>
</tr>
<tr>
<td>Egypt</td>
<td>3,200,000</td>
</tr>
<tr>
<td>Libya</td>
<td>n/a</td>
</tr>
<tr>
<td>Morocco</td>
<td>886,109</td>
</tr>
<tr>
<td>South Sudan</td>
<td>36,466</td>
</tr>
<tr>
<td>Sudan</td>
<td>1,300,000</td>
</tr>
<tr>
<td>Tunisia</td>
<td>101,900</td>
</tr>
</tbody>
</table>

### Average percentage of the down payment on a mortgage if required

- Algeria: 30%
- Egypt: 20%
- Libya: n/a
- Morocco: 30%
- South Sudan: 20%
- Sudan: n/a
- Tunisia: 20%

### Percent of mortgages classified as non-performing

- Algeria: 11.4%
- Egypt: n/a
- Libya: n/a
- Morocco: 8.0%
- South Sudan: 16%
- Sudan: n/a
- Tunisia: n/a

### Prevailing mortgage rate

- Algeria: 7%
- Egypt: 7%
- Libya: 5%
- Morocco: 7%
- South Sudan: 16%
- Sudan: 17%
- Tunisia: 12%

### Average mortgage term in years

- Algeria: 30 years
- Egypt: 30 years
- Libya: 20 years
- Morocco: 25 years
- South Sudan: 20 years
- Sudan: 10 years
- Tunisia: 25 years

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

<table>
<thead>
<tr>
<th>Country</th>
<th>Cost to register property as a percent share of property price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>4.21%</td>
</tr>
<tr>
<td>Egypt</td>
<td>7.62%</td>
</tr>
<tr>
<td>Libya</td>
<td>10.12%</td>
</tr>
<tr>
<td>Morocco</td>
<td>10.00%</td>
</tr>
<tr>
<td>South Sudan</td>
<td>6.25%</td>
</tr>
<tr>
<td>Sudan</td>
<td>4.66%</td>
</tr>
<tr>
<td>Tunisia</td>
<td>4.12%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>Time to register property (days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>120</td>
</tr>
<tr>
<td>Egypt</td>
<td>100</td>
</tr>
<tr>
<td>Libya</td>
<td>80</td>
</tr>
<tr>
<td>Morocco</td>
<td>60</td>
</tr>
<tr>
<td>South Sudan</td>
<td>40</td>
</tr>
<tr>
<td>Sudan</td>
<td>20</td>
</tr>
<tr>
<td>Tunisia</td>
<td>10</td>
</tr>
</tbody>
</table>

### Price of standard 50kg bag of cement, 2020 and 2021

<table>
<thead>
<tr>
<th>Country</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>29.01</td>
<td>28.91</td>
</tr>
<tr>
<td>Egypt</td>
<td>8.40</td>
<td>8.32</td>
</tr>
<tr>
<td>Libya</td>
<td>4.21</td>
<td>4.12</td>
</tr>
<tr>
<td>Morocco</td>
<td>2.60</td>
<td>2.57</td>
</tr>
<tr>
<td>South Sudan</td>
<td>3.86</td>
<td>3.72</td>
</tr>
<tr>
<td>Sudan</td>
<td>3.72</td>
<td>3.68</td>
</tr>
<tr>
<td>Tunisia</td>
<td>7.62</td>
<td>7.55</td>
</tr>
</tbody>
</table>

### Number of households that can afford a house with the average mortgage rate, 2020

- Algeria: 43%
- Egypt: 80%
- Libya: 50%
- Morocco: 60%
- South Sudan: 40%
- Sudan: 80%
- Tunisia: 76%

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

- Algeria: Cost: 40,000 US$, Size: 80 m², 93.01% urban population
- Egypt: Cost: 30,000 US$, Size: 70 m², 80.73% urban population
- Libya: Cost: 20,000 US$, Size: 50 m², 50% urban population
- Morocco: Cost: 15,000 US$, Size: 40 m², 76.46% urban population
- South Sudan: Cost: 10,000 US$, Size: 30 m², 80.41% urban population
- Sudan: Cost: 10,000 US$, Size: 30 m², 76.46% urban population
- Tunisia: Cost: 10,000 US$, Size: 30 m², 80.73% urban population

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

- Algeria: Cost: 40,000 US$, Size: 80 m², 93.01% urban population
- Egypt: Cost: 30,000 US$, Size: 70 m², 80.73% urban population
- Libya: Cost: 20,000 US$, Size: 50 m², 50% urban population
- Morocco: Cost: 15,000 US$, Size: 40 m², 76.46% urban population
- South Sudan: Cost: 10,000 US$, Size: 30 m², 80.41% urban population
- Sudan: Cost: 10,000 US$, Size: 30 m², 76.46% urban population
- Tunisia: Cost: 10,000 US$, Size: 30 m², 80.73% urban population
### Southern Africa

#### Cheapest newly built house: Cost, size and percent urban population that can afford, (most recent data available)*

- **Cost of standard 50kg bag of cement, 2020 and 2021**
- **Time to register property (days)**
- **Number of mortgage providers**
- **Number of mortgage providers outstanding**
- **Percent of mortgages classified as non-performing**
- **Number of microfinance loans outstanding (US$ million)**
- **Value of microfinance loans outstanding (US$ million)**
- **Cost to register property as a percent share of property price**
- **Price of microfinance loans outstanding (US$ million)**
- **Number of households, 2021**
- **Number of mortgage providers outstanding**
- **Number of mortgage providers**
- **Number of mortgages outstanding**
- **Cost and number of days to register property, 2020**
- **Cheapest newly built house: Cost, size and percent urban population that can afford, (most recent data available)*

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

The Doing Business indicators provide comprehensive and comparative global data tracking business regulation environments over time. A high ease of doing business ranking means that the regulatory environment in that economy is more conducive to the starting and operation of a local firm. The indicators were not updated in 2021, therefore the most recent data from 2020 is presented here.

<table>
<thead>
<tr>
<th>Country</th>
<th>Rank</th>
<th>Ease of doing business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td></td>
<td>95.20</td>
</tr>
<tr>
<td>Botswana</td>
<td></td>
<td>97.22</td>
</tr>
<tr>
<td>DRC</td>
<td></td>
<td>92.85</td>
</tr>
<tr>
<td>Eswatini</td>
<td></td>
<td>91.70</td>
</tr>
<tr>
<td>Lesotho</td>
<td></td>
<td>90.70</td>
</tr>
<tr>
<td>Madagascar</td>
<td></td>
<td>89.70</td>
</tr>
<tr>
<td>Mauritius</td>
<td></td>
<td>87.70</td>
</tr>
<tr>
<td>Mozambique</td>
<td></td>
<td>86.70</td>
</tr>
<tr>
<td>Namibia</td>
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<td>84.70</td>
</tr>
<tr>
<td>Malawi</td>
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<td>82.70</td>
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<tr>
<td>Namibia</td>
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<td>81.70</td>
</tr>
<tr>
<td>Seychelles</td>
<td></td>
<td>80.70</td>
</tr>
<tr>
<td>South Africa</td>
<td></td>
<td>79.70</td>
</tr>
<tr>
<td>Zambia</td>
<td></td>
<td>76.70</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td></td>
<td>75.70</td>
</tr>
</tbody>
</table>

#### Mortgage lending (most recent data available)*

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of mortgage providers</th>
<th>Number of mortgages outstanding</th>
<th>Prevailing mortgage rate</th>
<th>Average mortgage term in years</th>
<th>Average percentage of the down payment on a mortgage if required</th>
<th>Percent of mortgages classified as non-performing</th>
<th>Value of microfinance loans outstanding (US$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>5</td>
<td>1</td>
<td>24%</td>
<td>25</td>
<td>10%</td>
<td>28.6%</td>
<td>7.97</td>
</tr>
<tr>
<td>Botswana</td>
<td>13</td>
<td>n/a</td>
<td>n/a</td>
<td>24</td>
<td>10%</td>
<td>3.0%</td>
<td>14.66</td>
</tr>
<tr>
<td>DRC</td>
<td>6</td>
<td>n/a</td>
<td>n/a</td>
<td>25</td>
<td>10%</td>
<td>3.0%</td>
<td>14.66</td>
</tr>
<tr>
<td>Eswatini</td>
<td>4</td>
<td>n/a</td>
<td>n/a</td>
<td>25</td>
<td>10%</td>
<td>3.0%</td>
<td>14.66</td>
</tr>
<tr>
<td>Lesotho</td>
<td>4</td>
<td>n/a</td>
<td>n/a</td>
<td>25</td>
<td>10%</td>
<td>3.0%</td>
<td>14.66</td>
</tr>
<tr>
<td>Madagascar</td>
<td>6</td>
<td>n/a</td>
<td>n/a</td>
<td>25</td>
<td>10%</td>
<td>3.0%</td>
<td>14.66</td>
</tr>
<tr>
<td>Mauritius</td>
<td>9</td>
<td>n/a</td>
<td>n/a</td>
<td>25</td>
<td>10%</td>
<td>3.0%</td>
<td>14.66</td>
</tr>
<tr>
<td>Mozambique</td>
<td>10</td>
<td>n/a</td>
<td>n/a</td>
<td>25</td>
<td>10%</td>
<td>3.0%</td>
<td>14.66</td>
</tr>
<tr>
<td>Namibia</td>
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<td>n/a</td>
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<td>25</td>
<td>10%</td>
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<td>14.66</td>
</tr>
<tr>
<td>Malawi</td>
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<td>14.66</td>
</tr>
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<td>Seychelles</td>
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<td>10%</td>
<td>3.0%</td>
<td>14.66</td>
</tr>
<tr>
<td>South Africa</td>
<td>25</td>
<td>n/a</td>
<td>n/a</td>
<td>25</td>
<td>10%</td>
<td>3.0%</td>
<td>14.66</td>
</tr>
<tr>
<td>Zambia</td>
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<td>14.66</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>35</td>
<td>n/a</td>
<td>n/a</td>
<td>25</td>
<td>10%</td>
<td>3.0%</td>
<td>14.66</td>
</tr>
</tbody>
</table>

#### Financing view (most recent data available)*

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of microfinance loans outstanding</th>
<th>Number of microfinance providers</th>
<th>Value of microfinance loans outstanding (US$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>14.66</td>
<td>1</td>
<td>7.97</td>
</tr>
<tr>
<td>Botswana</td>
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<td>7.97</td>
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<tr>
<td>DRC</td>
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<td>7.97</td>
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<tr>
<td>Eswatini</td>
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<td>7.97</td>
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<tr>
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<td>7.97</td>
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<tr>
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<td>7.97</td>
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<td>7.97</td>
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<tr>
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</tr>
<tr>
<td>Seychelles</td>
<td>14.66</td>
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<td>7.97</td>
</tr>
<tr>
<td>South Africa</td>
<td>14.66</td>
<td>1</td>
<td>7.97</td>
</tr>
<tr>
<td>Zambia</td>
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<td>7.97</td>
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<tr>
<td>Zimbabwe</td>
<td>14.66</td>
<td>1</td>
<td>7.97</td>
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</table>

#### Cheapest newly built house: Cost, size and percent urban population that can afford, (most recent data available)*

- **Cost to register property as a percent share of property price**
- **Percent of mortgages classified as non-performing**
- **Value of microfinance loans outstanding (US$ million)**
- **Price of microfinance loans outstanding (US$ million)**
- **Number of microfinance providers**
- **Number of microfinance loans outstanding**
- **Value of microfinance loans outstanding (US$ million)**
- **Cost and number of days to register property, 2020**
- **Cheapest newly built house: Cost, size and percent urban population that can afford, (most recent data available)*

#### Number of households, 2021

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of households</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>16 403 578</td>
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<td>Mozambique</td>
<td>7 043 734</td>
</tr>
<tr>
<td>Angola</td>
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<td>Madagascar</td>
<td>6 179 427</td>
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<tr>
<td>South Africa</td>
<td>13 981 496</td>
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*Most recent data available and sourced through the Yearbook process is presented here; therefore years may vary from 2016 to 2021. To learn the year for the data presented, see the Key Figures table in the respective country profile.

**NB: Figures for indicators collected by Yearbook authors only include the information they were able to obtain. Actual amounts, for total number of mortgage providers and/or mortgages outstanding, for example, may be higher.**

Source: World Bank Doing Business, 2020; Economist Intelligence Unit GIDD, 2020; data collected by Yearbook authors.
The Doing Business indicators provide comprehensive and comparative global data tracking business regulation environments over time. A high ease of doing business ranking means that the regulatory environment in that economy is more conducive to the starting and operation of a local firm. The indicators were not updated in 2021, therefore the most recent data from 2020 is presented here.

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

<table>
<thead>
<tr>
<th>Country</th>
<th>Cost to register property (as a percent share of property price)</th>
</tr>
</thead>
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<td>Togo</td>
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<tr>
<td>West Africa</td>
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### Number of mortgage providers

<table>
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<tr>
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<th>Number of mortgage providers</th>
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<td>Sierra Leone</td>
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<tr>
<td>Togo</td>
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</tr>
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</table>

### Number of mortgages outstanding

<table>
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<th>Number of mortgages outstanding</th>
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### Finishing view (most recent data available)

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of microfinance loans outstanding</th>
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<tbody>
<tr>
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<td>Burkina Faso</td>
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<tr>
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<td>Ghana</td>
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<td>Guinea</td>
<td>400000</td>
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<td>700000</td>
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<td>Niger</td>
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<td>Nigeria</td>
<td>331738</td>
</tr>
</tbody>
</table>

### Cheapest newly built house: Cost, size and percent urban population that can afford, (most recent data available)

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

**Price of standard 50kg bag of cement, 2020 and 2021**

<table>
<thead>
<tr>
<th>Country</th>
<th>Price of standard 50kg bag of cement, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benin</td>
<td>6.51</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>6.31</td>
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<tr>
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<td>Cote d’Ivoire</td>
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<td>Ghana</td>
<td>6.51</td>
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<td>6.51</td>
</tr>
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<td>6.51</td>
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<tr>
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<tr>
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<td>6.51</td>
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<td>6.51</td>
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<td>Senegal</td>
<td>6.51</td>
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<tr>
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<td>6.51</td>
</tr>
<tr>
<td>Togo</td>
<td>6.51</td>
</tr>
</tbody>
</table>

**Cheapest newly built house (US$)**

<table>
<thead>
<tr>
<th>Country</th>
<th>Size of cheapest newly built house (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benin</td>
<td>100</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>400</td>
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<tr>
<td>Cape Verde</td>
<td>700</td>
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<tr>
<td>Cote d’Ivoire</td>
<td>350</td>
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<td>Ghana</td>
<td>350</td>
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<tr>
<td>Guine Bissau</td>
<td>500</td>
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<td>Sierra Leone</td>
<td>350</td>
</tr>
<tr>
<td>Togo</td>
<td>350</td>
</tr>
</tbody>
</table>

**Cost to register property as a percent share of property price**

- Cost to register property (US$): 0 to 4
- Cost to register property (US$): 5 to 10
- Cost to register property (US$): 11 to 15
- Cost to register property (US$): 16 to 19
- Cost to register property (US$): 20 to 24
- Cost to register property (US$): 25 to 29
- Cost to register property (US$): 30 to 33
- Cost to register property (US$): 34 to 37
- Cost to register property (US$): 38 to 41
- Cost to register property (US$): 42 to 45
- Cost to register property (US$): 46 to 49
- Cost to register property (US$): 50 to 53
- Cost to register property (US$): 54 to 57
- Cost to register property (US$): 58 to 61

Source: World Bank Doing Business, 2020; Economist Intelligence Unit GIDD, 2020; data collected by Yearbook authors.
Overview

Algeria is the largest country in Africa. It has a population of 43.85 million inhabitants living in an area of 2,381,000 km², a density of 18 inhabitants per km². Its gross domestic product (GDP) is DA35.376 billion (US$263 billion) and its GDP per capita is the highest in North Africa. The percentage of the urbanised population has changed significantly over 20 years, rising from 58.3% to 70%. To meet the increased need for housing, the authorities have implemented a number of programmes including the Public Rental Housing Programme and the Rental-Sale Housing Programme. A total of 3.6 million different kinds of dwellings were built between 1999 and 2018, at a cost of DA578.8 billion (US$43 billion), according to the Minister of Housing, Urban Planning and the City, for which the construction materials have had to be locally manufactured since 2018. Despite these efforts, demand for housing is not matched by supply, with the housing deficit estimated at one million units in 2017. The problem of slums continues to be a priority for the public authorities even after several rehousing operations and, in 2020, the Minister of Housing, Urban Planning and the City announced that a new census of slum dwellers would be taken in an attempt to contain this.

Algeria is experiencing a difficult economic situation due to COVID-19, even though the country has been showing signs of recovery since the second half of 2020 with the gradual lifting of restrictions. The pandemic and other adverse developments, mainly the fall in oil prices and the reduction in the Organisation of the Petroleum Exporting Countries (OPEC) quota have plunged the country into recession with a contraction of its real GDP by 5.5% after a slowdown in growth for the fifth consecutive year.

The 25% contraction of public revenues from hydrocarbons has weakened Algeria’s macroeconomic environment. As a result, the fiscal situation will deteriorate in 2020 with an overall budget deficit estimated at 16.5% of GDP in 2020, compared to 9.6% of GDP in 2019.

The Central Bank lowered the reserve requirement rate to 3% in September 2020 to provide banks with additional liquidity to finance the economy. The level of foreign exchange reserves gradually declined, covering only 12 months of imports at the end of 2020, compared to 13.6 months at the end of 2019. At the same time, the key rate was reduced from 3.5% to 3% between March and May 2020.

In addition, inflation rose from 2% in 2019 to 2.4% in 2020, accompanied by a depreciation of the real effective exchange rate, which fell by 11.1% in 2020. The pandemic has paralysed most sectors of the Algerian economy and smaller companies, particularly those in the informal economy and in the service and construction sectors, remain among the most affected. According to the President of the Algerian Association of Contractors, 150,000 employees in the construction sector have lost their jobs, due to a sharp decline in real estate sales.

Following the completion of 682,000 units in 2019, the government announced a housing sector action plan. This programme commits to one million new housing units in 2020-2024, with financing of DA280 billion (US$19.9 billion).
Access to finance

The Algerian financial system includes 20 commercial banks, three representative offices of major international banks, a mortgage refinancing company13 and a network of 1 787 branches spread throughout the country.14 However, COVID-19 caused a decline in overall bank liquidity in the first nine months of 2020. The Ministry of Finance estimates the decline in the overall volume of bank credits in 2020 at nearly 12% compared to 2019, while outstanding real estate credits reached DA 79 billion (US$587 million) in 2020, an increase of 52%. A similar dynamic is also noted with microfinance institutions with the number of loans granted increasing from 801 052 in 2019 to 944 559 in 2020, of which 8.75% was for the building and works sector.15

The authorities have therefore set up several programmes to build social rental housing, which aims to provide homes for Algerian citizens but also to rehouse those living in precarious housing. Government programmes such as the Public Rental Housing Programme and the Rental-Sale Housing Programme have been carried out not only to ensure good living conditions (schools, hospitals, roads) but also to provide affordable housing. The Algerian financial system includes several commercial banks, microfinance institutions and several government programmes to build social rental housing. The Algerian real estate sector has experienced a notable increase in housing supply and demand has kept housing prices at a high level. This has led to an increased need for affordable housing as acquiring a home is difficult, especially for middle class Algerians.16

The Algerian real estate sector has experienced a notable increase in housing prices even though there has been a decline in prices due to COVID-19. Excessive demand has kept housing prices at a high level. This has led to an increased need for affordable housing as acquiring a home is difficult, especially for middle class Algerians. According to the Numbeo website, the price in the city centre in Algeria is estimated at an average of DA 150 354/m² (US$55 700/m²). These prices are not affordable for the 64% of rural households and 25% of urban households given that the average net salary in the city centre is DA 37 678 (US$280) and DA 24 925 (US$185) outside the city centre. If the rent is included, the rent becomes unaffordable for many employees given that the average net salary in the city centre is DA 33 592 (US$250).17

There are also conditions governing access to real estate credit. Two types of real estate bank loans are generally granted by the public treasury for the acquisition or construction of a house in Algeria: the property loan which depends on the repayment capacities of the customers and their age, and the 1% subsidised loan rate intended for the civil servants of 60 years and less. Applicants must be of Algerian nationality and have a stable, regular income equal to at least one times the National Minimum Guaranteed Salary. They must provide a minimum personal contribution of 10% of the price of the property (except for the CNEP-Bank youth loan which finances 100% of the amount of the property purchase) with have the capacity for monthly repayments of 30% to 40% of their overall net monthly income.

The authorities have therefore set up several programmes to build social rental housing for low income households at a rent below the market price. Different subsidies are offered to Algerians if their income level does not exceed 1.5 times the minimum wage, or is between DA 24 000 (US$178.4) and six times the minimum wage, or is between six and 12 times the minimum wage. In addition to these programmes, other measures are envisaged, notably the exception of the registration fee for real estate developers, the exemption of VAT for real estate credits provided to families in Algeria in accordance with the Supplementary Finance Law (LFC 2021), the reduction of bank interest rates to 1% (in addition to state financial aid ranging from 40 to 70 million centimes) for applicants for assisted promotional housing (LPA) according to their monthly income, and making low-cost rental housing available on the market.

Urban informality

The population explosion as well as increased urbanisation in Algeria has increased the demand for housing. As early as 1962, Algeria recorded an impressive number of refugees returning from Morocco and Tunisia. This led to a proliferation of informal housing, squatter settlements or the “poorly housed”. In 1972, at the time of the great census, Algeria had 98 squatter settlements consisting of 39 472 people. Early on, in the early 1980s, the authorities put in place policies to counteract this phenomenon, in particular the expansion and eradication of the Gorias and Mahiedine squatter settlements. Despite the housing programmes initiated at the time, the situation worsened in the 1980s. At the end of the 1990s, the city of Constantine had more than 17 000 shacks. In Algiers, Oran, Batna, Tiaret or Jijel the situation was worse.

The year 2014 marks a decisive turning point in housing policy. The ambitious programme to eradicate the squatter settlements of Algiers City, Zero Slum was launched. The census conducted for this purpose had notably counted 569 squatter settlements, 22 working-class cities and 380 buildings facing ruin. Since the launch of operations in June 2014, 44 000 families have been rehoused and 316 squatter settlements dismantled by the authorities as part of the rehabilitation process that will affect more than 72 000 families. From 1999 to 2016, 2.8 million housing units were built across all the country’s wilayas. In addition to the production of housing, the authorities are working to improve the quality of life of households. The Algerian authorities plan to connect more than 140 000 homes to the electricity network and 370 000 others to the gas network between 2020 and 2024. These efforts resulted in an access rate to water of 98% in 2017, sanitation of 90% in 2017 and electricity of 99.5%. To better assess the impact of slum eradication programmes, the authorities plan to carry out a census of slum dwellers in the coming years.

Housing supply

A considerable number of housing programmes have been implemented by the authorities to meet the increased need for housing. This includes the Public Rental Housing Programme entirely financed by the state budget to support households whose income does not exceed 1.5 times the minimum wage and the Rental-Sale Housing Programme, which is intended for households for which the average income is between DA 24 000 (US$178.4) and six times the minimum wage. Government housing programmes such as the Public Rental-Housing Programme and the Rental-Sale Housing Programme have been carried out not only to provide homes for Algerian citizens but also to rehouse those living in precarious housing, particularly under the city of Algiers’ Capital, Zero Slum programme initiated in 2014. Despite the unfavourable context of COVID-19, 201 508 housing units,24 aid and social housing estates have been distributed, according to the statistics of the Ministry of Housing, Urban Planning and the City, including 40 000 Public Rental Housing Programme-type housing units, 13 000 LPA-type units, 69 000 National Agency for Housing Improvement and Development) (AADL1-type units, 3 053 LPA-type units, 33 000 rural housing units, and 31 320 social housing estates. At the same time, major public facilities have been built to ensure good living conditions (schools, hospitals, roads).

Government programmes have also created new towns or urban centres with the aim of relieving congestion in the major metropolises, such as the towns of Sidi Abdallah (Algers), Bouinnane (Baida), Bouguerez (Mêdaâa-Djelfa), and the urban centres of Ali Mendjeli (Constantine), Draa Errich (Annaba), and Ahmed Zabana (Oran), which are accompanied by the modernisation of roads, motorways and rail.
The pandemic is thus paralyzing the sector and total uncertainty reigns in the real estate sector. The transactions involving real estate agencies and notaries have plunged: nearly 500 real estate agents have disappeared from the market out of a total of 1 900 formal real estate agencies, without counting those in the informal sector which represent nearly 80% of the real estate market.\(^{27}\) The prices of transfer and rent are nevertheless higher in Algiers (respectively DA200.3/m\(^2\) and DA626/m\(^2\)) and 29 DA25/m\(^2\) and 43 DA1/m\(^2\)) than in the other wilayas (administrative divisions) (Annaba, Oran, Constantine and Ouargla). The rental situation has been rather stable with availability stagnating accompanied by limited demand.

However, the lack of financing and availability of land make the task difficult. First, the country faces an annual housing need estimated at between 230 000 and 260 000 by 2030.\(^{28}\) Second, the price of housing of certain programmes such as the Public Rental Housing Programme is still too high for many tenants even though the Rent-al-Sale Housing Programme has been deemed effective. Finally, the problems of price increases and shortages of materials such as cement sometimes call into question the ability of local industries to meet national demand.

### Property markets

Algeria has a housing stock dominated by homeowners and co-owners who account for 70% of households. The total housing stock stood at 8.9 million units in 2017, about half of which are owned by the government, with 20%\(^{29}\) empty units, kept as second homes or investment properties.

The market has experienced a drop in housing prices due to COVID-19. According to the President of the National Federation of Real Estate Agencies (FNAPI), prices have dropped by 15%-30% compared to the beginning of 2021 due to the stagnation of investment, the drop in transactions, and the lack of cash flow caused by the pandemic which has led to a drop in demand for property. The FNAPI President also stated that, at the same time, expectations were that medium and small real estate sales, purchases and rental prices would fall by as much as 10% during the second half of this year.\(^{27}\) The prices of transfer and rent are nevertheless higher in Algiers (respectively DA200.3/m\(^2\) and DA626/m\(^2\)) and 29 DA25/m\(^2\) and 43 DA1/m\(^2\)) than in the other wilayas (administrative divisions) (Annaba, Oran, Constantine and Ouargla). The rental situation has been rather stable with availability stagnating accompanied by limited demand.\(^{28}\)

The pandemic is thus paralyzing the sector and total uncertainty reigns in the real estate sector. The transactions involving real estate agencies and notaries have plunged: nearly 500 real estate agents have disappeared from the market out of a total of 1 900 formal real estate agencies, without counting those in the informal sector which represent nearly 80% of the real estate market.\(^{30}\) In addition, the increase in taxes on sales revenue from 15% to 25% was condemned by the sector’s players. Furthermore, the sales periods are considered long, a few months to obtain the land register and 55 days on average to complete the transfer of ownership.\(^{31}\) It can be expected that the costs of registering a property and those of its publication will amount respectively to 5% and 1% of its declared value, in addition to the notary’s fees.

### Policy and legislation

Housing policy in Algeria has gone through several phases\(^\text{32}\) but the state remains the main guarantor of real estate and social housing, which is one of its stated priorities. The policy has also benefited from an ambitious investment programme financed by hydrocarbon export revenues.

In 2020, a first draft of the law amending Decree 142-08 setting the rules for access to public rental housing was prepared, revising the criteria and giving greater importance to the social situation instead of the monthly salary. The deadline for payment of rent by tenants of AADL housing was extended by one month because of the pandemic. For this year, an administrative law will have to be drawn up to set up a new formula for low-cost rental housing. In addition to this, the Supplementary Finance Law (LFC 2021) has provided for the exemption from value-added tax (VAT) for real estate loans granted to families in Algeria.

### Opportunities

The maintaining implementation of housing programmes such as the construction of one million housing units over the period 2020-2024 by the authorities despite COVID-19 reflect the willingness to make the housing sector a priority and an opportunity for private developers which so far have played a modest role in producing housing. To this end, the Draft Finance Law (PLF 2021) provides for the financing of a new housing programme comprising 45 000 units and support for 130 000 for self-construction with DA70 billion ($US2 million), an increase of 53.09% compared to 2020. It is also necessary to count allocations of about DA424.38 billion (US$3.2 billion), an increase of 14.03% compared to last year, according to the Minister of Housing, Urban Planning and the City\(^{36}\) and the Ministry of Housing, Urban Planning and the City.\(^{20}\) This is done in a context of increased willingness to use local contractors and the state has also allocated the construction of 50 000 units to Algerian companies.\(^{14}\) There is a trend towards diversification of financing in the form of public-private partnerships with potential recourse to external financing, such as that of the African Development Bank and Arab investment funds, for the implementation of major state projects. The modernisation and privatisation of the banking sector could see the development of leasing or venture capital type financing. Finally, the gradual withdrawal of the state from the sector could be beneficial for investors and Algerian citizens, making access to land easier for individuals and private developers.

### Availability of data on housing finance

The National Statistical Information System is composed of several instruments, including the National Statistics Council, the National Statistics Office, the statistics departments of administrations and local authorities, and public and specialised bodies, including statistical survey institutes. The data are sourced from censuses, surveys, focus groups and administrative sources.

The data used in this profile are mostly collected from reports produced by international organisations such as the World Bank and the Oxford Business Group in addition to statistics from the National Statistics Office, the Ministry of Housing, Urban Planning and the City and the Central Bank.

However, the lack of data, faced in researching this profile, concerns mortgage lending figures sometimes dating back to before 2015. The value of microfinance loans in local currency units, the number of microfinance providers or institutions, and the total number of residential properties with title deed could not be obtained. A data platform on the public-private and urban-rural distribution of housing and property development would allow for improved monitoring of changes in the sector.
Angola has a population of approximately 31 million people and a growing urban population that is placing considerable strain on the country for providing adequate housing.1 The Government of Angola’s (GdA’s) National Urbanisation and Housing Programme (PNUH) sought to deliver one million houses as part of the country’s post-war reconstruction. The PNUH has supplied only 43,861 units between 2015 and 2021.2 The GdA efforts to implement its housing projects is reflected in the decrease in the percentage of the population living in slums (from 65% in 2010, to 47% in 2018). However, despite these efforts, over 67% of Luanda’s population continue to live in self-built housing, constructed with “people’s own resources and savings, often with a lack of adequate and affordable basic public services, and on land for which they do not have formal titles.”3 In urban areas, most construction investments have benefited the middle and high income class, and excluded low income segments of the market.

The oil sector accounts for more than half of gross domestic product (GDP), 90% of exports, and is also a main source (75%) of the country’s fiscal revenues.4 Falling oil prices (since 2014) continue to worsen the country’s socioeconomic fabric and financial landscape. Measures to diversify the economy and reduce reliance on oil have been at the centre of government policy, and are crucial for housing sector growth. For five consecutive years (2016-2020) Angola was in recession, and this was aggravated by COVID-19 and the resulting global economic disruptions. The housing market and private sector, in particular, were immediately exposed to the negative economic environment. The residential sector in Luanda, for example, is highly dependent on the expatriate market and is, in the absence of foreign investment, is facing high vacancy rates.5

With a high exposure to Chinese loans and oil dependency Angola more than doubled its debt to GDP ratio in the past five years, reaching 120% in 2020.6 Angola was also ranked among the six least resilient economies in Africa. The National Bank of Angola (Banco Nacional de Angola – BNA) introduced several macroeconomic reforms prior to the pandemic, and these measures to diversify the economy and reduce reliance on oil have been at the centre of government policy, and are crucial for housing sector growth. For five consecutive years (2016-2020) Angola was in recession, and this was aggravated by COVID-19 and the resulting global economic disruptions. The housing market and private sector, in particular, were immediately exposed to the negative economic environment. The residential sector in Luanda, for example, is highly dependent on the expatriate market and is, in the absence of foreign investment, is facing high vacancy rates.5

Africa Housing Finance Yearbook 2020
In 2020, the size of gross non-performing loans (NPLs) increased in Angola compared to other African countries. As of May 2021, NPLs to gross loans were 18.7% for the entire banking system. The sector’s NPLs have more than doubled in the past five years, affecting formal housing credit, and therefore house purchases. Data shows that 86% of housing loan applications are rejected. The BNA responded by injecting liquidity into the banking system, with capital amounting to approximately 0.5% of GDP. The absence of credit in the housing market has led to a high vacancy rate, especially in Luanda.

During the pandemic, the BNA raised the minimum reserve requirement to mitigate weaknesses faced by the financial sector. Furthermore, in 2020 alone, 80% of impaired loans on balance sheets of the Savings and Credit Bank (BPC) were bought by state-owned company Recredit, reducing the banking sector’s net results by 237% in 2020. This is expected to expand financial inclusion and the provision of housing loans. The BNA also introduced a Credit Support Programme, which mandates commercial banks to allocate a minimum of 2.5% of net assets to credit. However, it appears that the programme’s priorities are on providing subsidised finance to cooperatives and small businesses.

Lack of security and guarantees for housing credit have been cited as a key reason for the high rejection of housing loans. The long period (three years) to resolve home defaults in the courts is a disincentive for mortgage lenders to extend financing. In 2011, the Association of Real Estate Professionals in Angola proposed a law that would resolve the issue of non-compliance without the courts, and reduce the risk that banks take on, but this has not come to fruition.

The high level of informally-produced housing often excludes owner builders from securing formal housing finance. Individuals and communities have to rely on their own limited resources or pay high interest rates on consumer loans. Financial inclusion rates are estimated to be below 30% and the central bank has recently launched a campaign to open the banking system to low income earners. In an economy in which the cost of borrowing money is high, and incomes are low, microcredit lenders fill an important gap. Angola has 21 microfinance institutions and in 2020 handled 14,887 loans. KioCredito has been essential for providing targeted microcredit solutions to the low income market.

Levels of investment in housing have continued to fall due to economic uncertainty and an unfavourable investment climate. Sale values (US$ per m²) and yields (currently between 3% and 5%) on residential properties have declined over the years, partly due to a depreciating currency.

Affordability

In assessing the adequacy of housing and housing finance in Angola, the incomes and poverty levels of the population must be considered. The incidence of poverty is 32%, nationally, and 18% in urban areas. While average incomes have fallen dramatically since the start of the economic crisis in 2014, almost half of the population live below the international poverty line of US$1.90 a day. In the capital, Luanda, non-employed households represent almost half (47%) of the population in the poorest quintile.

Although there is a strong desire, particularly from middle income households, to own their homes, the banking sector’s inability to support the market with credit, combined with high default rates, is suppressing demand. Quality residential units are also mainly suited for expatriate families or Angolans with sufficient purchasing power. The recovery of the housing sector will depend on several factors, including broader economic recovery, liquidity of the banking sector (through recouping non-performing loans), the extent to which banks grant credit, and levels of foreign investment.

While monthly urban incomes are approximately Kz30,000 (US$46) – equivalent to the minimum wage – just over a third of Angola’s workforce are low income earners, earning Kz10,000 (US$1.53) a month. In urban areas, average incomes are mainly (57%) from wage income, own businesses (21%), family transfers (9%) and social cash transfers (6%). Formal housing finance is only affordable and accessible to a small proportion of the population.

Habiterra and Imogestin are key developers delivering houses on the lower end. A one-bedroom, 33.5m² unit is sold for Kz160,000 (US$245). Based on available data, this appears to be the cheapest house on the market delivered by a private developer. A (52.6m²) two-bedroom unit is priced at Kz210,000 (US$321), while a three-bedroom apartment is Kz283,300 (US$421). These homes are beyond the reach of most of the workforce, which is mainly (70%) employed in the informal sector.

The GdA provided fully or partially subsidised state housing and rent-to-buy schemes through the PNUH. However, most of the beneficiaries were the middle class and not those at the bottom of the income pyramid, who still rely on the informal rental market or self-built housing.

The PNUH aimed to meet its housing targets through four sectors: the state (11.5%), private sector (12%), cooperatives (8%), and (state-directed) self-builders (68.5%). This placed the burden of housing delivery overwhelmingly on the state-directed self-built housing, but the process was not streamlined to ensure the capacity to deliver. The programme focused on delivering a certain number of units, while disregarding factors such as housing quality, access to basic services and affordability. Consequently, in most urban areas, houses built without formal government support, planning, housing credit or legal title have proliferated. Estimates show that 205,512 self-built units were constructed between 2009 and 2015 – a figure similar to those delivered in all other sectors together.

Across all residential zones, levels of new construction have declined. Reduced demand from expatriates and private investors has also increased the availability and supply of housing. This has led to a decrease in rental values for newer residential units, resulting in some absorption by the local market in Luanda. However, vacancy rates are still high. Many new residential developments are in Luanda Sul/Talatona, and some large-scale developments are in Camama, Viana and Benfica. Northern zones of Luanda are suited for future expansion.

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Overall, there is a deficit of residential units for lower income segments. According to Abacus Angola, the speed of ongoing projects targeting the lower end of the market and supported by the state has fallen significantly. However, the GdA recently announced plans to deliver 3,000 social houses and 900 three-bedroom flats in Cabinda province – targeted at the growing housing needs of the youth.

The HABITAT-MINOTH Country Program (2018-2022) has been a focal strategy for Angola’s sustainable urban development agenda, specifically for achieving sustainable development goal (SDG) 11. Angola approved 20 master plans in 2019, to guide growth and management of urban areas. The number of master plans is expected to increase to 72 by 2022. While several municipalities have some form of a master plan, formal implementation has been slow.
The state is unlikely to continue its investment-intensive endeavours and subsidise public housing in the same way as under the PNUH model, and instead will take on the role of enabler in the housing delivery chain, mainly with participation of owner-builders and the private sector.40 With reduced investment capacity, the state is positioning itself as a market regulator, with the private sector complementing the state’s role.

**Property markets**

The most recent (2014) population and housing census reported that most (75.4%) households own their homes, and 19.2% rent43 – 87.2% of owner-occupied dwellings are reported to be self-constructed units.44

Residential property transactions have decreased – a drop mainly attributed to the economic downturn. Angola’s residential property market is also largely dependent on the business sector because of the expatriate market it attracts.45

The possession, use and occupation of properties is protected by legal frameworks. Few properties have registered deeds from the colonial era or full legal title, which adds to the legal insecurity.46 A land registration process (Land Registry Classification Programme) is underway that will register homes that fall under the government’s housing development programme.47 The programme is expected to also extend to privately owned homes. The urgency of land tenure regularisation also extends to the informal urban market, where houses are built incrementally and transacted informally.48 Land titling would also help households to access mortgage finance.

Rents have been in decline. In Luanda Sul/Talatona (urban periphery) monthly rentals for used apartments range between Kz293 365 (US$450) and Kz1 629 800 (US$2 500). This is mainly where expatriates and Angolans with sufficient purchasing power live. In central Luanda, rentals are higher – between Kz456 344 (US$700) and Kz1 629 800 (US$2 500).49 Viana, Camana, and Benfica (areas for the emerging middle class) offer the cheapest rentals, from Kz97 788 (US$150) to Kz195 576 (US$300).50 Rents for new apartments across all residential zones are higher, most notably in Luanda.

Sale values (US$ per m²) in the periphery range between Kz651 920 (US$1 000) and Kz1 955 760 (US$3 000), Kz977 880 (US$1 500) to Kz321 281 731 (US$500) in Luanda and Ks325 962 (US$500) to Ks782 308 (US$1 200) in Viana, Camana, and Benfica.51

**Policy and legislation**

Legal frameworks and policies governing the housing sector include the National Land Policy, PNUH and the National Policy for Spatial and Urban Planning.52 For a more integrated approach, the Ministry of Public Works and Spatial Planning collaborates with other ministerial departments. The sector is also guided by strategic international guidelines and programmes, including the New Urban Agenda and the Resilient Cities Action Plan.53 The Property Tax Code, enacted on 20 August 202054 brings key changes in tax rules that will impact housing market activities.55

The 2016 Urban Lease Law, which limits rent values denominated in local currency56 is having a notable impact on the rental market, due to the inability of landlords to adjust rental agreements in line with fluctuating exchange rates or inflation. As the GSA positions itself as a market regulator, assessing the impact of regulatory frameworks is needed to ensure a functioning housing market.

**Opportunities**

Despite the slow growth in the residential market, Angola’s expanding population will drive demand for decent, affordable housing. Without sufficient investment in the lower market segment, the urban housing deficit will continue to widen. COVID-19 has fast-tracked opportunities to shift attention from high-end and expatriate markets to meeting the growing needs of most Angolans. The expectation of lower publicly delivered housing provides significant opportunity for private sector investment, including restoring old buildings from the colonial era to drive inclusivity in major cities.

Microfinance products can also significantly improve housing conditions for households that rely on self-construction, with little external support.

As the master plans in municipalities are progressively implemented, they can support a more integrated urban regeneration agenda and should attract investment. Angola’s vulnerability to climate change will require greater integration of measures that support sustainable buildings and urban green spaces in coastal cities.

### Availability of data on housing finance

Key data on housing finance include the National Statistics Institute (INE) and the BNA:

- INE publishes economic and inflation statistics, demographic surveys and sectoral reports.
- The BNA is the central host for monetary and financial statistics, financial stability reports, and key financial indicators of the banking sector.
- Commercial banks such as BAI publish fact sheets for mortgage loans, which include information on lending terms and interest rates.
- The Angolan Banking Association (ABANC) aggregates financial and non-financial indicators for the banking system, with no specific housing finance data. Its annual report on the banking sector was last published in 2016.
- Other private sector organisations such as Abacus Angola and Zenki Real Estate publish annual property reports which capture the nuances and developments in the residential property market.

Not all the reports and statistics on INE and the BNA’s websites are published regularly, so key datasets are often outdated. Similarly, not all banks publicly share residential mortgage-related data, and nor does ABANC. Although the Ministry of Finance hosts a portal on the Housing Development Fund, not much information on housing developments is made available.
Overview

The Republic of Benin is a French-speaking country located in West Africa surrounded by the neighbouring countries of Togo, Burkina Faso, Niger and Nigeria. The country has nearly 12,113km of coastline along the Gulf of Guinea. With an estimated population of 12,123,198 in 2020, an annual population growth rate of 2.7% and 48.4% of the population urbanised, access to decent housing is a major challenge for the Beninese authorities. According to the authorities, 80% of the urban population is in the south of the country and 52% of the total population lives in 10% of the territory. Density is high in the coastal zone, which benefits from the best water, electricity, health and education infrastructure in the country. The demand for housing and the pressure on land are strong in this coastal zone. Between 2010 and 2020, the housing deficit was estimated at 320,000 units, but only 2,000 units were produced by the market over the same period. In response, the authorities launched an ambitious programme to build 20,000 housing units over five years (2017 to 2021) in several phases. This social housing programme is financed by several partners, including the West African Development Bank (BOAD), the National Social Security Fund (CNSS) and the Islamic Development Bank.

Historically, Benin’s economy has always been heavily dependent on Nigeria, accounting for nearly 20% of its gross domestic product (GDP) through informal trade, re-export and transit activities. Officially and based on the decision of Nigeria to combat smuggling, the border between the two countries has been closed since the last quarter of 2019. Despite the adverse effects of COVID-19, Benin’s economy registered a GDP growth rate of 2.3% in 2020 against 6.9% in 2019. The country was able to count on a good cotton harvest with 715,000 tonnes of seed cotton, an increase of 5.4% compared to 2019. The sectors most affected by the COVID-19 pandemic are: the port, catering, transport and hotel sectors, which have been subject to numerous restrictive and preventive measures. The inflation rate was 3% in 2020, which is at the limit of the convergence criteria of the West African Economic and Monetary Union (WAEMU). This level of inflation is mainly due to the rise in food prices.

### Key Figures

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
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<tbody>
<tr>
<td>Number of residential properties with a title deed (2019)</td>
<td>47,000</td>
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<tr>
<td>Number of formal dwellings completed annually</td>
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</tr>
<tr>
<td>Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2019)</td>
<td>20,000,000 XOF</td>
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<td>150,000 XOF</td>
</tr>
<tr>
<td>Typical monthly rental for the cheapest, newly built house (2020)</td>
<td>149</td>
</tr>
<tr>
<td>Cost of standard 50kg bag of cement in local currency units (2019)</td>
<td>4</td>
</tr>
<tr>
<td>Type of deeds registry: digital, scanned or paper (2020)</td>
<td>120 days</td>
</tr>
<tr>
<td>Cost to register property (2020)</td>
<td>3.40%</td>
</tr>
<tr>
<td>World Bank DBI Quality of Land Administration index score (0-30) (2020)</td>
<td>36.6%</td>
</tr>
<tr>
<td>Percentage of women who own a house alone and/or jointly (2018)</td>
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<td>Percent of population fully vaccinated against COVID-19 as of 1 Oct</td>
<td>n/a</td>
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### Access to Finance

Access to finance is a challenge for most Beninese who want to own a home. Most housing projects are carried out by mobilising personal savings over several years. According to the latest statistics from the Central Bank of West African States (BCEAO), Benin had 14 banks and one financial institution, namely the African Guarantee and Bonding Company (AFGC), on 31 December 2020. According to the BCEAO, the percentage of the adult population holding an account in banks, postal services, national savings banks and the Treasury for 2019 was 24.8%.

NB: Figures are for 2021 unless stated otherwise.

*a* | World Bank World Development Indicators

*b* | Human Development Reports, United Nations Development Programme

*c* | World Bank Ease of Doing Business Index

*d* | World Bank Group

*e* | Democratic and Health Surveys, USAID

*f* | African Guarantee and Bonding Company (AFGC)

*g* | National Agency of the Domain and the Land

|h| World Health Organization (WHO)

<table>
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<tbody>
<tr>
<td>Exchange rate (1 July 2021): 1 USD =</td>
<td>553.23 CFA Franc (XOF)</td>
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<tr>
<td>GDP per capita (Current US$) (2020)</td>
<td>21.97 CFA Franc (XOF)</td>
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<tr>
<td>GDP (Current US$) (2020)</td>
<td>12,123,198</td>
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<td>GDP growth rate (2020)</td>
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<tr>
<td>Unemployment rate (% of total labour force, national estimate) (2017)</td>
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<td>HDI country ranking (2019)</td>
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<td>HDI country score (2019)</td>
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<tr>
<td>Number of procedures to register property (2018)</td>
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<td>Time to register property (2020)</td>
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<tr>
<td>Number of residential mortgage providers</td>
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Housing finance by commercial banks remains marginal. In an economy heavily dominated by the informal sector, few Beninêse have recourse to home loans to finance their housing projects. This situation is essentially linked to the restrictive conditions required by banks for granting mortgage loans. For example, Orabank Benin asks its clients to provide a work contract or a pension card and proof of a salary transfer or a direct debit. The client must also have 10% of the amount requested. Another limiting factor is the absence of a guarantee (linked to the land title in most cases), in a context of insecurity of property rights.

The amounts granted by the banks can range from CFA25 million (US$45 189) to CFA100 million (US$180 755) depending on the needs of the clients; namely: land acquisition, renovation or new construction. The microfinance sector in Benin is quite dynamic with more than 112 participants listed in 2019. According to a 2019 BECAO report on decentralised financial systems, total clients numbered 2,633,256. However, microfinance plays a paltry, if not negligible role in housing finance although some of the credit extended to clients is certainly invested in housing projects. It would be wise for these institutions to explore the possibility of offering financing solutions for the real estate sector.

In recent years and following the impact of COVID-19, financial inclusion via mobile financial services has accelerated rapidly. Two operators are active on the Beninese market, namely MTN and Moov Afrika. According to the 2020 report of the Regulatory Authority for Electronic Communications and Post of Benin (ARCEP), 5,253,233 accounts were active in 2020, an increase of 41.7% compared to 2019. This is the number of subscribers who use mobile financial services. According to the same report, the number of operators that accept electronic currencies has also increased by 437.7%. The volume of transactions increased from 336,368,074 to 603,737,776 in 2020, an increase of 79.5%. Of the transactions 20% concern money deposits and 23% withdrawals. This clear increase in mobile financial transactions is due to the promotion of digital finance and, in the era of COVID-19, allows for social distancing.

Affordability
In Benin, housing finance by conventional banks is not common for reasons of affordability. Indeed the average net income per capita is CFA723,094 (US$1,280) per year according to World Bank figures from 2020. This level of income therefore leaves little opportunity for the majority to have recourse to home loans.

The interest rates of real estate loans vary according to the banks. In the case of NSIA Banque, the rate is 7.5% excluding taxes for a maximum of 20 years. At the Bank of Africa (BOA), the duration of the loan can go up to 20 years and the amount can reach 80% of the value of the property or the overall construction cost. For some banks, the duration of the loans can be as long as 25 years.

Prices vary in the rental market according to geographical areas and the condition of the accommodation. For example, a two-bedroom plus living room apartment located in the Gbégomé district of Cotonou can cost CFA100,000 (US$181) in rent, while in a more upscale district such as the Haie Vive, the rent can triple for the same space.

Housing supply
The supply of housing from the state is in full revival after several failed projects. The Société Immobilière et d’Aménagement Urbain (SIMAU) is the operational arm of the state, responsible for realising state real estate ambitions. This company was created in 2017 as part of a partnership between the state, banks and financial institutions and insurance companies. It centralises all projects and coordinates their execution. It is the privileged contact for developers who wish to invest in the real estate sector in Benin. The Cité Ouédo development is one of the flagship projects piloted by the Beninese government as part of the 20,000 social housing project carried out under the Government Action Programme (PAG). This is still the only project piloted by the state in the field of housing production. The construction programme is still underway with the recent launch of tenders for lots 1 and 2 worth CFA1,65 billion (US$29.8 million) and CFA13,4 (US$24.3 million) respectively. The first housing units resulting from this project are expected to be built in 2022.

Urban informality
According to World Bank statistics from 2018, 58% of the urban population in Benin live in slums. With an annual population growth rate of around 2.7% and a high urbanisation rate of 3.84% in 2020, solutions must be found quickly to improve the living conditions of the population and anticipate sanitation and social infrastructure needs. With this in mind, the city of Cotonou is the subject of a rainwater sanitation programme which aims to limit the risks of flooding, improve the living environment of the population, and ensure urban mobility during the rainy seasons.

In addition, the Beninese state has also undertaken work to improve access to drinking water. According to official data, nearly 70% of the population now has access to drinking water.

The first batch, of 1,735 housing units, is being built by the Spanish company Pablo and Natalia Holding Group (PNHNG) through its local subsidiary, PNBN. With a construction method based on concrete walls instead of traditional bricks, the objective is to provide habitable buildings within 18 months. The financing method does not require any contribution from the buyer before the start of the project. This project aims to be innovative in several respects: the effective improvement of living conditions through delivery of housing equipped with water, electricity and sanitation, on serviced plots and in developed neighbourhoods; the improvement of technical standards and know-how by popularising high-quality mass construction methods; and promotion of new housing methods by combining individual houses and high density units.

A few projects by private developers are developed in a scattered manner. One example is the GOTT Bethel (General Trade, Industry, Transport and Works) city project located in Ouedo. This project started in 2019 in Abomey Calavi and is supported by the state. The city is composed of 600 socio-economic houses built over an area of 30ha. The houses are built with stabilised earth bricks. According to the developers, the advantages of this technology are time and cost of construction, comfort and respect for the environment. The use of stabilised earth for housing in Benin is still marginal. The material used remains cement, with a local production capacity of approximately 3,200,000 tons per year.

Property markets
The real estate market in Benin is still unstructured. Official and precise data on the prices of rental housing by area are not available. The sale of vacant land, rather than residences and housing rental, constitutes the bulk of transactions. For the rental market and for the acquisition of plots of land, there is a network of poorly trained real estate agents who assist customers with their various needs. Generally, a visit fee of CFA2,000 (US$3.62) is required.

Attempts to better structure the network of real estate agents in Benin have so far been inconclusive. Requests are generally for medium-sized apartments or villas located in the city centre or in peri-urban areas. According to those involved in the sector, an apartment in good condition with two bedrooms and a living room in the populous districts of Cotonou, such as Agla or Gbégomé, is negotiated between CFA100,000 (US$181) and CFA150,000 (US$271) per month.

Law No. 2021-02 amending and supplementing Law No. 2018-12 of 2 July 2018 on the legal regime of domestic lease was adopted in January 2021. It brings some changes to the real estate sector. For example, the commission received by the real estate agent now cannot exceed 50% of the monthly rent.

Rapidly expanding areas are located on the outskirts of large urban areas such as Cotonou, Porto Novo, Bohicon or Parakou in the north of the country. The need for drinking water, electricity and even internet connections is increasing.
The residential resale market is not dynamic and concerns a minority of Beninese who can mobilise large sums of money. From January to July 2021, 203 requests for property transfers were processed by the Agence Nationale de Domaine et du Foncier (ANFD).17

The COVID-19 pandemic has had little impact on both formal and informal housing construction. Indeed, real estate is a safe bet for the Beninese. During 2020, the demand for construction materials did not fall. As an example, the price of cement, the main construction material in Benin, saw a double-digit increase, with a growth of approximately 16%, compared to 2019. This trend will continue in 2021. Demand for concrete iron, and other essential construction materials is likely to grow as well.

Policy and legislation

Successive governments have taken action and devised policies to improve the urban areas to cope with the high level of urbanisation unfolding in the country’s main cities. Among others, there have been: the drafting by municipal councils, of planning documents such as the master plan for the development of the municipality (SDAC); the development plan of the municipality (PDC); urban plans in built-up areas; rules relating to the use and allocation of land; detailed plans for urban development and subdivisions; the preparation in 2009 by the Cotonou Agglomeration of an Urban Development Strategy (UDS); and the preparation in 2007 by the development territory known as “Grand Nokoué” (townships of Cotonou, Abomey-Calavi, Ouïda, Sémé-Podji and Porto-Novo) of its Master Plan for Urban Development and Planning (SDAU “Grand Nokoué”).18 However, these strategic documents need to be updated to take into account recent developments.

The state intervenes in the supply of housing in Benin mainly through social housing projects in the form of public-private partnerships. Historically, the projects carried out by the authorities have come up against several obstacles: a defective project framework, poor management or a financing plan out of touch with the realities on the ground, or a non-optimal financing scheme.

The most recent development in the legislative framework concerns the rental market, with Law No. 2021-02 modifying and supplementing law No. 2018-12 of 2 July 2018 on the legal regime of the lease for domestic use in the Republic of Benin, as adopted in January 2021. This new law formalises the activity of real estate agents. Any tenant can also acquire the property he rents.

Opportunities

The only social housing project in the country is that of the 20 000 social housing units. For the current phase, only the lots located in Oueddo are under construction.

The cities in the interior namely Parakou and Porto Novo, are not yet involved. Besides this major project, other initiatives are underway to improve the living environment of the population. One example is the establishment in 2018 of the Société de Gestion des Déchets de la Salubrité du Grand Nokoué (SGDS-GN), whose mission includes collection, sorting and recycling of waste, helping local authorities to implement waste management solutions, and environmental preservation.

Sanitation and development projects on the outskirts of Cotonou are also underway and represent opportunities for direct and indirect participation. In housing finance, the banks should improve access to real estate loans with more flexible conditions to encourage construction of housing. The state could also, in the sense of promoting access to housing, consider reducing taxes levied on the main construction materials such as cement or concrete iron. The legal framework of land ownership, which has improved in recent years, is also a guarantee of success for the housing sector.

Availability of data on housing finance

The availability of data on the housing market in Benin remains a handicap. There are no regular studies on the housing deficit or on rental supply. Data on housing finance from banks and microfinance institutions are not centralised.

Some financial information is available from the BCEAO. For instance, the amounts of credit granted by microfinance organisations is available – without being able to distinguish the part destined for real estate and statistics on banking transactions, however. However, data deficiencies are not reserved for the housing market.

The data available on the website of the National Agency for Decentralized Financial Systems (ANSFD) was not updated for 2021 for microfinance. Recent studies on the housing deficit in the country cannot be found.

The National Institute of Statistics and Economic Analysis (INSAE) remains the main and most reliable source of information on socio-demographic and economic data.

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

ARCEP’s annual report makes it possible to follow the evolution of digital finance and understand its impact on financial inclusion.
In 2018, Law No. 2018-12 of 2 July 2018 regulates the rental market.

In 2015, Decree No. 2015-010 of 29 January 2015 created the l'Agence Nationale du foncier et du domaine, to develop and manage Benin's future land registry; and

In 2013, the law 2013-01 of 13 August 2013 represents the current land code declaration;

In 2010, Decree No. 2010-329 of 19 July 2010 approved Benin’s land policy letter for land reform in Benin;

In 2009, Decree No. 2009-693 of 31 December 2009 approved the framework for land policy and real estate sector;

In 2007, law No. 2007-03 January organised the rural land tenure system;

In 2005, Benin’s housing policy defined the framework for housing policy and housing finance;

In 1999, Decree No. 99-313 of 22 June 1999 organised the performance of the real estate sector;

In 2004, Benin’s housing policy defined the framework for housing policy and housing finance;
Overview
Botswana is one of the few African countries that has managed to successfully deliver affordable housing to its urban low income population by making land and urban housing accessible through appropriate policies and programmes. The Botswana Housing Corporation (BH-C) and the Accelerated Land Servicing Programme are some of the initiatives delivering state mass housing. Botswana is highly urbanised with 75% of the population classified as urban. The major cities and towns have attracted a large proportion of the rural population. Botswana is classified as an upper middle income country. Its gross domestic product (GDP) per capita levels are high by Sub-Saharan Africa standards, estimated at P7349 ($US768) in 2021. This is far removed from a per capita income level of P974 ($US90) in 1966 and the discouraging prospects the country faced 50 years ago. The landlocked economy has beaten the odds by creating a thriving economy.

Much of this success is attributable to the stable macroeconomic environment, government’s commitment to fiscal discipline, the prudent management of mineral revenues and wealth, a well-capitalised banking system, and a sensible crawling peg exchange rate system. Furthermore, corruption is less pervasive than in other parts of Africa.

Real GDP contracted by 8.5% in 2020, compared to a growth of 3% in 2019. The contraction was mainly attributable to a decline in output of both the mining and non-mining sectors resulting from the adverse impact of COVID-19 on the economy. Real GDP is projected to grow by 7.5%, 5.4% and 4.3% in 2021, 2022 and 2023, respectively. The positive outlook is attributed to the non-mining sectors which are expected to pick up further, driven by structural reforms, including economic stimulus supporting the national economy, and a move that provides utilities at reasonable prices to encourage domestic manufacturers. Construction is expected to continue benefiting from the ongoing fiscal stimulus.

The construction industry contributed 11.1% to GDP in 2020. The industry is still dealing with the consequences of COVID-19 and recorded a negative growth of 7.4% in the last quarter of 2020. The industry recorded a decline of 4.8% compared to an increase of 4.3% in the corresponding quarter in the previous year.

The Botswana inflation rate increased from 1.2% in August 2020 to 8.9% in July 2021, remaining above the upper bound of the Bank of Botswana’s medium-term objective range of 3% to 6%. The Bank Rate has been maintained at 7.1%. Consequently, the prime lending rate of commercial banks has been maintained at 7.89%. In April 2021, the Botswana government increased Value Added Tax (VAT) to 14% from 12%.

The Botswana inflation rate increased from 1.2% in August 2020 to 8.9% in July 2021, remaining above the upper bound of the Bank of Botswana’s medium-term objective range of 3% to 6%. The Bank Rate has been maintained at 3.75%. Consequently, the prime lending rate of commercial banks has been maintained at 5.25%. In April 2021, the Botswana government increased Value Added Tax (VAT) to 14% from 12%. The VAT increase is expected to weigh on the consumer spending recovery outlook for the country. The Bank of Botswana maintained the current Pula exchange rate policy for 2021. The Pula basket weights remain at 45% for the rand, 53% for the Special Drawing Right with Africa Housing Finance Yearbook 2021
a downward rate of crawl of 2.87%. The stability of Botswana’s currency provides investors with an advantage, as they are able to increase predictability in their financial modelling.

Access to finance
Botswana’s housing finance sector is expanding in all market segments. Botswana has 12 banks. Nine are commercial banks and three are statutory banks. Four of the banks are listed on the Botswana Stock Exchange. Commercial banks are well capitalised and liquid. Non-performing loans have decreased, and provisioning has improved. However, some COVID-19 relief measures, such as the six-month loan repayment moratorium, loan restructuring, and guaranteed loans to affected sectors, may have delayed asset quality deterioration.

The Government of Botswana also owns a number of development financial institutions, including the National Development Bank, Botswana Savings Bank, Botswana Development Corporation, Citizen Entrepreneurial Development Agency, and the Botswana Building Society.

Non-bank finance institutions include microlenders, pawnshops, and finance and leasing companies. The non-bank financial sector is regulated by the Non-Bank Financial Institutions Regulatory Authority. Botswana has 12 licensed microlenders, 170 registered Savings and Credit Cooperatives (SACCOS), and these are central for mobilising savings and funds for on-lending. Such loans are mainly used for consumption and education, and less on property investments.

Total residential mortgages by commercial banks increased almost fivefold in a decade from P1.2 billion (US$295 million) in December of 2010 to P1.4 billion (US$329 billion) between March 2020 and March 2021. The annual growth in mortgage loans fell from 3% in December 2019 to 2.1% in December 2020. Consequently, the share of mortgages in total bank credit to households decreased from 24.9% to 23.6% in the same period. Mortgage loan defaults remained acceptable at 6.1% in December 2020, identical to that of 2019.

In the greater Gaborone area, the average mortgage loan size increased to P1.110 000 (US$102 480) in 2020 from P950 000 (US$87 707) in 2019. Following the amendments of the Deeds Registry and Tribal Land Acts in 2017, the mortgage lending rate was expected to grow and this would facilitate the acquisition of property countrywide and ease the transferability of property rights in tribal land areas.

Most financial institutions offer 90% mortgage loans and the customer has to pay a 10% deposit of the value of a completed property. However, some commercial banks have stimulated the market by lending 100% mortgages, thus eliminating the requirement for customer equity. Unlisted banks pay only 30% for the purchase of old dwelling units, not more than seven years old, and 35% on market value or purchase of plot/vacant land.

Financial institutions also offer 80% on building projects if a customer is not purchasing a complete residential property. Other financial institutions offer a maximum of 25% on construction/repair and renovation. For refinancing and equity release, financial institutions were prepared to give 80% of the open market value maximum of 25% on construction/repair and renovation. For refinancing and equity release, financial institutions were prepared to give 80% of the open market value maximum of 25% on construction/repair and renovation.

A household is considered able to afford a home if it costs 2.5 times the gross household income for a single-earner household and 2.9 times the gross household income for dual-income households. The average house price in urban areas is P650 000 (US$60 001), and P450 000 (US$41 545) in urban villages. Most housing finance products require borrowers to have a minimum net salary of P7 200 (US$665) or (in some cases) P9 500 (US$877) to qualify for the old stock of BHC low-cost houses valued at less than P4 700 000 (US$43 392). Generally, financial institutions do not approve mortgages below these amounts as they do not have adequate security on a property purchased below these prices.

Affordability has been eroded by the economic slowdown, rising unemployment, lower salaries, COVID-19 impacts and rising local costs of imported materials that make up a considerable portion of the final sales price of residential units. The unavailability of affordable land has created a shortage of serviced land and stimulated demand to overtake supply.

Current urban land prices are unsustainable. Serviced land in cities/towns averaged P1 320 (US$122)/m². Serviced land in rural villages within 40km-60km range of Gaborone is priced at P230 (US$21)/m². Serviced land in urban villages averaged P260 (US$24)/m². Land prices exacerbate affordability problems, pushing most households into the rent market.
As Botswana has only a few large-scale housing developers, the state is engaged in this area. The BHC is a government housing agency that seeks to provide both rental and purchase affordability. Housing services are provided at cost recovery and this often results in below market rental and sale prices. BHC has historically employed demand-side subsidies, which entailed subsidising tenants and purchasers directly. In recent years, after becoming the government’s Single Housing Authority (SHA), there is evidence of supply-side subsidies in the form of turnkey projects.

Other programmes include the Destitute Housing Programme, the Self Help Housing Agency (SHHA), and the Poverty Alleviation Housing Scheme. During the 2019/2020 financial year, and the BHC delivered 1 026 housing units under the SHHA Turnkey Scheme. This is available for citizens earning between P4 400 (US$406) and P52 000 (US$4 800) per annum. The maximum loan entitlement is P60 000 (US$5 539). The repayment period for the scheme is 20 years at zero interest on the loan and 10% interest is charged to beneficiaries who default on their payment.

Innovative property acquisition methods such as instalment purchase schemes have been sought by developers such as the BHC as an affordable housing strategy. Others, including the Public Officers Housing Initiative (POHI) and the Youth Housing Scheme, have provided more affordable alternatives. POHI depends on BHC-built housing units in different parts of the country at a capped cost of just under P153 000 (US$12 981).27

In response to COVID-19, the BHC has invited companies and individuals whose incomes have been adversely affected by the pandemic to come forward, such that a deferral of rental payment as well as a payment plan could be negotiated and agreed.

Housing supply

The provision of affordable housing in urban centres is generally inadequate due to rapid urbanisation.28 In many instances, urbanisation has outpaced the rate of housing provision in urban zones, which has exerted enormous pressure on land. Increased population pressure has created many urban informal settlements as well as an increased conflict between Land Boards and the land occupiers.29

In managing urbanisation, the Botswana government has introduced the following policies: National Policy on Housing in Botswana of 2000; Revised National Destitute Policy of 2002; the Rural Development Policy of 2003; the Revised National Settlement Policy of 2004; and the Revised Town and Country Planning Act of 2013.

The BHC delivered 1 734 housing units between 2019 and 2020. In the revised strategy BHC is set to deliver 12 300 houses by 2023.30 Since its establishment in 1970, BHC has delivered almost 25 400 houses. At least 14 422 houses of the 25 400 houses have been sold to Batswana while the remaining 10 662 are rented out.31 Private property developers have shown that they are profit-motivated institutions and that their housing prices are targeted at the upper-middle and high-income households. A two-bed 45m² unit sells for around P650 000 (US$60 200).32

Property markets

Real estate activity remains subdued because most property users have not yet returned to full use in the major cities and certain towns. COVID-19 remains front of mind for investors and occupiers, despite the recovery in global economic activity. The economic effects of COVID-19 include staggering job losses, reduced consumer spending and changing behavioural patterns.

Residential properties are likely to see an increase in rentals. This comes after discussions of a rental increase by BHC, with more than 100% in some cases, as well as the increase in VAT. The residential market has surged in satellite villages as a result of increased migration of tenants from major cities as they adjust to cheaper locations after the pandemic dealt a heavy blow to incomes.

Peri-urban villages offer a higher supply of low-cost apartments, mainly attributed to the availability of relatively cheap land. Two and three-bedroom low-cost apartments are more popular than the one-bedroom apartments, with average prices P400 000 (US$36 929) for a one-bedroom, P550 000 (US$50 788) for a two-bedroom, P750 000 (US$69 243) and P1 000 000+ (US$92 342) for a three-bedroom and four-bedroom respectively. Upcoming developments include Kgosi Estates in Gaborone North, Tsolamosese and RIC Development. K-Hill Property Development’s Kgale Lake City in the southern part of Gaborone is billed to be the next major residential development.33

Botswana’s worldwide competitiveness is generally low, based on the factors that influence private investments. The 2021 report by the World Bank ranked Botswana at 87 out of 190 countries in the ease of doing business index compared to the 86th position the previous year. Even more relevant, Botswana fell from 45 to 53 in 2020 in the Global Real Estate Transparency Index.34 It remains in the semi-transparent region, and will have to address issues surrounding corporate governance and regulatory enforcement to progress to a transparent tier.

Policy and legislation

COVID-19 has had particularly severe effects on certain economic sectors. In response, parliament has approved a P14.5 billion (US$1.3 billion) stimulus to support the recovery and facilitate structural transformation.35

The government also established a COVID-19 Relief Fund with a P2 billion (about 1.1% of GDP) contribution that will finance a wage subsidy finance a waiver on training levy for a period of six months, build-up fuel and grain reserves, support the acquisition of relevant medical equipment, improve the water supply, and fund a government loan guarantee scheme financed by commercial banks for businesses that are tax compliant.

The VAT increase that took effect from 1 April 2021 is expected to affect some property transactions. Vendors will have to increase the VAT component on rentals and developers and landowners will be adding VAT when selling new units or land parcels. The effect of the Transfer Duty (Amendment) Act No.24 of 2019, which came into effect on 1 March 2020, is yet to be felt. Transaction volumes in the residential sector have not significantly changed.
Opportunities
Botswana's economy freedom score is 69.6, at number 40 in the 2020 Index of Economic Freedom.1 indicating a highly economically free society. GDP growth has remained solid, bolstered upswings in the volatile diamond markets.

The investment of many homeowners has not only kept up with inflation but outpaced it. Property developers have earned positive returns through escalating rentals and home prices. The basis of rent reviews in Botswana is pre-agreed escalations, typically 6%-10% per annum. Capital values have also grown.

Botswana’s real estate investment and lending has been stable over the years. Liquidity remains available as conservative financing continues, while private equities are highly liquid and invest in opportunities as they arise. The positive growth of the property market generally has favourable ratings. According to Transparency International (2020), Botswana is the least corrupt country in Africa and has been classified comparatively to several OECD and European countries for decades.


Overview

Burkina Faso is a landlocked West African country with a land mass of 274 200 km². In 2019, its population was estimated at 20 487 979 inhabitants.

Economically, Burkina Faso has recorded acceptable average growth rates over the past ten years. It increased from 5.7% over the period 2005-2015 to 6.3% over the period 2016-2019. However, its GDP contracted by 0.2% in 2020, mainly due to the slowdown in trade, transport, tourism, and hospitality, resulting from measures taken to contain the spread of COVID-19. The inflation rate, which was -3.2% in 2019, increased to 1.4% in 2020, mainly due to rising food prices. Nevertheless, the prices of housing, water, gas, electricity, and other fuels fell by 2.0% and 1.3%, respectively.

The budget deficit increased from 3.5% in 2019 to 5.4% of GDP in 2020. This situation can be explained not only by the increase in public expenditure but also, by the fall in revenues. However, the current account balance recorded a surplus of 1.2% of GDP in 2020 after a deficit of 3.4% of GDP in 2019. This performance is the result of an increase in the value of gold exports by 21% and cotton by 13%, while the value of imports of petroleum products fell by 20% due to the decline in economic activity.

Access to finance

Like most countries of the West African Economic and Monetary Union (WAEMU), the housing finance market in Burkina Faso is underdeveloped. The formal financial system is both underdeveloped and not accessible to most of the population. Thus, the financing of property is still very limited.

According to 2020 data on the WAEMU banking landscape, 15 commercial banks currently operate in Burkina Faso and offer mortgage loans to their clients. The State set up the Habitat Bank of Burkina Faso (BHBF) in 2005 (which became the International Business Bank (IBB) in 2018). IBB capital increased from CFA2 billion (US$3.6 million) in 2018 to CFA420.60 billion (US$68.87 million) in 2020. IBB currently operates in the capital Ouagadougou and Bobo-Dioulasso and offers mortgage loans to its clients. The State set up the International Business Bank (IBB) in 2005, which became the International Business Bank (IBB) in 2018. IBB operates in six cities, including Ouagadougou and Bobo-Dioulasso. IBB offers interest rates on residential mortgages ranging between 5% and 7% with a maximum term of 20 years. Like IBB, it should be noted that other national and sub-regional banking institutions also finance the construction of housing for the benefit of residents under certain conditions including that customers must have land title and be employed in the formal sector.
The microfinance sector is becoming increasingly dynamic. Burkina Faso has 78 microfinance institutions. Despite the rise of the sector, very few Decentralised Financial Systems (DFS) offer loans designed specifically for housing. Thus, the Réseau des Caisses Populaires du Burkina (RCPB) remains the main mechanism to finance access to housing. In 2007, the RCPB already offered small mortgage loans, with a maximum term of 5 years at the rate of 10% on the initial principal borrowed or the general interest rate of the loan of the Caisses Populaires.

In order to minimize the adverse economic effects of COVID-19 on businesses, certain measures have been put in place by the government. A COVID-19 Economic Recovery Fund (FRE) of CFA 100 billion (US$181 million) covering the period 2020-2021 has been allocated to active companies through a framework partnership agreements with banking institutions. The FRE’s interventions are mainly in the form of loans at reduced interest rates, 3.5% for the benefit of Small and Medium Enterprises (SMEs) and Very Small Enterprises (VSEs), and to 4% for Large Enterprises (GE).

Analysis of the financing situation for affordable housing reveals a disengagement of the State, leading to the most vulnerable populations failing to meet their housing financing needs.

**Affordability**

Urban development and housing financing come from state resources and resources allocated by technical and financial partners. The overall allocation of the Ministry of Urbanism, Housing and the City (MUHV) over the period 2007-2019 was about CFA 104.2 billion (US$188.3 million), with a budget of CFA 4.9 billion (US$26.9 million) in 2012, reviewed to CFA 8.4 billion (US$15.2 million) in 2019 representing only 0.3% of the national budget. In addition, annual implementation rates have fluctuated greatly, with an average variance of 65%. Despite the sources of financing for urban development, and the financial and material resources available to the Ministry, including investments through its various structures, the state has been unable to facilitate access to decent housing for all. Therefore, in Burkina Faso, an informal, private housing market has developed to meet the need for the estimated 20,000 houses per year. In contrast in ten years, between 2007 and 2017, the State has managed to produce less than 5,000 social housing units.

According to the Permanent Secretariat of the National Housing Construction Programme (SP/PNPCI), COVID-19 has slowed down housing production under the presidential programme of 40,000 housing units. In 2020 only 671 housing units were built compared to 1,041 in 2019. Currently, the price of the cheapest social housing built in an urban area is CFA 7.5 million (US$13,557). The size of the social housing units produced varies between 58m² and 68m² on a plot of land whose minimum size is 204m², in accordance with legislation prescribing minimum sizes. The average salary in Burkina Faso in 2021 is estimated at CFA 95,000 (US$171.8) and since the maximum monthly loan/income ratio for residential home loans is around one-third of the salary, it would take, on average, more than 20 years for the large majority of the population with formal employment to repay this type of loan for the purchase of the cheapest home. However, this duration does not correspond to the conditions of the country’s banks.

Since formal conditions for access to finance are not accessible to all, it appears that household savings are the main source of financing homes. The funds injected into housing usually come from the savings of their income-generating activities. Most of these activities are in the informal sector. Significant family financial aid from those in the diaspora, are added to fund the incremental building of homes.

**Housing supply**

The acceleration of urbanisation in Burkina Faso has led to a significant imbalance between housing supply and demand. The housing deficit is estimated at 200,000 houses, to which an additional annual need of 8,000 dwellings in Ouagadougou and 6,000 dwellings in Bobo-Dioulasso can be added.

The housing policies implemented between 1983 and 2006 did not provide real answers to the housing problem. The urbanization rate increased from a very low 2.5% in 1950 to 26% in 2010 and reached 28% in 2020. This situation has led to the proliferation of informal neighbourhoods, insufficient housing supply, and high costs for housing. The "one household, one plot" policy implemented between 1983 and 1990 and the production of bare plots between 1995 and 2006 caused the urban sprawl of cities without providing real answers to the need for housing.

Consequently, self-build has always been the main means of accessing housing for the majority of the Burkina population. It is described as the process through which households hold plots (regular and irregular) finance and realise directly, through local artisans in the construction sector, their housing. In 2008, through the Ministry of Urban Planning, the government developed the National Housing and Urban Development Policy (PNHDU). The PNHDU aims to make decent housing accessible to all. The 2016-2020 presidential programme has provided for the reduction of the proportion of the urban population living in informal areas from 17.2% in 2014 to 10% in 2020, and has led to an increase in the number of households with access to decent housing (from 4,572 in 2015 to 35,000 in 2020). The number of households assisted in self-build went from 100 in 2015 to 5,000 in 2020. Thus, through the PNHDU the number of households with access to decent housing increased by 8,650 between 2015 and 2018.

There is a growing emergence of a housing cooperatives, linked to the National Union of Housing Cooperatives (UNCH). Housing cooperatives play a significant role in the provision of housing through initiatives which allow for greater accessibility to social housing by their members. For example, in 2018, 140 houses were produced in Burkina Faso by the Burkina Cooperative of the Habitat CBH, of which 52% of the beneficiaries were women. These dwellings are of type F3 (three roomed house) with a built area of 38m² at a cost of CFA 700,000 (US$1,200). The benefit of building through a housing cooperative is demonstrated in the price, as this was the price of the cheapest newly built house in Burkina Faso.

**Property markets**

The property market is promising and is one of the emerging sectors. Law No. 057-2008/AN of 20 November, 2008, on Real Estate Development in Burkina Faso is currently being reviewed to support the market. There has been some misunderstanding in real estate development, which led the MUHV to suspend the processing of files related to land submitted by real estate developers for development in February 2021. However, after establishing an ad hoc committee to analyse the real estate projects, this suspension was lifted in August 2021. The backlog of developments can now finally be processed. The committee is also currently responsible for analysing the conditions for the implementation of the real estate projects submitted, collecting the associated statistical and cartographic data, analysing applications for subdivision authorization and land title applications. Thus, 406 files are under examination, in connection with urban planning developments. If approved, this will allow for substantial new development in the sector.

In order to frame their interventions on the real estate market and defend their interests, real estate developers created the National Union of Real Estate Developers of Burkina Faso (SYNAPAB) in 2013. Subsequently, the National Union...
BURKINA FASO

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

- PPP$12,001 – PPP$23,000
- PPP$23,001 – PPP$40,000
- PPP$40,001 – PPP$100,000
- PPP$100,001 – PPP$233,000
- PPP$233,001 – PPP$550,000
- PPP$550,001 – PPP$1,200,000
- PPP$1,200,001 – PPP$2,333,000
- PPP$2,333,001 – PPP$5,000,000
- PPP$5,000,001 – PPP$10,000,000
- PPP$10,000,001 – PPP$23,000,000
- PPP$23,000,001 – PPP$50,000,000
- PPP$50,000,001 – PPP$120,000,000
- PPP$120,000,001 – PPP$233,000,000
- PPP$233,000,001 – PPP$500,000,000

Source: https://www.c gidt.com/C-GID0, 2020

of Real Estate Developers of Burkina Faso (UNAPB) and the Association of Real Estate Developers of Burkina Faso (APIB) were also established. According to the Burkinabe newspaper Le Reporter, in 2019, Burkina Faso had about 268 approved real estate companies. APIB had 82 members in July 2020. It should also be noted that there are more and more informal real estate companies being established.

According to 2018 data from the Société Nationale d’Aménagement des Terrains Urbains (SONATUR), land prices per m2 in Ouagadougou vary between CFA47,000 (US$85) and CFA55,000 (US$99.4) depending on the location (from the most expensive to the cheapest in zone A, B and C).

According to the 2006 General Census of Housing and Population (RGPH), about 94% of Burkinabés own their homes, and 9.4% rent or are in rent-to-own schemes. Becoming a homeowner is extremely important for Burkinabés, even if it comes at the expense of the quality of the building. This explains the current proliferation of inadequate housing. Throughout the country, the demand for rental housing remains low with only 2.9% of tenants living in villas and 3.4% rent apartment buildings. Apart from the experiments of the cities called ‘Cities of August 04’ conducted by the National Council of the Revolution in 1984 in the 28 provinces of the country,19 rent-to-own is still underdeveloped and is mainly concentrated in Ouagadougou and Bobo-Dioulasso. As for single tenants, 31% live in multi-unit buildings, 24% in villas, and 18% in buildings.20 Rental households generally include employees in public and the formal private sector with a regular steady income. The less urbanised the regions, the more households own their own homes.

Policy and legislation

A regulatory, judicial and legal framework exists in the country but is not conducive to the production of affordable housing for all Burkinabés.

The main player in the urban sector remains the State through the MUHV, which, in accordance with Decree 2019-0139/PRES/PM/SGG-CM of 18 February, 2019, ensures the implementation and the supervision of the government in terms of urban planning and housing. The implementation of the Ministry’s actions is mainly driven at a national level through the General Directorate of Architecture, Housing and Construction (DGAHC), the General Directorate of Urban Planning, Servicing and Topography (DGUVT), the General Directorate of Control of Development and Construction Operations (DGCO-AOC), the Permanent Secretariat of the National Housing Policy (SPNLP) and the Permanent Secretariat for the Coordination of the Urban Development Program (SPC/PDU). There are 13 Regional Directorates of Urban Planning and Housing (DRUH), attached to structures including the National Society for urban land development (SONATUR), the City Management Centre (CEGECI), the Agency for Consulting and Delegated Project Management (ACOMOD), and the Permanent Secretariat for the National Housing Policy (SPNLP).

For implementing housing for the state, other actors external to MUHV are also called upon. This includes some national Ministries and, then the relevant local authorities including the municipalities and regions. It also allows for public sector involvement through the building professionals including construction experts, housing professionals, and financial institutions. Civil Society Organizations, traditional authorities, custodians of customary law, and Technical and Financial Partners are also involved. Finally, the inhabitants who are the main beneficiaries of housing programme also participate in the development process.

To meet Burkinabé’s real and current housing needs, the housing sector has its upgraded legislation. These include the Constitution of June 1991, Law No. 017-2006/AN of May 18, 2006, on the Urban Planning and Construction Code in Burkina Faso and Law No. 057-2008/AN of November 20, 2008 on real estate development in Burkina Faso. To these are added Law No. 023-2010/AN of May 11, 2010, on the status of co-ownership of buildings built in Burkina Faso, Law No. 034-2012/AN of July 02, 2012, on agrarian and land reorganization, and Law No. 103-2015/CNT of December 2015 on the Private Housing Lease in Burkina Faso.

However there is a lack of coordination within this plurality of actors, leading to the overlap and confusion of roles on the ground, as well as the weak technical and financial capacity of private sector partners. As for the legal framework analysis, we note above all the existence of numerous national laws offering a legal basis for interventions. Nevertheless, the difficulties experienced on the ground are linked to the ignorance of these laws, their weak implementation, the absence of certain implementing laws, and the inconsistencies of certain provisions causing conflicts of competence.

Housing policies tend to systematically favour the middle class, individual ownership, and the formal sector. As a result, public investment in informal housing production processes to benefit the poorest of the population is almost non-existent.

Significant challenges remain in the housing sector, which prompted the formulation of the new 2021–2025 strategy. This strategy aims to “make Burkina Faso’s cities more inclusive and sustainable by improving access to quality public facilities and decent housing.”21 Accordingly, four strategic axes have been formulated: the strengthening of urban planning and development, the improvement of housing, the strengthening of the control of development and construction, and the strengthening of governance.22

Opportunities

Through macroeconomic growth and job creation, the housing sector plays a significant role in the country’s economic development. Thus, the government is trying to build on this opportunity by promoting accessible and decent housing for all.

The specific sectoral strategy for housing for the period 2021–2025 aims to achieve 200,000 housing units through 60% social housing and 40% private housing. The prioritisation of social housing rests on the national plan to develop affordable housing for the majority of the population.

Furthermore, the document highlights the need for more inclusive and sustainable housing policies, as well as the importance of collaboration between various stakeholders to address the housing crisis. The paper also discusses the role of the private sector in housing development and the significance of a regulatory and legal framework that is conducive to the construction of affordable housing.

In terms of the construction sector opportunities exist in terms of building new administrative buildings for the State, strong demand for households to access
Availability of data on housing finance

A crucial step towards achieving the goal of affordable and adequate housing for all is to have appropriate data systems in place to inform investment decisions. Unfortunately, in Burkina Faso, many gaps persist in the system of producing data. This situation hinders the adequate monitoring of achievements and developments in the sector. The existing data are very general and not specific to housing. This includes the statistical yearbook produced by the Directorate General for Statistical and Sectoral Studies (DGESS) of MUHV. The National Institute of Statistics and Demography (INSD), the BCEAO, some private developers, and some banking institutions and development partners produce data useful for housing studies and diagnostics.

However, at the national level, it is necessary to note the delays in the production of these data, are not updated regularly or easily accessible. Given the interest generated by the topic of affordable and adequate housing for all, Burkina Faso, like other WAEMU member countries, is determined to remedy this situation. Therefore, the WAEMU, with the support of the World Bank, is implementing the Technical Assistance Project for the Financing of Affordable Housing in the WAEMU Area (PFLA - UEMOA) to develop a system of relevant and harmonized indicators on housing.

Additional sources


Overview

Burundi is a predominantly rural country relying mainly on subsistence agricultural activities and is, as such, one of the poorest countries in Africa with the poverty level at a record high of 87.5%. The country has a population of 11.9 million, growing at a rate of 3.1% per annum, and the need for housing units continues to present opportunities. Burundi’s population density is high, with an estimated 435 inhabitants per km², compared to an average density of 51 inhabitants per km² in Sub-Saharan Africa, excluding high income countries, and 40 inhabitants per km² in fragile and conflict-affected areas.

The proportion of the population that is urbanised remains one of the lowest globally at 13%, growing at a rate of 5.6% annually. Burundi’s population growth rate is putting pressure on the already low national income with a growth rate of 5.1% in the headline annual inflation rate to 6.5% in January 2021 compared to 0.3% percent in 2020 from 1.8% 2019.

These combined developments translated into a deceleration in economic activity. By April 2021, the country had registered a fall in the cumulative level of GDP growth rate to 0.3% percent in 2020 from 1.8% 2019. There was further exacerbated by the poor performance in services and agriculture, which remain the mainstay of the country’s economy. In April 2021, no production of coffee was recorded, following the closure of the 2020/2021 coffee season. The total volume of coffee produced during this season stood at a lowly 18 867.8 tonnes against a forecast of 27 320 tonnes. Additionally, the production of green leaf tea decreased by 11.5% in April 2021 against the same month in 2020.

The downward trend in key economic indicators was followed by an increase in the headline annual inflation rate to 6.5% in January 2021 compared to 0.3% in 2020. This resulted in a reduction in the country’s ability to import supplies, including those to the housing value chain. In the light of the developments in the external sector the current account deficit widened to 19.1% of GDP compared with a deficit of 17.8% in 2019. That resulted in a reduction in foreign exchange reserves, which covered less than 30 days of imports at the end of 2020.

5.1% recorded in January 2020, due mainly to annual food price inflation of 10.6%, two percentage points higher than in the previous year. Additionally, the economy witnessed a 3.8% depreciation of the Burundian Franc against the US dollar to further worsen the country’s ability to import supplies, including those to the housing value chain. In the light of the developments in the external sector the current account deficit widened to 19.1% of GDP compared with a deficit of 17.8% in 2019. That resulted in a reduction in foreign exchange reserves, which covered less than 30 days of imports at the end of 2020.

Exports declined by 9.8% in value and by 17.2% in volume over the year to January 2021. In volume, the decrease was more evident for manufactured products, which fell by 57% to FBH 333.1 (US$1.682 million) compared to January 2020. By contrast, exports of primary products increased in value by 25% to FBH 1 875.3 million (US$6.5 million) over the same period.

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On the import side, the level of commodity inflows slightly increased in value (by 1.3%) while they decreased in volume (by 6.9%) in January 2021. In value, this increase concerned consumer goods (+21.6%), while capital goods (+9.1%) and intermediate goods (+9.3%) fell. The increase of imports of consumer goods is driven by non-durable goods, mainly pharmaceutical products, which more than doubled to FBu6 898.9 million (US$3.5 million) at January 2021 against January 2020 and food, which rose 150% to FBu20 426.6 (US$103.3 million).

The decline of capital goods imports is mainly related to electrical equipment and other mechanical equipment. For the housing sector, this decline predicts the delivery of fewer supplies of residential housing units as well as commercial and industrial real estate developments.

Total domestic debt increased by FBu497 344.2 million (US$251.0 million) at the end of April 2021 to FBu2 923.5 billion (US$1.48 billion) from 2020 driven by the increase of government issuance of treasury bills, largely to commercial banks. An additional FBu280.98 billion (US$141.3 million) was registered in the commercial banks’ holding of government securities, with consequential impact on the interest rate and the amount of funds available for lending to private sector entities in housing, building, and construction and related sectors. Similarly, external debt grew by FBu77 073.9 million (US$38.9 million) at the end of April 2021 from April 2020, amounting to FBu 1 040.2 billion (US$251.5 million).

Overall, the economic outlook is one of renewed optimism, with the economy projected to grow at 2% to 3% during the period 2021 to 2023 supported by gains in all sectors. These estimations are however based on the effective management of subsequent waves of COVID-19 which will subsequently influence the level of funding and investments for developments in key growth sectors including housing, construction, agriculture, and manufacturing. The country faces huge macroeconomic challenges in the narrow tax base, export-import imbalances and a heavy debt burden.

**Access to finance**

The financing landscape in Burundi is dominated by a few commercial banks, including Banque de Crédit de Bujumbura (BCB), Banque Commerciale du Burundi (BANCOBU), Interbank Burundi (IBB), Banque de Gestion et de Financement (BGF), Finbank, Banque Burundaise pour le Commerce et l’Investissement (BBC), Diamond Trust Bank Burundi (DTB), Kenya Commercial Bank Burundi (KCB Bank Burundi), Cooperative for Rural Development Bank (CRDB Bank Burundi) and Ecobank Burundi. These are complemented by other financial intermediaries mandated to give loans and to borrow but having neither counters nor accounts for the clientele. Institutions in this category include Banque Nationale pour le Développement Economique (BNDE) and Fonds de Promotion de l’Habitat Urbain (FPHU). Additionally, some sections of the population regularly access credit from microfinance institutions located in both urban and rural areas. The three categories of lending institutions have all been significantly affected by the low level of business activity over the COVID-19 period.

Movement restrictions initiated by the government as key containment measures for COVID-19 resulted in a slump in economic activities across major sectors of the economy, including housing and construction. Regional border closures further reduced finance to support trade and cross-border imports. Several business entities therefore resorted to placing funds in commercial banks as deposits at the expense of increasing the productive capacity of the economy. Consequently, customer deposits increased by 27.1% to FBu2 351.9 billion (US$1.19 billion) in the fourth quarter 2020 from the fourth quarter of 2019. Related to this, the level of central bank refinancing to commercial banks fell by 30.0% from December 2019 to close the year at FBu299.1 billion (US$150.98 million).

The trend was also evident in the credit market as there was a notable increase in the non-performance of loans as a measure of the prevalent credit risk. Overdue loans increased by 14.0% year-on-year to close the year 2020 at FBu139 654.4 million (US$70.5 million) from FBu122 533.3 million (US$61.9 million) registered in December 2019. Similarly, the shares of watch and standard loans grew respectively by 50.3% and 8.5% in the fourth quarter 2020 from 46.9% and 7.4% in the corresponding quarter in 2019. This points to deterioration in borrowers’ ability to repay facilities as economic conditions became tougher on account of lower business activity during the pandemic. The deterioration also highlights possible challenges for the stability of the banking industry on account of potential defaults arising from the substandard facilities on the lenders’ asset book. The magnitude of the banks’ write-off of losses will strongly depend on the speed of economic recovery across major sectors of the economy, including building and construction, alongside tailored bank responses to the challenging credit market.

To avert the increasing credit risk in the loan market to specific sectors including housing education and hospitality, financial institutions resorted to expanding their lending to government. As at April 2021, the banking sector balance sheet increased by 21.6% year-on-year, with total assets standing at FBu124.5 billion (US$2.1 billion) from FBu3 392.8 billion (US$1.7 billion) in April 2020. This increase resulted from the rise of Treasury securities (20.0%) and loans to less risky customer segments (25.0%). Unsurprisingly, the share of Treasury securities in total assets remained predominant compared to other assets. It stood at 40.8% of total assets by the end of April 2021 from 41.3% at the end April 2020. The share of credit to the private sector grew marginally to 35.3% of the total assets from 34.3% in 2020.

To support the growth in lending to the key growth sectors and the government, the banking industry witnessed a 29.5% growth in customer deposits amounting to FBu2 475.5 billion (US$1.25 billion) at the end of April 2021 from FBu 911.0 billion (US$964.6 million) at the end of April 2020. Due to this growth in deposits, the level of central bank refinancing to credit institutions declined by 22.1%, standing to FBu375.5 billion (US$170.4 million) at the end April 2021 compared to FBu430.0 billion (US$218.6 million) at the end April 2020, signifying an increase in availability of credit for lending purposes for private sector growth.

The outlook in the credit market points towards improved access to finance with a notable reduction in credit risk, particularly over the first quarter of 2021. The quality of loan portfolios improved slightly as at the end of April 2021, as reflected in the positive movement in the rate of non-performing loans to 4.5% in April 2021 from 5.3% in December 2020. Notable year-on-year movements have been recorded for key sectors including construction (-3.6% from 6.7%), tourism (12.2% from 39.5%), agriculture (17.1% from 21.7%), industry (0.6% from 0.8%) and trade (4.1% from 5.0%). Even on the back of the improvements in portfolio quality related to the housing sector, a number of financial institutions still remain apprehensive about advancing credit to this sector on account of the low income levels among the majority of the population, with likely implications for their ability to service long-term mortgages.

**Affordability**

Recent economic lockdowns, alongside border closures, have compounded the housing affordability challenge for most residents. Affordability of decent housing remains out of reach of most Burundians, who survive by way of subsistence agriculture. Against this low income background, demand for decent housing, even in the affordable market segment remains low.

From an external diagnostic view, the country appears to provide a fertile ground for investors in residential and commercial housing space. However, the low-level uptake for the few developed properties poses a scalability challenge for housing developers, which then translates into high costs of delivery of housing units and low levels of affordability for those units among low income earners. Most low income earners are sheltered in slums by way of self-built houses. Information from UNICEF reveals that only 61% of the population could obtain safe drinking water within a 30-minute round-trip from their households. Additionally, only about 46% of the population in rural areas have access to basic sanitation facilities. For urban dwellers in the country, the proportion of households with access to basic sanitation facilities is much lower at 42%.

**Urban informality**

According to UNICEF, Burundi is one of the few countries in which access to basic sanitation in urban areas is lower than in rural areas. Although 78% of the population in rural areas and 98% of the population in urban areas had access to improved sources of drinking water in 2017, only 61% of the population could obtain safe drinking water within a 30-minute round-trip from their households. Additionally, only about 46% of the population in rural areas have access to basic sanitation facilities. For urban dwellers in the country, the proportion of households with access to basic sanitation facilities is much lower at 42%.

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The country’s current sector strategies emphasise the importance of investing in digital technology across all sectors, including housing and the land registry. The country has no digital land registry system, in an era where online service delivery has become the norm. Attempts initiated in 2018 to design and implement a Land Information System (LIS) have not yet been actualised. A few property dealers have, however, moved a step ahead of government initiatives with the introduction of online listing of marketed properties. These largely offer properties available in the secondary market. Notable is that these listed properties appear to target the upper income earners, as the pricing is on average above FBu99 million (US$50 000). The affordable housing challenge therefore remains unsolved and is unlikely to get adequate attention in the short to medium term on account of prevalent extreme poverty levels. Efforts to address affordability of decent housing therefore need to be integrated with growth strategies aimed at boosting the overall income levels across the majority of productive sectors in Burundi.

**Policy and legislation**

The 7th pillar of Burundi’s Vision 2025 points to the strategic intent of the country in terms of Burundi’s management of urbanisation. More specifically, policy makers seek to establish a proactive policy of village development and urbanisation that will entail growth in the rate of urbanisation to 40% by 2025. Additionally, the management of Burundian territory will be an integral component of the economic and social development policy of the country.

Overall, the anticipated policy of regional planning and urbanisation will be particularly focused on development of rural areas with the objective of providing an enabling environment for new investments. The envisaged developments will stimulate agro-based productive ventures which in turn will generate employment, fast track the development of affordable housing, and improve the delivery of quality of social services and transport infrastructure. The development of towns and villages in the country will also contribute to monetising the national economy.

**Opportunities**

The need for decent affordable housing in Burundi continues to grow at a fast pace on the back of a growing population and a return to normality after a period of civil strife and COVID-19. Enormous opportunities exist for property developers focusing on the bottom-of-the-pyramid segment of the population. With a 13% urban population, Burundi is the least urbanised country in the Eastern and Central African region. However, it is also one of two countries with the fastest growing urban population in the region, with an urbanisation rate of 5.7%. As a result, the urban population is estimated to increase by 22% by 2040 to 4.5 million, and double by 2050.

However, alliances will have to be established to deliver on this ideal. The government and stakeholders across the housing value chain need to establish formal partnerships aimed at delivering mass housing projects for the bulk of the country’s low income population. Additional opportunities in housing microfinance services do exist, particularly in rural areas, where formal banking institutions have no representation. Most of the farming population in such areas could be organised in ways that promote group lending, with repayments structured to
conceives with the agricultural harvest seasons. Further attention could be placed on slum redevelopments in light of the growing nature of unplanned settlements in the country. However, the slum development initiative will require heavy reliance on the government agencies which have not shown much dynamism in the housing development ecosystem. To-date, the country has not yet developed a comprehensive framework for slum upgrades. The development and implementation of such a framework would ensure that slum area residents are given secure ownership to the land parcels they now occupy, and this in turn would work as collateral for mortgage-related borrowing in support of incremental building for the low income earners.

Availability of data on housing finance
The main source of housing finance information is data routinely published by Burundi’s central bank. The central bank provides monthly and quarterly information on monetary aggregates, credit extension, public debt, and other measures of economic sector performance over specified time intervals. Additional information of statistical nature is obtainable from L’Institut de Statistiques et d’Etudes Economiques du Burundi (ISTEEBU) which provides information on a monthly, quarterly, and annual basis, derived from demographic and economic surveys. There is no digital land registration system, however there are plans to design and implement a Land Information System (LIS).

Additional sources
Central Bank of Burundi - Economic Indicators March 2021
World Bank Report Burundi Recent Developments April 2020
Central Bank of Burundi report - December 2020
BRB Credit Report March 2019
IFAD- Burundi https://www.ifad.org/en/web/operations/w/country/burundi
Websites
Central Bank of Burundi https://www.brb.bi/
IFAD- Burundi https://www.ifad.org/
International Monetary Fund http://www.imf.org/en/Countries/BDI
World Bank https://www.worldbank.org/
African Development Bank https://www.afdb.org/
Cabo Verde (Cape Verde)

Overview
Cape Verde is a volcanic archipelago of 10 islands and eight islets located approximately 330km off the coast of Senegal, covering 4 033km². The housing deficit in Cape Verde is high, affecting middle-income households and even more so the low-income population, who are excluded from the formal housing market. The housing deficit is estimated at approximately 42,000 dwellings, 70.7% of which is urban. Approximately 68,000 dwellings are inadequate. In urban areas, more than half (51.6%) of the total number of formal housing units is inadequate. According to the 2010 census, only 54.4% of households have access to the public water supply system. In urban areas, 60.8% of dwellings have public water supply, and of these 53.8% have piped water services inside the dwelling.¹

The country’s strong economic performance is mainly attributed to significant investment in infrastructure related to the promotion of the country as a tourist destination. Tourism plays a major role in the economy, accounting for 45% of GDP and 39% of employment. However, the country has limited natural resources, an arid climate and suffers from water shortages, resulting in long-term drought cycles, all of which have contributed to large-scale emigration. As a result, the diaspora population is larger than that of the country.

The global economic downturn triggered by the COVID-19 crisis has had an impact on the real estate sector. These economic repercussions are preventing the major players in housing finance from securing the cash flow needed to make loans and are affecting the repayment plans of some households’ original loans.

Despite government resolve to reduce the housing deficits, particularly among the poorer sections of the population, the trend is towards intensification of informal settlements, which is becoming an increasingly complex problem for local authorities.

Access to finance
The financial sector in Cape Verde is highly concentrated and dominated by two commercial banks: Banco Comercial Atlântico and Caixa Económica. These two banks account for 90% of assets and deposits. The entry of foreign banks into the market has stimulated competition. Mortgage providers benefit from central bank refinancing and customer deposits.

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Key Figures

| Main urban centres | Praia |
| Exchange rate (1 July 2021): 1 USD = [a] 1 PPPS = (2020) [b] | 93.00 Cape Verdean Escudo (CVE) 46.51 Cape Verdean Escudo (CVE) |
| Total population (2020) [b] | 555 988 370 577 |
| Population growth rate (2020) [b] | 1.09% 1.78% |
| GDP per capita (Current US$) (2020) [b] | USD$3 064 |
| Percentage of population below national poverty line (2017) [b] | 27.0% |
| Unemployment rate (% of total labour force, national estimate) (2017) [b] | 10.3% |
| Proportion of adult population that borrowed formally (2017) [b] | n/a |
| Gini coefficient (2017) [b] | 50.7 |
| HDI country ranking (2019) [c] | 126 |
| HDI country score (2019) [c] | 0.87 |
| GDP (Current US$) (2020) [b] | USD$1 704 million |
| GDP growth rate (2020) [b] | -14.79% |
| Inflation rate (2020) [b] | 0.61% |
| Lending interest rate (2020) [b] | 8.19% |
| Number of residential mortgages outstanding | n/a |
| Value of residential mortgages outstanding (USD) (2017) [d] | USD$415 million |
| Prevaling residential mortgage rate | 6-12% 30 years |
| Maximum LTV on a residential mortgage [e] | 100% |
| Ratio of mortgages to GDP (2017) | 23.40% |
| Number of residential mortgage providers [d] | 5 |
| Number of microfinance loans outstanding (2020) [e] | 11 000 |
| Number of microfinance providers (2020) [e] | USD$662 million |
| Total number of residential properties with a title deed | n/a |
| Number of formal dwellings completed annually | n/a |
| Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2020) [f] | 3 088 079 CVE |
| Size of cheapest, newly built house by a formal developer or contractor in an urban area (2020) [f] | 80m² |
| Typical monthly rental for the cheapest, newly built house (2020) [f] | 40 000 CVE |
| Cost of standard 50kg bag of cement in local currency units [g] | 640 CVE (US$6.88) |
| Type of deeds registry: digital, scanned or paper (2020) [h] | Computer - Scanner |
| Number of procedures to register property (2020) [h] | 6 |
| Time to register property (2020) [h] | 19 days |
| Cost to register property as share of property price (2020) [h] | 2.2% |
| World Bank DBI Quality of Land Administration index score (0-30) (2020) [h] | 12.0 |
| Percentage of women who own a house alone and/or jointly [i] | n/a |
| Percentage of female-headed households | n/a |
| Percentage of urban population living in slums | n/a |
| Percentage of households with basic sanitation services | n/a |
| Percentage of households with electricity | n/a |
| Cumulative number of COVID deaths per 100 000 as of 1 Oct [i] | n/a |
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NB: Figures are for 2021 unless stated otherwise.

[a] Xe.com  [e] Atlantico Commercial Bank  [i] Johns Hopkins University Coronavirus Resource Center
must not exceed 40%, including all the client’s monthly bank commitments. The debt limit could make home ownership more accessible, but households face other problems, such as the burden of medical, and educational expenses, and an income gap that continues to grow. The lowest interest rate on residential mortgages is 5.50%, as is the case at Banco Comercial Do Atlântico. Conversely, the highest interest rate on residential mortgages offered by mortgage providers can reach 11.5%. Banco Comercial Do Atlântico’s various housing products include (mortgage and security): the gold package which has an annual rate of 6.4%, the silver package which has an annual rate of 7.5% and the Kasa package which can range from 8 to 11.5% with a tax of 3.5% for all packages. The list is not exhaustive. Also, the maximum term for residential mortgages is 30 years, with the age limit of applicants being 65 years at the maturity of the loan. The minimum term is five years. Banks have taken steps to allow for relief for those suffering negative economic effects of the COVID-19 pandemic. Bank Interatlantico, for example, has taken exceptional and temporary measures to protect the credit of families, companies, private social solidarity institutions, non-profit associations and other entities. To this end, it provides a moratorium on repayment of loans, rent and interest without triggering breach of contract or activation of early repayment clauses. This allows those who benefit from the moratorium not to be reported as debtors in difficulty, triggering breach of contract or activation of early repayment clauses. This allows who benefit from the moratorium not to be reported as debtors in difficulty, which would make it difficult for them to access credit at a later date.

Affordability

The average cost of an apartment in the city centre is CVE67,157.65/m² (US$722.11/m²) while outside the city centre it costs CVE56,393.74/m² (US$606.37/m²). The rent for a one-bedroom apartment in the city centre is CVE27,832.46 (US$299.27) and outside the city centre it is CVE12,732.29 (US$136.90). The rent for a three-bedroom apartment in the city centre is CVE30,000 (US$337.62) and outside the city centre it is CVE20,000 (US$215.05). The average net monthly income (after tax) is CVE30,464.58 (US$327.57). To qualify for a mortgage loan, the ratio of expenses to household income must not exceed 40% taking into account all monthly bank commitments. FDI has become one of the most important sources of external financing for the CapeVerdean economy. In general, FDI was stronger from 2005 onwards, rising to 4% of GDP between 1991 and 2005. Private investment in tourism began to increase in 1995 as a result of the country’s economic liberalisation policies but did not really pick up until 2003. The promotion of tourism contributes in parallel to the growth of the real estate sector.

Housing supply

Cape Verde is a highly urbanised country with more than 60% of its population living in cities. The post-2015 urban orientation must therefore focus on cities with high potential in terms of infrastructure, services and basic sanitation, and where income-generating opportunities are accessible to all citizens. Approximately a quarter of the population is concentrated in the city of Praia (the country’s capital). However, from the 1990s, there has been a progressive growth in other cities, such as: the Vila da Preguiça on the island of Sal; the city of Pedra, in the municipality of Santa Cruz; the city of Assomada, in the municipality of Santa Catarina; the city of Porto Novo and the city of São Filipe. In urban areas, 60.8% of homes have access to the public water supply network, 53.8% of which have water within the home. Wastewater disposal is still deficient: only 19.4% of households are connected to the sewerage system. In urban areas, this coverage is 29.4% and in rural areas only 1.1%. Approximately 46.6% of houses have a septic tank; i.e., 48.1% in urban areas and 44.0% in rural areas. At the national level, therefore, many do not have access to a minimum and adequate sewage disposal service. Approximately 15.6% of Cape Verdians use garbage trucks (20.5% in urban areas and 6.1% in rural areas). However, 56.5% of the population have access to garbage containers, i.e., 71.1% in urban areas and 28.2% in rural areas.

Urban informality

The mobilisation of resources to improve housing conditions in the country presupposes a union of efforts between the different sectors of Cape Verdean society, since these neighbourhoods are often associated with the lowest social classes, the poor population, migrants from rural areas and, more recently, the poor. In the past, Cape Verde was essentially rural. Today, the country is projected as a developing country with an intensification of the urbanisation phenomenon. The urban population rose from 35.5% in 1980 to 49.5% in 1990 and 53.9% in 2000. According to preliminary data from the 2010 census, the urban population is 62%, located precisely in the two main city centres of the country – Praia and Mindelo. Thus, out of every 100 Cape Verdians, approximately 62 live in urban areas. Under the Constitution, all Cape Verdean citizens have the right to adequate housing. The existence of informal and precarious settlements are anomalies linked to the country’s structural poverty. The Ministry of Decentralisation, Housing and Territorial Development (MDHOT) presented the “Casa para Todos” programme in May 2009 with the aim of promoting democratisation and equity in access to housing. The primary objective of this programme was to provide a framework for the housing issue; clarify the social actors and their roles; establish strategic guidelines; mobilise partnerships and resources; monitor the evolution of the sector (make the necessary adjustments to minimise the deficit and improve the quality of housing); and fulfill the constitutional right to housing for all. The Government of Cape Verde, in partnership with UN-Habitat, has developed and implemented a National Programme for Urban Development and City Capacity Building (PNDUCC) within the framework of the United Nations Country Development Assistance, UNDAF 2012-2016. The programme also aims to consolidate the activities started in previous years under the first phase of the Participatory Slum Upgrading Programme (PSUP), which consisted of the establishment of urban profiles of Cape Verdean municipalities, financed by the European Commission. This programme aims to promote the reduction of urban poverty, the identification of priority projects in the field of local urban development, and actions developed in projects related to urban security and the organisation of urban space. Also, it aims to promote the continuity and consolidation of actions of territorial citizenship and local leadership for strategic formation of the cities, within the framework of the Local Programme of Urban Development signed between the Government of Cape Verde and UN-Habitat in 2009. It serves as a basis for the drawing up of a national urban policy, which many UN-HABITAT member states have adhered to as a platform of choice to bring together urban development efforts and to ensure that countries have clear urbanisation perspectives and objectives for the next 20 years. In accordance with government measures to limit the spread of COVID-19, some establishments are currently implementing additional sanitary measures.

Property markets

Housing administration in Cape Verde is complex due to the absence of a land register to regulate land ownership. A land register would guarantee the correct identification of buildings, and solve problems of mismanagement of land, land resources and would aid local development. The housing sector faces problems such as: confusion over land registration, generating conflicts around land ownership, delay in administrative acts of registration and authorisation, slow and cumbersome real estate transaction procedures; lack of security in the legal transit of goods; and real estate speculation. The absence of a Land Register is an obstacle to identifying buildings and does not allow for relevant information on ownership or whether there are administrative restrictions on ownership. It is often difficult to identify who exercises ownership rights over the buildings. Many challenges have arisen in the physical delimitation of property between the State and local governments and individuals, precisely because of the lack of a land register.
Policy and legislation

Non-governmental organisations and community development associations have been able to carry out activities thanks to resources mobilised from international partners and the central government. Municipalities have created social housing programmes with their own resources or through the leasing of land, the provision of building materials and a model factory, especially in small towns.

In response to the urbanisation challenge, UN-Habitat has worked over the years with a focus on devising ways to improve the lives of residents of informal communities, such as the creation of the slum upgrading programme PSUP in partnership with the African, Caribbean and Pacific (ACP) States Secretariat and members of the European Commission (EC). The overall objective of the PSUP is to contribute to improving the living conditions of urban populations by providing technical support to actors in ACP countries to address the multidimensional nature of the challenge of rapid urbanisation.

Opportunities

The seaside resorts have good occupancy rates. The existing tourism environment intended to provide the country with an instrument for identifying regional and local housing needs, by category of housing deficit and the specific features of

Availability of data on housing finance

The most recent approved consolidated strategy for tourism was in 2010, and the associated mandate and implementation period ended in 2013. No evaluation or impact of its implementation is known, and no strategic master plan has been put in place since then. The Cape Verdean government framework would benefit from significantly reducing the housing deficit. However, no local body collects reliable information on housing finance. Official websites of banks, microfinance and real estate developers are sources of relevant information as are international bodies such as UN-Habitat. Additional information is hard to come by. For example, for this profile, official letters were sent to bank, microfinance and local officials. No response has been received to date. All the work of the survey was carried out by consulting publications of the World Bank, UN-Habitat and others. Therefore, we have reservations about the reliability of some of the information, which remains to be studied in greater depth.
Websites
Caixa geral de depósitos
https://www.cgd.fr/particuliers/emprunter/Pages/Projets-immobiliers.aspx
Banco comercial do atlântico (bca)
https://www.bca.cv/Conteudos/Artigos/detalle.aspx?sidc=0&ids=2808&idscc=1618&d=1
Ecobank
https://www.ecobank.com/ci/personal-banking/products-services/loans
Banco interatlântico
http://www.bi.cv/
Kaps habitat
http://www.kaps-habitat.com/fr/
Numbeo
https://fr.numbeo.com/prix-de-l%27immobilier/pays/Cap-Vert
Overview

Cameroon is a lower middle income country with a population close to 28 million.\(^1\) Located along the Atlantic Ocean, it shares its borders with Chad, the Central African Republic, Equatorial Guinea, Gabon and Nigeria. Two of its border regions with Nigeria (northwest and southwest) are English-speaking, while the rest of the country is French-speaking. Cameroon is 475,440 km\(^2\) in size and is made up of 472,710 km\(^2\) of land and 2,730 km\(^2\) of water. With a population growth rate of 2.6% in 2021 compared to 2.59% in 2020. With an urbanisation growth rate of 3.63% per annum in 2021, Cameroon is now 56.3% urbanised compared to 55.78% in 2020.\(^2\) The population below the poverty line was reported at 37.5% in 2014, 40% in 2018 and 30% in 2019.\(^3\) As a result, there is continuous disordered land use and occupation, with poorly structured urban neighbourhoods with disharmony around spaces for housing, production activities, marketing, green and play spaces. In addition, access to water in Cameroon was reported at 1 in 2020, according to the World Bank collection of development indicators, compiled from officially recognised sources.\(^4\) The country is suffering from terrorism in the far north region and the civil strife in the North West and South West regions. These have increased the problem of housing with many moving away from the far North, the North West and South West regions. This relocation to other regions came with the destruction of existing housing and put further strain on the housing market and the government.

Cameroon is endowed with rich natural resources, including oil and gas, minerals, high-value species of timber, and agricultural products, such as coffee, cotton, cocoa, maize and cassava. The Cameroon currency is Central African CFA franc.\(^5\) The country is classified as one of the world’s least developed countries and is considered a lower middle income country. Despite this, Cameroon is the largest economy in the Central African Economic and Monetary Community (CEMAC), a region experiencing an economic crisis triggered by the steep fall in oil prices. Along with its CEMAC partners, Cameroon is suffering from a crisis of confidence in the common currency.

With an annual gross domestic product (GDP) level estimated to be CFA24.83 trillion (US$44.89 billion) in 2021,\(^6\) GDP per capita income was estimated to be CFA912,289.0 (US$1,649.01).\(^7\) The 2021 estimated GDP growth rate in Cameroon is 3.44% against -2.77% in 2020. After the negative impact of COVID-19, the rebound is being driven by an increase in government investment, public works preparations for the 2021 Africa football cup, and an uptick in agriculture, boosted by an increase of regional trade. This increase is expected to remain constant and reach 5.38% in 2024.\(^8\)

Although the Transparency International Corruption Perceptions Index (CPI) ranking of Cameroon has improved, Cameroon still suffers from weak governance, hindering its development and ability to attract investment. In the 2020 CPI, Cameroon dropped to 149 out of 180 countries from 153 in 2019. In the World Bank’s 2020 Doing Business Report, Cameroon ranked 167th position out of 190 countries against 163rd in 2019, implying that the business environment has worsened.
Access to finance

Access to finance is limited, particularly for individuals, retail and small and medium enterprises because of the credit rationing adopted by Cameroon’s commercial banks.

The Bank of Central African States (BEAC) regulates the banking and microfinance institutions (MFIs) through the Central African Banking Commission (COBAC). Both COBAC and the Ministry of Finance license banks, and there are special regulations for small-scale credit cooperatives. The system is bank-centred, and the commercial banks mainly fulfill traditional banking functions, with a tendency to prefer dealing with large, established companies, government and medium to high net-worth individuals. The geographic distribution of bank branches is heavily skewed towards the main urban and semi-urban centres, while most of the semi-urban and rural areas have only limited access to formal banking facilities. MFIs are exploiting this gap and fostering financial access with their formal presence. Since July 2019, the economic capital of Cameroon officially hosts the unified standard exchange of the Central African Economic and Monetary Community (CEMAC). This presents a good opportunity for housing finance through the official financial market.

In Cameroon, housing finance accounts for less than 1% of GDP. This is low compared to other developing countries such as Thailand, Chile, Malaysia and Costa Rica, where outstanding mortgage loans to GDP vary between 15% and 36%. The inflation rate in Cameroon was reported to be 2.8% in 2020 and estimated to be 2.25% in 2021. As of 31 January 2021, Cameroon had 412 accredited MFIs. There are 16 commercial banks, 19 insurance companies, a state pension fund, and a state-owned mortgage bank, as well as non-banking financial establishments. The unified standard exchange of CEMAC is now officially hosted by Douala. This began in July 2019, combining into one what were previously two standard exchanges, namely Douala Stock Exchange based in Douala-Cameroon and the Central African Stock Exchange based in Libreville-Gabon.

Although Cameroon’s financial system is the largest in the CEMAC region, it is still in its infancy. The banking sector is concentrated in the main urban areas and dominated by foreign commercial banks. Cameroon has a large urban population as only 15% of the population bank with commercial banks. Some commercial banks provide some housing-related finance in the way of mortgage loans.

Access to housing finance is low. It is available mainly to government employees through the state housing bank, Crédit Foncier du Cameroun (CFC). Only about 5% of Cameroonians have access to mortgage finance from the formal private banking system. The terms of the mortgage product depend on the initial investment, the salary and the housing project. The government continues to inject funds into CFC and has instituted reforms such as financial guarantees and broadening the types of assets that can be used as collateral to make it easier to access housing finance. The International Bank of Cameroon for Savings and Credit provides two housing microfinance market products. These are for land purchase and home construction/acquisition. The tenure and interest rate of these loans is seven years and 7% respectively. The age limit for borrowers is between 18 and 55 years.

Property developers and private equity funds are entering into local partnerships to provide end-user financing for housing. Partnerships in place include Ecobank and CFC, along with the China Development Bank and Afriland First Bank. These partnerships help provide end-user financing to individuals to buy or build houses.

According to the 2020 Doing Business Report, Cameroon is ranked 80 out of 190 in the ease of getting credit. The 2019 World Bank Global Findex data report shows that the percentage of the population who report having an account at a financial institution or using a mobile money service in the past 12 months increased from 15.8% (in 2014) to 39.6% (2018). However, the percentage of the population who report borrowing any money has decreased from 56.7% (in 2014) to 52.7% (in 2019).

Less than 5% of Cameroon citizens have access to a bank account. There is, however, an operational service known as Mobile Money (MM) that is fostering financial access. MM allows customers to access financial services using cellular devices, by dialling Unstructured Supplementary Service Data (USSD) codes. The four platforms for mobile money services in Cameroon are MTN Mobile Money, Orange Mobile Money, Express Union Mobile Money and the recently launched Nextel Posso. MM services include transferring funds between bank accounts and mobile money accounts (wallets); sending and receiving money; transfers; money withdrawals; money deposits; and visa card facility. Mobile money is now a common platform for banks, the underserved, and the unbanked population.

Most people use mobile money and borrow from informal financial institutions called ngong and tontines. 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 rotating funds, and savings and loans funds. Savings and loan funds allow members to contribute more than the agreed regular sum of money into a savings fund that is then loaned to other members with interest at 10% to 15% per annum. The saver may withdraw the money but only after sufficient notification has been given to the association. This money earns interest for the saver.

Affordability

The unemployment rate in Cameroon decreased to 3.2% in 2020 from 3.30% in 2019. Underemployment is reported to be about 76% of the workforce, and may worsen given the socioeconomic and political situation in the country. According to the World Bank collection of development indicators, income poverty in Cameroon was reported at 0.66667 in 2019. The national Gini-index was 41.5 in 2018, suggesting relatively high levels of inequality. Between 1990 and 2018, Cameroon’s Human Development Index value increased from 0.440 to 0.563; an increase of 27.3%. This puts the country in the Medium Human Development category. Most people (70%) earn an income or survive in the informal economy through subsistence agriculture and small, micro and medium-scale businesses. The formal private sector is not well developed, employing only 25.61% of the labour force in 2019. The government, through its agencies and parastatals, is the largest formal sector employer.

Housing in Cameroon is unaffordable for most of the population. The average monthly household income in the formal public sector is CFA150 000 (US$271). The average household income in the private sector is slightly higher at CFA175 000 (US$316). Average rental prices for three-bedroom accommodation range from CFA60 000 (US$105) to CFA125 000 (US$226) on average in urban and semi-urban areas, respectively. Most families receive monthly remittances from the growing diaspora population and these continue to increase. In 2017, the value for personal remittances received was estimated at CFA1.44 974 billion (US$262 billion). These remittances are used mainly for the basic needs of families related to the diaspora and to fund projects for those in the diaspora.

It is difficult to build houses with uniform standards at a cost affordable for lower and middle income households. Construction costs are higher that purchasing power. Government has helped to reduce housing production costs by establishing government agencies such as Mission d’Aménagement et d’Equipement des Terrains Urbains et Ruraux (MAETUR) to encourage the use of local materials and reduce the price of land and inputs such as cement and sand. The main purpose of MAETUR is housing development throughout the territory. It has also stepped-up funding for government agencies in this sector. Companies such as Quality Habitat Corp have set up factories to manufacture building materials, which should reduce cost of inputs.

Housing supply

The country has a serious housing supply problem. Even if there is sufficient house supply, it is too expensive for most of the population. The challenge is to provide housing for the growing population, almost half of which live in informal dwellings.
Property markets
Economic growth in Cameroon reduced by 3% due to COVID-19. This affected the real estate market. As a result of the pandemic, many people lost jobs and could not access bank loans. To meet financial needs, many people sold their properties at less than the value. This fall in prices with fewer creditworthy buyers made the real estate market crash. In addition, Cameroon is also experiencing a decline in its equities market, and this has made it even more difficult for many real estate investors to overcome the crisis. The outcome is that many real estate investors in these kinds of complicated situations sell their properties at less than the value. This fall in prices with fewer creditworthy buyers made the real estate market crash. In addition, Cameroon is also experiencing a decline in its equities market, and this has made it even more difficult for investors (both local and in the diaspora) to supply the housing demand of more than 100,000 units a year through ongoing investments in housing.

Policy and legislation
Given the bilingual character of the country, the Cameroonian legal system is dual. The country has both the French civil law system and the English common law system. In 1959, just prior to independence, the Territorial Assembly of Cameroon legally recognised customary tenure systems, potentially increasing rural people’s taxable potential of the land sector and the real estate boom, especially in metropolitan areas.

The formal real estate market is concentrated in urban and peri-urban areas such as Yaoundé, Douala and Limbe, and trading is concentrated in the middle to higher value market. In these cities, 53% of people own their own homes, which are mostly self-built, while 30% are tenants. Both housing for ownership and rental is in high demand. Despite the focus on ownership, opportunities for rental accommodation are increasing. As supply increasingly lags demand, there has been at least a 10% year-on-year increase in rentals. On average, it takes up to one month to find quality accommodation in Douala, Yaoundé and other main cities. This time has not decreased even with the increasing number of new housing units on the market.

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Opportunities

Cameroon’s housing sector continues to attract investment as the need for housing in all segments of the market and housing value chain is huge. With economic growth projected to improve, urbanisation projected to increase, and increasing housing backlog in all segments of the housing market, a growing middle and upper classes, increasing capital inflows from Cameroonians in the diaspora and other international investors, increased local investment and better legislation and reforms, the housing market has potential for sustainable growth.

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

Developers in rental housing, affordable housing, luxury residential and housing finance providers can leverage the existing challenge of providing housing for the growing and urbanising population. If thoroughly investigated, this could be an opportunity as almost half of the population live in informal dwellings and a growing and urbanising population. If thoroughly investigated, this could be an opportunity as almost half of the population live in informal dwellings and a growing and urbanising population. If thoroughly investigated, this could be an opportunity as almost half of the population live in informal dwellings and a growing and urbanising population. If thoroughly investigated, this could be an opportunity as almost half of the population live in informal dwellings and a growing and urbanising population. If thoroughly investigated, this could be an opportunity as almost half of the population live in informal dwellings and a growing and urbanising population. If thoroughly investigated, this could be an opportunity as almost half of the population live in informal dwellings and a growing and urbanising population.若全面调查，这可能是一个机会，因为在非洲，近一半的人口生活在非正规住所和不断增长的城市化中。

Availability of data on housing finance

There has not been any significant improvement in data management from the registry of various federal agencies. The activity reports of Ministry of Urban Development and Housing services are still partial and unpublished. Many institutions are still do not cooperate when it comes to data sharing.

In Cameroon, the National Institute of Statistics (NIS) and BEAC are set up for data management at the socioeconomic levels and banking levels, respectively. However, both organisations have not been able to make data available publicly. Interaction and engagement between the NIS and BEAC would help to make data public especially as it concerns housing data.

Additional sources


Websites

Overview
Despite its impressive agricultural potential, and vast mineral and forest resources, the Central African Republic (CAR) is one of the poorest countries in the world, ranked 188th out of 189 countries in the UN Human Development Index 2021. Its total population is 5.4 million, with the most populated areas being the North-West and the Central-East. The urban population in 2020 was recorded at 42.2%, slightly up on the 2019 estimate of 41.8%. The population growth rate is below 2%, with an annual average growth rate below 1%, suggesting a moderate increase each year.

Moreover, the country’s political, economic, and military uncertainty constitutes a severe barrier to the development of housing activities. A few years ago, Bangui was afflicted by violence and displacement, with the capital constituting a severe barrier to the development of housing activities. A few years after the peace agreement of 2019, the CAR today enjoys relative stability and a secure environment. However, the political and institutional instability, permanent insecurity in the country’s northern regions, the uncontained expansion of the pandemic beyond the populated areas being the North-West and the Central-East, the problems of access to social housing, and lack of formal employment are challenges that must be addressed.

Access to finance
Compared to the Economic and Monetary Community of Central Africa (CEMAC) countries, the country’s financial market remains underdeveloped and plays a limited role in supporting economic growth. It is the smallest financial market in the CEMAC (only 17.8% of GDP) and records a high level of non-performing loans (NPLs) and banks’ high exposure to the public sector. The financial sector comprises of four banks that own

The real estate and the construction sectors are almost non-existent due to their low contribution to GDP. For example, in 2016, the construction sector’s contribution to the GDP was below 1% (0.6%). This low contribution is partly because of the lack of operational real estate developers and the absence of public real estate programmes in almost a decade to stimulate the market. Moreover, with no State-subsidised housing programmes, it is difficult to create economic momentum around housing since the few actors in housing do not necessarily have long-term capital.
over 90% of assets, four insurance companies including a social security fund, two postal banks,14 and five microfinance institutions (MFIs). However, key financial institutions, including investment banks, brokerage firms, savings and loans associations, are missing from the financial landscape because of the national market’s weak legal framework and structure, and military instability in the country.15

Access to banking is low. According to the CAR Multiple Indicator Cluster Survey (MICS) 2018/19 report, 6.1% of households indicated owning a bank account. From those households, 17.4% of the bank account owners lived in urban areas, with only 0.8% living in rural areas.16

CAR’s credit share is among the lowest in the CEMAC too. In 2020, it represented 1.67% of the regional share.17 However, the cost of credit in the country is among the highest recorded in Central Africa. In 2020, the average global effective rate for short-term, medium-term, and long-term credit was 12.14%, 13.97%, and 13.17%, respectively.

Housing finance is undeveloped. Although the country does not have a housing bank, some commercial banks provide mortgages, subject to meeting requirements such as earning an annual income of CFA7 475 281 (US$14 000). Thus only 0.5% of the population has access to mortgages. The total outstanding mortgages are estimated at CFA15 billion (US$27 million), with Banque Sahelo-Saharienne pour l’Investissement et le Commerce (BSSC) Bank owning almost CFA9 million (US$1.63 million). The World Bank notes that only Ecobank and BSSC Bank provide mortgages over five to 10 years. The average loan amount is between CFA2.1 million (US$3.615) to CFA20 million (US$36 151), and interest rates are between 9% to 12%.18 The effective global rate for housing loans granted to individuals was 13.63% in December 2020 and went over 15% in September of that year (17.81%).19

Furthermore, the housing sector suffers from an increasing level of NPLs which might tighten access to mortgage finance in the country. According to a World Bank report, the NPLs in 2019 represented 21.7% of total loans, with housing being among the sectors with the highest rate of NPLs.20

In the CEMAC, the CAR microfinance sector is the second smallest, after Equatorial Guinea.21 MFIs are not evenly spread across the country, suggesting a geographical constraint limiting the sector’s performance. Most are in Bangui, and the capital, and only two MFIs are in rural areas.22 In 2017, total deposits at CFA13 billion (US$21.25 million) represented 2% of the regional share, microloans 1% at CFA3.8 billion (US$6.9 million), and total balances 2% at CFA1.64 billion (US$29.6 million).23 Microloans are low and account for only 1% of total credit facilities, serving 0.5% of the population.24

The main MFIs are the Caisse Mutuelle de Centrafrique (CMCA), Société Financière Africaine de Crédit, Express Union Centrafrique SA, Crédit Populaire de Centrafrique SA and Caisse d’Epargne et de Crédit de Bozoum (CEC Bozoum). CMCA is the oldest microfinance network followed by CEC Bozoum. In 2017, the total value of outstanding microloans in the country was CFA3.8 billion (US$6.9 million). The progression of deposits observed four years after the 2013 crisis demonstrates good potential of growth in the sector and the confidence of microfinance users in their local MFI. The current data landscape capturing critical indicators in the MFI sector does not provide clear information on housing microfinance. However, the Yesomoye website officially indicates that CMCA provides such microfinance to its customers.25

Affordability

It is still difficult for ordinary citizens to afford a decent house in the CAR. Their affordability capacity is severely constrained for several reasons. First, the capital of Bangui suffers from a rising housing backlog and uncontrolled rent increases. Rents soared with the arrival of United Nations employees in the capital in 2015. Rents soared with the arrival of United Nations employees in the capital in 2015. Female informal traders living in PK5, a low-income area in Bangui, report that rents increased by over 60%, from CFA15 000 (US$27) to CFA25 000 (US$45).26

Second, the housing sector lacks a framework, especially around rent control. There is an accentuated freedom of market in that sector, allowing homeowners to set rent prices freely.27 This precludes many households from renting as they are not always affordable to the locals, who prefer to live on the outskirts.28

Urban informality

Bangui is home to approximately 41% of the total urban population. Bangui’s density has increased since the politico-military crisis of 2013 which worsened the state of access to decent and affordable housing while increasing the number of informal settlements.

The urban population in 2020 was 42.2% of the population, slightly higher than the 2019 percentage of 41.8%. The population growth rate is below 2%, with the annual average growth rate below 1%. In 2018, the World Bank estimated that 95.8% of the urban population lived in slums.

According to Central African Institute of Statistics and Economics and Social Studies (ICASEES) (2018/19), 1.6%, 24.6%, and 25.6% of urban households had access to clean water in their house, through public tap water, and protected wells, respectively. According to ICASEES, 0.4%, 0.9%, and 29.3% of urban households have access to a sewage system, latrines, and pit latrine with slabs.

First, the density of population in some areas resulted in increased demand for housing. Since the 2013 crisis, many inhabitants immigrated to Bangui to enjoy its relative safety, thus leading to overcrowding in the capital. This increased housing demand subsequently raised housing prices because of the low housing production nationwide. Also, a growing percentage of the population moved to urban areas. In 2019, the Worldometer recorded the CAR urban population rate at 42.5%. One year later, this increased to 43%.29 This increasing urbanisation rate will undoubtedly accelerate the need for policy reforms to cater for the housing needs of urban (and possibly also rural) residents.

Moreover, with GDP per capita below CFA381 905 (US$500) in 2020, CFA268 373 (US$476.85),30 CAR has one of the world’s highest poverty rates. This represents a critical hurdle in designing any affordability policy, especially for the housing sector.

The informal sector plays a vital role in the economy, and is the largest employer of ordinary households. However, with the volatility of revenue that characterises this sector, it is difficult for households to hedge against any undue or excessive increases in rent. For instance, in 2019, a female informal trader living in PK5, a neighbourhood in Bangui, affirmed that she could not afford to pay her rent which increased by over 60%, from CFA15 000 (US$27) to CFA25 000 (US$45).28

Finally, the CAR’s local construction market contributes to increasing rental and housing purchase prices. This partly because the country heavily relies on importation and road transport to supply various segments of its market. For example, the price of a 50kg bag of cement has surged from CFA8 300 (US$15) to CFA13 500 (US$24.4).32 This is much higher than the cost of cement in other African countries.

Housing supply

The housing backlog in CAR is over one million33 and it has two main causes. First, most of the government’s housing portfolio was sold during the 1993 to 2003 regime of the former President Ange-Félix Patassé, as explained by A.P Maleyombo, Director of the cabinet of the Minister of Urbanism, Town, and Housing.34 Second, many houses were destroyed in 2013, reducing the country’s housing stock. Thousands of homes were partially or fully destroyed nationwide.35 This precludes many households from renting as they are not always affordable to the locals, who prefer to live on the outskirts.36

Some private investors remain hesitant about the CAR’s stability and remain cautious in their housing investment strategy. The non-completion of the 300 house Cettel-Afrique project weighs on private investors’ minds.37 Some market supply comes from self-construction and informal developers. But the average income is meager, thus making housing construction lengthy. According to Jean
Bosco, people spend an average of 10 to 15 years before completing their house.\textsuperscript{37} Given these factors, housing supply in CAR is subject to uncertainty, considering that government funds to finance or co-finance housing developments for its population is limited.

Nevertheless, other private investors have an optimistic view about the housing sector and continue to invest in it. In 2018, Société d’Entreprise et de Gestion (SEG) International, a Lebanese group, secured a contract to build 5,000 social housing units in Bangui, Bouar, Berberati, Bambar and Bangassou. The total cost of the project was scheduled to start in November 2018 with no deadline mentioned. Also, the CAR government resumed negotiating with Shelter Afrique to construct 300 houses, and the project is CFA 98 billion (US$177.1 million). The government has also approached a group of American and Emirati companies to build 50,000 housing units. The absence of large-scale public housing programmes for almost a decade reinforces the need for increased access to long-term finance and for large-scale developers in the country to assist public companies in supplying housing. In addition, the future housing bank will improve the affordability level of most citizens and citizens must protect it. The primary formal law governing land rights is Law No 63 of 1964 on the national domain. It recognises customary law but limits customary land tenure to use rights and provides for privatisation of state land through land registration. There are multiple tenure types with specific rights, procedures, and protections granted: private ownership, leaseholds (private and state land), concessions, right of habitation (state land), and customary tenure.\textsuperscript{38} The national government has also approached a group of American and Emirati companies to build 50,000 housing units. \textsuperscript{39}

Property markets

The country has no formal property market. Private property ownership is difficult to assess since less than 0.1% of land in the country is titled and registered.\textsuperscript{40} Also, the land administration index (0-30) is shallow at 3.0, which demonstrates that the property sector suffers from weak administrative regulation. These indicators also suggest that the property market might be highly informal, thus exacerbating land security and other private property issues along the housing value chain. According to the World Bank 2020 Doing Business report, CAR ranks 170 out of 190 in registering property. It takes 75 days, five procedures, and costs 11% of the property value to complete the registration process.\textsuperscript{41}

The Central African Institute of Statistics and Economics and Social Studies (ICASEES) indicates that property ownership in CAR is popular. For example, ownership and rental rates in rural areas are 73.3% and 21.8%, while in urban areas, these rates are 93.7% and 4.2%, respectively.\textsuperscript{42}

Rent inflation remains high and unregulated. As a result, over 60% of the rural population lives in precarious housing.\textsuperscript{35} The 2020 Mercer report ranked Bangui as one of the most expensive African cities to live in, that is, 8\textsuperscript{th} in Africa and 49\textsuperscript{th} worldwide.\textsuperscript{43} In 2018, a rental market survey by a local real estate company into housing stock for low to middle income households. First, however, the government will have to resume or continue negotiating with Shelter Afrique to construct 300 houses, and the project is CFA 98 billion (US$177.1 million). The national government has also approached a group of American and Emirati companies to build 50,000 housing units. The absence of large-scale public housing programmes for almost a decade reinforces the need for increased access to long-term finance and for large-scale developers in the country to assist public companies in supplying housing. In addition, the future housing bank will improve the affordability level of most citizens through low or subsidised interest rates to incentivise private developers’ participation in building new housing stock for low to middle income households.

None of these encouraging trends, however, will yield sustainable economic return or growth without political, military, and economic stability.

Policy and legislation

The legal framework is governed by various laws and the 2016 Constitution that recognises that every individual has the right to private property and that the state and citizens must protect it. The primary formal law governing land rights is Law No 63 of 1964 on the national domain. It recognises customary law but limits customary land tenure to use rights and provides for privatisation of state land through land registration. There are multiple tenure types with specific rights, procedures, and protections granted: private ownership, leaseholds (private and state land), concessions, right of habitation (state land), and customary tenure.\textsuperscript{44}

In 2009, the CAR created the Ministry of Urbanism, Cities, and Housing and the ACP'H to harmonise the various laws on land tenure and improve access to housing.

Opportunities

CAR has a significant need for decent housing. The political-military crisis of 2013 and the overcrowding in Bangui are two reasons for government to develop a housing supply policy and strategy. Investors could collaborate with the government to identify the areas that need direct intervention and a better approach to enable more significant investment in the housing sector.

The absence of large-scale public housing programmes for almost a decade reinforces the need for increased access to long-term finance and for large-scale developers in the country to assist public companies in supplying housing. International developers with financial and building capabilities may increase the housing stock nationwide. First, however, the government will have to resume or complete the national housing bank project to guarantee end-user finance. In addition, the future housing bank will improve the affordability level of most citizens through low or subsidised interest rates to incentivise private developers’ participation in building new housing stock for low to middle income households.

None of these encouraging trends, however, will yield sustainable economic return or growth without political, military, and economic stability.

Availability of data on housing finance

Apart from published results, externally funded research and censuses, online newspapers, and reports from international organisations, it is difficult to obtain reliable primary data from some in the public and the private sector.

The main institutions collecting and sharing housing finance data are:

- The Land Registry, responsible for maintaining the cadaster and recording land transactions;


Given current travel restrictions, it is challenging to access data remotely when researching the national housing market for two main reasons: the high level of unresponsiveness from key stakeholders and the absence of an official link to visit some institution websites to collect critical data or access their data landscape.

Websites

Doing Business https://doingbusiness.org
UN-Habitat https://www.unhabitat.org
World Bank https://www.worldbank.org
### Overview

Due to a population growth rate of 2.96% in 2020\(^1\) and a massive rural exodus, Chadian cities, especially the capital of N’Djamena, are characterised by a proliferation of informal settlements and shanty towns due to the anarchic occupation of non-viable spaces which are essentially unsuitable for human settlements. This has resulted in a high urbanisation rate estimated at 3.99%\(^2\). In addition to this uncontrolled urbanisation, the production, promotion and financing of low-cost social housing is limited by several constraints. These include the paralysis of the Banque de l’Habitat du Tchad (BHT), the only structure dedicated to housing financing, since its opening in 2017; the financial inability of the only functional parastatal real estate agency to self-finance social housing, the Société de la Promotion Foncière et Immobilière (SOPROFIM); and the high costs of imported building materials, due to the country’s isolation and the closure of borders imposed by COVID-19.

The tragic death of the President of the Republic, followed by a military transition, has aggravated the financial risks. Finally, the floods at the end of 2020, which affected several districts of N’Djamena for almost a month, forced more than 190,000 inhabitants to take refuge in schools and empty spaces or under makeshift shelters set up in precarious spontaneous camps. These floods highlighted the high degree of precariousness of the housing of most slum dwellers, who lack basic facilities such as electricity, water, hygiene, and sanitation, resulting in severe urban informality.

Classified as a low-income country by the World Bank,\(^3\) Chad recorded negative economic growth of 0.89% in 2020.\(^4\) Owing to the fact that its economy relies heavily on oil, which has uncertain revenues, and that it has been hard hit by COVID-19, negative socio-economic effects persist. Although the inflation rate as measured by the Consumer Price Index (CPI) has remained stable in 2021, per capita GDP is down from CFA 413,333 (US$730) in 2019 to CFA 347,652 (US$614) in 2020.\(^5\) The Doing Business Index score has virtually stabilised at 36.9 (2020) compared to 36.94 (2019) but the country retains its rank of 182nd out of 190 in the world.\(^6\) Similarly, a slight decline in the Human Development Index (HDI) is observed (0.398 in 2019 against 0.40 in 2020) even though Chad has not changed its rank of 187th out of 188 countries in 2020.\(^7\) In addition, the presidential elections of March 2021 followed by the tragic death of President Idriss Deby on 20 April 2021, have somewhat disrupted socio-economic life.

### Recent significant developments in housing

Recent significant developments in housing are mainly the emergency construction of 100 decent housing units in a dozen secondary cities during the electoral campaign, entirely financed within the framework of presidential projects, and the availability of 38 housing units, the sales campaign of which was officially launched in June 2021 by SOPROFIM.\(^8\)

### Access to finance

The formal banking network, consisting of nine primary banks, has not changed since 2015.\(^9\) The same is true of microfinance institutions, whose number has remained at 225.\(^9\) Among all these financial institutions, apart from the BHT, whose real estate office remains closed, no other formal mortgage real estate financing structures are operational in Chad. Thus, self-financing of private housing remains dominant, as access to housing loans is inaccessible.

### Key Figures

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<td>US$730</td>
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<td>GDP growth rate (2020) [b]</td>
<td>2.96%</td>
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<tr>
<td>Inflation rate (2019) [b]</td>
<td>0.89%</td>
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<td>Number of microfinance loans outstanding</td>
<td>129,478,210 (77,989,290)</td>
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<td>Cumulative number of COVID deaths per 100,000 as of 1 Oct [h]</td>
<td>1.06%</td>
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<td>Cumulative number of COVID deaths per 100,000 as of 1 Oct [h]</td>
<td>1.06%</td>
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\(^{1-9}\) Figures are for 2021 unless stated otherwise.
selective due to the lack of guarantee funds. For example, only 2,060 long-term private loans (assimilated to real estate loans) were granted by the various local banks for a total amount of CFA 19,088 million (US$34,055) at the end of 2018. This long-term credit activity is dominated by Société Générale du Tchad (SGT) with 25.2%, Commercial Bank Chad (CBT) with 20.4% and Orabank Chad (OBT) with 18.9.

The interest rates charged by these banks vary between 11% and 15% for a period not exceeding 10 years. In all cases, the lender must make a personal contribution of between 10% and 30% of the amount requested, depending on the guarantees provided. Under these conditions, all low and middle income households are automatically excluded and fall back on certain microfinance establishments that only offer limited loan amounts (less than CFA 5,000,000) and interest rates of more than 15% for terms of 24 to 36 months. Despite the negative impact of COVID-19 on the inhabitants and the significant damage caused by the floods in 2020, no reduction in the interest rate on housing has been made, nor has any subsidy been granted to households seeking housing. On the contrary, the increased financial risks due to the pandemic on the one hand and the socio-political insecurity created by the abolition of the constitutional order since 20 April 2021 on the other are said to have caused a slowdown in financial lending.

Affordability

The Chadian government does not provide any substantial formal subsidy for real estate. Imported building materials are exorbitant, mainly because of the country’s twofold isolation: internally (a very large country with an inadequate and badly deteriorated road network) and externally (more than 2,000 km from the nearest ports, such as Douala, Lagos or Khartoum). Under these conditions, it would be difficult to obtain affordable housing in Chad. The construction cost of CFA 192,000/m² (US$328.60/m²) offered by SOPROFIM in 2020 is the most affordable compared to the minimum cost of CFA 250,000/m² (US$446/m²) in the city of N’Djaména. Such a cost automatically excludes all low and middle income households, favouring only monthly incomes above CFA 500,000 (US$892), which represent only a tiny minority of the population. Also, drawing lessons from the housing built in 2020 in Toukara Mougangou, SOPROFIM currently requires a minimum deposit of 30% against 15% of the total cost last year before transferring the 3 F3 villas available on mortgage. Obviously, all these measures are not likely to make decent housing accessible to the large number of people whose GDP is less than CFA 344,147 (US$614) per year. Finally, the free six months of water and free three months of electricity offered in 2020 by the Chadian government as mitigation measures against the impacts of pandemic have not been renewed this year, while the harmful effects of this pandemic are still perceptible.

Housing supply

Since the subsidised transfer by the President of the Republic on an exceptional basis in 2012 of the 70 villas of the “patte d’oe” estate (villas built on the state budget with the technical support of UN-HABITAT) to university professors-researchers (43 villas) and to the families of the martyrs (27 villas), finally the first wave of 62 housing units are under construction since 2020 out of the 100 planned by SOPROFIM on a pilot basis with Shelter Afrique. All other government programmes, including the National Development Plan (NDP 2017-2021), have not implemented a single social housing project. At this rate, the achievement of the 2011 Sustainable Development Goal (SDG 11) is hypothetical. The urgent needs of those affected by the floods of 2020, following the torrential rains caused by climate change, have increased the housing deficit of the inhabitants of the suburbs of N’Djaména. Indeed, the Office for the Coordination of Humanitarian Affairs for the United Nations (OCHA-UN), in a publication dated 10 September 2020, estimated that 38,000 affected households were registered. Consequently, the rehousing of these disaster victims is one of the major challenges planned by SOPROFIM on a pilot basis with Shelter Afrique.

Fortunately, SOPROFIM decided to sell at low prices (CFA 500,000 to CFA 10,000,000/m² (US$890 to US$18,180/m²) against CFA 500 to 100,000/m² (US$890 to US$17,818/m²) in the city centre) for serviced plots of land to strengthen its funds and complete the additional facilities of this first housing estate of Toukara Mougangou. This created huge demand among the population, despite the fact the prices being high for low incomes. Also, in favour of the electoral campaign, with special funds, the late President of the Republic offered a few dozen official housing units in some secondary towns in the northern zone where decent housing is rare. To date, this work has not been completed and no official data on the amount and number is available from the infrastructure and housing officials contacted.

Property markets

A formal and organised residential real estate resale market does not exist in Chad. Rather, it can be observed that urban plots are acquired essentially by inheritance and/or direct purchase, as official allocations are uncommon. Also, obtaining land titles (LT) and other state deeds (plans, by-laws and property certificates) as well as their registration, is still a slow administrative process that can exceed 29 days for registration alone. This discourages any legal approach. The cost of registering a property represents 8.1% of the total cost invested, which ranks Chad 131st out of 188 countries worldwide. Consequently, it is only in the large cities that certain owners make the effort to obtain the decrees of transfer of freehold which are issued more quickly than land titles. For example, the total number of land titles created in Chad since independence, extracted from the land registry on 18 August 2021, is 8,368 as against 7,374 in 2020, i.e. 994 more title deeds compared to 429 more in 2020. This strong performance is attributable to the significant drop in costs with reductions of up to 50% in land taxes, as well as the awareness campaign launched by the Land Registry Department.

Moreover, because of the pandemic crisis which considerably limits the arrival of expatriates, the monthly rent for a decent modern villa of 120m² has been reduced to CFA 300,000 (US$335) per month, not including water and electricity, compared to CFA 500,000 (US$892) in 2019. According to the same source, there is also a tendency for the prices of plots of land in N’Djamena to stabilise or even fall.
The acceptance of the first 38 housing units in May 2021 out of the 62 planned by SOPROFIM, whose work started in October 2020, finally consecrates the birth of a formal real estate market. According to the Director of SOPROFIM Operations, the advertising campaign of the mortgage sale of these available housing units was launched in June 2021 through the press and the recruitment of five advertising agents.

In Chad, the main institutions in charge of land and property issues are the Directorate of Cadastre under the supervision of the Ministry for Land Planning, Housing Development and Urban Planning (MATDHU); the Directorate of Domains, Registrations and Stamps under the Ministry of Finance and Budget, which issues, manages and preserves all land documents; and the one-stop shop that handles the digital and automatic processing of files. Unfortunately, the one-stop shop has been out of action since June 2021 due to a breakdown in the basic software, thus paralysing the entire chain of issuing land documents.

Policy and legislation
The process of putting in place legal and regulatory texts governing land and housing in Chad, which began in 2010, is not yet complete. To date, Chad has three published laws, namely Law No. 004/PR/2010 of January 7, 2010, establishing the fundamental principles applicable to construction Law No. 006/PR/2010 of January 12, 2010, establishing the fundamental principles applicable to urban planning; and Law No. 023/PR/2010 of November 24, 2010, determining the fundamental principles of financing and promotion of housing. These are the legal foundations of the national policy on housing. Then followed the creation of the Société de Promotion Foncière et Immobilière (SOPROFIM) and the Urban Housing and Development Observatory (OHDU) in 2012. Then in 2017, the Banque de l’Habitat du Tchad (BHT) was created. Finally, the creation of the National Order of Civil Engineers of Chad (ONIC-T) by Decree 1612/PR/2018 of 5 December 2020.

Availability of data on housing finance
In Chad, the challenges of availability, reliability, quality, and completeness of statistical data persist. Given that the main sources of relevant data are the real estate companies, mainly SOPROFIM, the primary banks, INSEE, and the technical services of the Ministry of Land Affairs and the Ministry of Finance, it is still difficult to obtain reliable primary land and financial data on time and on request. In fact, these public or private administrations, especially the banks, categorically refuse to provide the data in their possession. Also, data on Chad are rather scarce on the internet and often lack verifiable sources. Furthermore, for this year, the BEAC data made available by the CAHF have not been updated.

Faced with this situation, researches must resort to personal relationships with key persons in authority to obtain information.
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9 Entretien téléphonique avec Mr. Ali Mahamat, Chef d’Agence centrale de ORABANK, N’Djaména, Tchad.

10 Entretien face-à-face avec Mr. Ali Mahamat, Chef d’Agence centrale de ORABANK, N’Djaména, Tchad.


12 Entretien face-à-face avec Mr. Ali Mahamat, Chef d’Agence centrale de ORABANK, N’Djaména, Tchad.


14 Entretien face-à-face avec Mr. Ali Mahamat, Chef d’Agence centrale de ORABANK, N’Djaména, Tchad.

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16 Entretien face-à-face avec Mr. Ali Mahamat, Chef d’Agence centrale de ORABANK, N’Djaména, Tchad.

17 Entretien face-à-face avec Mr. Ali Mahamat, Chef d’Agence centrale de ORABANK, N’Djaména, Tchad.

18 Indicateur de développement dans le monde de la Banque Mondiale. https://data.worldbank.org/indicator

19 Indicateur de développement dans le monde de la Banque Mondiale. https://data.worldbank.org/indicator

20 Entretien face-à-face avec Mr. Alaina T., F.D. Direction Générale du MATDUH, 6 August 2020, N’Djaména, Tchad.

21 Entretien face-à-face avec Mr. Alaina T., F.D. Direction Générale du MATDUH, 6 August 2020, N’Djaména, Tchad.

22 Entretien face-à-face avec Mr. Alaina T., F.D. Direction Générale du MATDUH, 6 August 2020, N’Djaména, Tchad.

23 Entretien face-à-face avec Mr. Alaina T., F.D. Direction Générale du MATDUH, 6 August 2020, N’Djaména, Tchad.

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**Comoros**

**Nyankomo Marwa and Moses Nyangu**

**Overview**

The Union of Comoros is a volcanic archipelago, comprising of three main islands and several islets. It is located in the Indian Ocean, off the east coast of Africa in the warm waters of the Mozambique Channel. The islands include Mohéli (Mwali), Anjouan (Ndzuani), and the Grand Camore (Ngazidja) where the capital and largest city, Moroni, is located. The estimated population as of 1 July 2021 was 888,451, a slight increase from 2020 figure of 869,595. The United Nations estimates that around 29.4% of the population live in urban areas, making the Comoros one of the least urbanised populations in Africa. Urban areas in Comoros include Moroni, Fomboni, and Mutsamudu and these serve as the country’s municipalities.

Comoros is densely populated. There are approximately 467 inhabitants per km², with a median population age of 20.4 years. The Human Development Index for Comoros in 2019 was 0.554 (0.583 for men and 0.519 for women) making the Comoros one of the least developed countries in Africa. Urban areas in Comoros include Moroni, Fomboni, and Mutsamudu and these serve as the country’s municipalities.

Comoros is one of the world’s poorest and smallest countries, with most of its population (especially those living in more rural areas) relying on subsistence agriculture and fishing for their livelihoods. Subsistence agriculture yields maize, cassava, sweet potatoes, coconuts, yams, and rice, with most essential food supplies being imported. Comoros is the second largest producer of vanilla and world’s leading producer of ylang-ylang perfume oil. However, it is plagued by poor economic conditions, overpopulation, severe unemployment, climate change, poor harvests and lack of adequate transportation. Apart from subsistence agriculture, the economy of Comoros is mostly dependent on foreign aid, tourism and migrant remittances mostly from France and Madagascar. Remittances account for around 25% of Gross Domestic Product (GDP) and the foreign exchange inflows from these transfers exceed those derived from exports.

While the Comoros was still recovering from Cyclone Kenneth in 2019, COVID-19 resulted in further adverse economic effects in 2020 and 2021, particularly by limiting tourism through travel restrictions. The country applied an non-containment strategy to fight the pandemic and did not institute a total lockdown on free movement, but the effects of COVID-19 nevertheless restricted economic activities. The real GDP declined by -0.9% in 2020 compared with 2% growth in 2019, due to a reduction in tourism revenues and a decline in the export of cash crops. Moreover, restrictions on international travel in 2020 strongly affected the service sector which accounts for more than 50% of GDP. From the demand side, consumption of goods stagnated while the growth in the investment rate fell in 2020 to 1.8%, up from 10.5% in 2019. Even with the challenges of COVID-19 and Comoros’ high propensity to import goods, the inflation rate remained stable at 3.1% in 2020, compared with 3.7% in 2019. This was made possible by pegging the Comorian franc against the euro despite an increased money supply between December 2019 and June 2020 by 1.4%.

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due to the economic slump brought about by COVID-19 crisis leading to lower collection of tax revenues. According to World Bank’s Doing Business 2020 report, Comoros was placed at 160 out of 190 countries surveyed in 2020 compared with 164 in 2019.\textsuperscript{11}

By the end of 2021, the Comorian economy is expected to grow by 3.5%, depending on the relaxation of COVID-19 lockdowns both globally and within the country.\textsuperscript{12} Travel restrictions have been relaxed and the airport is open to visitors with a negative test within the last 72 hours. As of July 2021, Comoros has received 100,000 doses of the Chinese Covid-19 vaccine and distribution has begun.\textsuperscript{13} It is also likely to receive 20% vaccines coverage by the end of 2021 through the COVAX initiative. The Comorian economy is also slowly recovering with budget deficits expected to reduce to 2.4% of GDP by the end of 2021. The current account deficit is expected to decline to 3.6% of GDP with an increased flow of external resources and financing in 2021.\textsuperscript{14}

**Access to finance**

The financial sector of the Comoros remains underdeveloped and relatively small. A total of 10 financial institutions are approved and supervised by the Central Bank of Comoros and these make up the local financial system: four banks, three decentralised financial institutions and three financial intermediaries.\textsuperscript{15} Banks include the Development Bank of Comoros (BDC), the Bank for Industry and Commerce (BIC-Comoros), Exim Bank - Comoros, and the Federal Bank of Commerce (BFC). Meck Union, the Union of Sandik of Anjouan and the Sanduk Union of Mohéli are decentralised financial institutions that offer credit facilities especially in the rural regions. Financial intermediaries serve to carry out foreign exchange and money transfer operations; and these include the Comoros Assistance International Company (CAS - SA), the National Post and Financial Services Company (SNPF) and the Comorian House of Transfers and Values (MCTV-SA). Financial postal services are conducted through the National Post and Financial Services Company (SNPF).\textsuperscript{16}

Comorians face several challenges with regard to accessing financial services. These include poor financial infrastructure and distribution channels, high banking cost and transaction fees and low levels of financial literacy. In addition, the banking sector operates within an unfavourable business environment and the country’s judicial system remains weak. Thus banks are unable to enforce claims against delinquent debtors.\textsuperscript{17} The solvency of Comoros banking system is fragile as the level of non-performing loans (NPLs) is relatively high, being 24% in 2019. Furthermore, weak asset quality (including houses) impedes access to credit and restricts lending activities due to the heightened risk aversion. In 2019, the financial system’s capital adequacy ratio (CAR) stood at 24.7% of risk-weighted assets (RWA), significantly higher than the regulatory minimum of 10%. However, several banks in Comoros have low capital buffers above the minimum capital. In particular, the capital needs of the undercapitalized banks account for 0.9% of the GDP.\textsuperscript{18}

The unprecedented effects of COVID-19 in Comoros have undoubtedly made 2020/21 extremely difficult, both in terms of health and economic activity. The financial sector in particular has experienced liquidity problems due to increased bank withdrawal transactions compared to the declining bank deposit transactions, following the economic slowdown.\textsuperscript{19} Trade activities fell by 13.6% compared to the last quarter of 2020 due to the decline in import of goods by 15.8%, even though export of goods increased by 22.7%.

The financial and banking system assets makes up 27% of GDP.\textsuperscript{20} The level of financial inclusion is still in its infancy, as there is limited access and use of financial products by households. In 2019, the number of customers who borrowed from banks (per 1,000 adults) was 14.62 compared to the Sub-Saharan African average of 37.6.\textsuperscript{21} This demonstrates low access to finance in the Comoros, particularly amongst poor people in rural areas, who have low levels of education and expertise. People prefer to save money using informal financial systems such as hoarding or tortines (saving clubs), instead of banks, although primarily on a subsistence level. Banking penetration therefore remains low and only 22% of the total population have an account with a financial institution (including SNPF), or use a mobile money service, compared to an average of 43% in Sub-Saharan Africa (SSA). The majority of individuals access credit through relatives, friends or loans granted by stores in the community. Limited access to financial services has increased reliance on social networks and personal connections for sourcing funds in low-income households.\textsuperscript{22}

The limitations of credit access make ownership of an affordable housing extremely difficult for most Comorian households.

Banking activities predominantly occur in the cities including Moroni, Fomboni, Mutsamudu and Bambao. However, formal institutions have excluded many urban dwellers due to their high costs and fees, with fees for accounts varying between 3% and 1.75% per annum. Loan interest rates often exceed the 14% ceiling set by the Ministry of Finance in 2009.\textsuperscript{23} Various factors such as inadequate security, unfavourable location, lack of power supply and communication infrastructure hinder the development of financial systems, particularly in remote zones.

COVID-19 has significantly reduced economic activity in the first quarter of 2021 following the tightening of public measures in the face of the resurgence of a second wave of infections.\textsuperscript{24} This, in addition to the impact of Cyclone Kenneth in 2020, has necessitated emergency fund financial support. In December 2020, the World Bank approved an CF4.25 billion (US$10 million) development policy financing (DPF) grant to protect the poor and vulnerable by supporting an immediate COVID-19 response program. This has assisted the economy to recover from lower remittance inflows, a reduction in export earnings (especially tourism), and lower fiscal revenues amidst rising public expenditures.\textsuperscript{25} In March 2021, the World Bank approved a second additional sum for social safety nets for CF2.55 billion (US$6 million). In July 2021, the World Bank approved a further CF8.5 billion (US$20 million) to support the purchase and distribution of vaccines.\textsuperscript{26} The Central Bank of Comoros has also implemented several monetary policy actions such as reducing reserve requirements to 10%, restructuring commercial loans and freezing interest rates on some loans so as to improve asset quality among the financial institutions.\textsuperscript{27}

Due to the small banking sector which is still developing in the Comoros, private lending for construction among the middle- and low-income groups remains limited. Access to credit since 2015 has continued to fall due to the increased loan default rate brought by high non-performing loans (NPLs) and low profitability. With the economic slowdown since COVID-19, NPLs are expected to continue increasing. Two banks – the Development Bank of Comoros (BDC) and the Federal Bank of Commerce (BFC) - have been placed under temporary provisional administration by the Central Bank of Comoros.\textsuperscript{28} The fragility of the financial sector remains a strong impediment to usage of financial services. Loans, particularly those granted in the private sector, have slightly risen from CF8.1 billion (US$1.96 million) at the end of December 2019 to CF8.7 billion (US$1.97 million) in March 2020.\textsuperscript{29}

According to World Bank’s Doing Business 2020 indicators, Comoros is ranked at 132, a downgrade from 124 in 2019. With respect to resolving insolvency, it is ranked at 168 out of 190 economies.\textsuperscript{30} The financial systems in Comoros are purely bank-based and capital markets are largely underdeveloped as there is neither a stock exchange nor primary or secondary fixed-income markets. Government or commercial bonds also do not exist. The state accesses credit
from domestic commercial banks and the central bank controls liquidity levels through the regulation of minimum reserve requirements. The main source of inflow for the Comorian economy is remittances, which increased during the COVID-19 period. This is linked to migrants’ altruism and ability to draw on savings to assist family members amid the pandemic. Remittances in Comoros increased to CF7 9.22 million (US$1.89 million) in December 2020 from CF79.19 million (US$1.86 million) in November of 2020.31

Affordability
For the past 20 years, urban housing has been largely inaccessible for most Comorians because public funding for housing is only available for public servants. Since independence in 1975, the government has not designed a specific policy or programme to address housing or improve settlements. Economic and social factors such as population growth, recurring socio-politico-economic crises and the global financial crises have made housing finance largely dependent on the private sector. The Central Bank of Comoros is keen to enhance the level of access to credit and financial services for those institutions who offer housing loans for smaller amounts. Various recommendations have been put forward in order to create financial incentives and to mobilise public-private partnerships. In 2017, loans for non-productive purposes made up most of the financial aid, with housing only making up some 2.5% of the lending industry, with construction at 5.6%.32

Housing supply
Real estate development in the Comoros is extremely limited and most houses are self-built. There have been several housing projects undertaken by external constructors, including Turkish and Iranian developers. Karmod (the Turkish developer) has built prefabricated houses of 42m² under a United Nations (UN) funded project using a mobile container technology.33 In 2014, an Iranian developer proposed to construct 5 000 social housing units on the three main islands as a follow-up to this programme.

There are five basic housing structure types: adobe, concrete, unrefined masonry, refined masonry (plastered), and wood.34 Approximately 90% of the houses are privately-owned, 3% are rented, and 3% are occupied rent-free. The houses vary from two-room structures covered with palm leaves to multilevel buildings made of stone and coral.35 The average size of a residential unit is 30m². In 2015, more than 70% of the urban population lived with very poor sanitation. However in 2020 it was reported that authorities had made progress with several policy reforms to strengthen service provision, including electricity.36 Around 98% of the population now have access to improved sanitation and potable water.

In 2017, 6.2% of households in rural areas lived in poorly constructed buildings that had either leaf walls or thatched roofs.37 Alternative more durable building materials have been investigated. This is because buildings made of corrugated or galvanized metal sheets are less resistant to cyclonic winds or seismic activity making households vulnerable to potential adverse natural events, such as Cyclone Kenneth in 2019.38

Property markets
The demand for up-market properties in the Comoros has grown, mainly due to the increased demand, created by foreign investment. The Economic Citizenship Act of 2008 enables foreigners who have made substantial investments within the country to register for Comorian nationality. Several other factors have also contributed to the growth in residential and commercial property ownership, including increased international aid and tourism, and good relationships with France, Saudi Arabia and Persian Gulf allies.

In 2020, the price of the cheapest, newly built house by a formal developer or contractor in an urban area was CF30 000 000 (US$72 301).39 The typical monthly rental price for the cheapest, newly built house by a formal developer or contractor in an urban area was CF200 000 (US$482). The minimum size of a residential plot in urban areas is 100m².37 Rentals for a three-bedroom apartment range between CF414 930 (US$1 001) and CF622 395 (US$1 500) a month.40 These prices are largely unaffordable for Comorians. According to World Bank reports in 2014, 42.4% of the population, or approximately 316 000 people living below the poverty line of CF25 341 (US$ 59.5) per person per month.41

According to the World Bank Doing Business 2020 indicators, Comoros is ranked at 113 on ease of registering property, a slight improvement compared with 114 in 2019. The process of registering property entails four procedures and it takes approximately 30 business days to complete. The total cost of registering is approximately 7.6% of the property value. With regard to construction permits, Comoros is ranked 101 and the process takes 11 procedures and a waiting period of approximately 107 days before building can commence.

Policy and legislation
The administration of housing and other related issues in Comoros is managed by the Ministry of Energy, Agriculture, Fisheries, Environment, Regional Planning and Urban Planning. Previously, housing administration was placed under the Ministry of Territorial Management, Urbanisation, Housing and Energy. The supply of energy at an affordable cost and accessible to all is one of the main government priorities. This is because energy is considered indispensable for economic development and for the supply of water, hospitals, schools, housing and transport. The current institutional set-up for urban land management and policy legislation involves the ministries responsible for finance, development planning and housing, as well as local municipalities.

Comoros intends to continue its efforts to promote access to financial services and reinforce financial stability by addressing credit risk concerns.42 To ensure greater financial inclusion, the government has made strides in adopting a revised Banking Law in 2013, as well as additional Central Bank regulations in 2015, to strengthen the overall framework for greater internal control and management. In 2016, inspections at the Central Bank of Comoros revealed shortcomings in governance and indications that financial credit was extended to staff members.

The government of Comoros together with international organisations such as International Monetary Fund, The World Bank, and African Development Bank,
have engaged in various initiatives and reforms to bolster financial development. Financial systems were strengthened and continue to improve amid prevailing challenges. The entry of foreign banks is encouraged, the national investment code of 2007 was reformed, and a National Agency for Investment Promotion established. In February 2021, the government of Comoros and the Central Bank launched the Financial Sector Development Support Project (PADSF P166193), geared towards promoting financial inclusion. This Project is financed by the World Bank. The Project contributes to the development of the digital payments, a reduction of interbank transaction times, and a general improvement in the management of risk and payment protection to shield customers and banks from bad debtors.43

**Opportunities**

The Comoros is strategically located, and the fishing industry has great potential for growth, despite being commercially underdeveloped.

The unmet demand for housing in Comoros presents itself as an opportunity. However, there are various impediments to market growth. There are opportunities for harnessing domestic resources and improving corporate governance of state-owned enterprises. In addition, given the large flow of migrant remittances to the Comoros, further development of financial systems should be pursued, as well as measures to improve the business environment.44 All these measures will lead to inclusive growth and economic development within the country; and to greater investment into housing.

The government should incentivise inclusive growth by strengthening the financial sector to enable greater provision of credit (and limit risks) and implementing a targeted growth strategy. This will enhance mortgage demand by providing competitive lending rates to investors. Measures to curb the high level of unemployment, especially among young people, can significantly transform the economic performance and necessitate housing demand. Employment opportunities within the formal and informal sector can enhance the level of financial inclusion and lead to easier access to credit for housing facilities. Urban planning and management can streamline the housing sector in Comoros, particularly on the coastline, since it is highly exposed to natural and climate related disaster risks.

**Availability of data on housing finance**

The Comoros Ministry of Agriculture, Fisheries, Environment, Territory and Urban Planning has the responsibility of overall administration of housing and related issues and is meant to publish this information. However, its website has been under construction and cannot be accessed. Given the limited access to information on housing in the country, the few real estate agencies that operate in the country provide information on the state of the housing sector in the country. The real estate agencies are based in the major town centres of Moroni, Fomboni, and Mutsamudu.

Information on the financial sector is published on an annual basis by the Central Bank of Comoros. In addition, the Central Bank of Comoros publishes a quarterly bulletin on its website composed of three parts: quantitative indicators relating to monetary policy, banking and financial development, the results of business surveys carried out by the banks and a topical news item. The Central Bank’s website is in French.

**Websites**

Central Bank of the Comoros: www.banque-comores.km

African Development Bank Group: www.afdb.org

The National Institute of Statistics and Economic and Demographic Studies: www.unseed.km

International Monetary Fund: https://www.imf.org


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Overview

The Republic of Congo is a Central African oil-producing nation on the banks of the Congo River. It is one of Sub-Saharan Africa’s most urbanised countries. Between 65% and 70% of its population live in urban areas, mostly in Brazzaville and Pointe-Noire. This constitutes an asset in terms of the implementation of development policies and a handicap in terms of the pressure on land, development of basic infrastructure and access. In urban areas, including the capital Brazzaville, housing challenges include continuous building of houses in areas unsuitable for human habitation (flood and landslide zones), poor service delivery, and lack of basic services. Accessing neighbourhoods built in high-risk areas due to poor roads is also a problem, alongside a huge housing deficit, and weak implementation of the urban renewal policy.

Much of the population still live in unplanned settlements, without adequate sanitation and housing, especially in the capital Brazzaville and the second’s largest city, Pointe-Noire. Many households in rural areas lack most amenities including clean water sources and sanitation. Artesian wells or un-clarified water sources account for over 20% of all water access in the country. Power outages are frequent and millions of remote and rural households remain unconnected to the national grid. In addition, there is little improvement in urban areas. According to the newly appointed Prime Minister Anatole Collinet Makosso, restructuring precarious neighbourhoods, providing adequate sanitation and modernising people’s living spaces will be at the heart of his government’s action during his term in office. He said his government would improve rural housing and complete work on housing built in Dioso in Kouilou and elsewhere. Congo Housing and Construction Minister Josué Rodrigue Ngouonimba disclosed his ministry’s priorities for 2021 in July to include urban planning, controlling the cost of housing, and improving housing.

The World Bank is financing 10 projects, to the tune of approximately CFA250 billion (US$451 million) to improve governance, strengthen human capital and diversify the economy. Congo is a member state of the Central African Economic and Monetary Community (CEMAC) and its monetary policy is governed by the Bank of Central African States (BEAC). Its economy, which has been overrun by years of civil war, bad governance, state corruption and nepotism, lack of diversification and falling oil prices, was recently worsened by the impact of COVID-19. However, after contracting by 6.8% in 2020 and 2.53% in 2021, it is expected to rebound in 2021 and 2022. Real Gross Domestic Product (GDP) is expected to grow by 1.2% in 2021 and by 1.5% in 2022. GDP per capita reached $2,279.97 in 2019, according to the World Bank.

The oil sector represents around 90% of the exports of the country. The Republic of Congo also exports gold and diamonds and generates revenues through the forestry sector. Social conflict has arisen around the management of oil revenues from which most of the population receive little real benefit. The non-resource sector continues to decline, contracting by 5.5% as a result of the weakening of activity in construction and public works, transport, and telecommunications, according to the World Bank.

**Republic of Congo (Congo-Brazzaville)**

**KEY FIGURES**

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<td>1 PPPS = [b]</td>
<td>312.04 CFA Franc (XAF)</td>
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<td>Total population [b]</td>
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<td>5 518 092</td>
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<td>HDI country score (2019) [c]</td>
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<td>GDP (Current US$) [b]</td>
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<td>Price of the cheapest, newly built house by a formal developer or contractor</td>
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<td>in an urban area in local currency units [h]</td>
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<tr>
<td>World Bank DBI Quality of Land Administration index score (0-30) (2020) [k]</td>
<td>6</td>
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<tr>
<td>Percentage of women who own a house alone and/or jointly (2012) [l]</td>
<td>16.3%</td>
</tr>
<tr>
<td>Percentage of female-headed households (2012) [l]</td>
<td>22.0%</td>
</tr>
<tr>
<td>Percentage of urban population living in slums (2018) [m]</td>
<td>77.5%</td>
</tr>
<tr>
<td>Percentage of households with basic sanitation services (2012) [m]</td>
<td>11.3%</td>
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<tr>
<td>Percentage of households with electricity (2012) [m]</td>
<td>41.6%</td>
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<tr>
<td>Cumulative number of COVID deaths per 100 000 as of 1 Oct [n]</td>
<td>3.57</td>
</tr>
<tr>
<td>Percent of population fully vaccinated against COVID-19 as of 1 Oct [o]</td>
<td>n/a</td>
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**NB: Figures are for 2021 unless stated otherwise.**

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<td>World Bank World Development Indicators</td>
<td>World Bank</td>
<td>Human Capital Index, united Nations Development Programme</td>
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<td>United Nations Human Settlements Programme</td>
<td>UN-HABITAT</td>
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Hit badly by COVID-19, the construction sector recorded an output drop of 9.9% in 2020. Despite its agricultural potential, at least 10 million hectares of arable land and abundant rainfall, the agricultural sector contributes only 3.4% to GDP and represents 35% of all jobs. Inflation is expected to reach 2.6% in 2021 and 2.8% in 2022. The budget balance is expected to show a surplus of 0.4% of GDP in 2021 and 0.7% of GDP in 2022. The key bank rate remains unchanged at 3.25% in the CEMAC region on decision of the BEAC. The rate on marginal lending facility also remains unchanged at 5%, while the rate of bank minimum reserves is still set at 7% on demand liabilities and 4.5% on term liabilities. Heavily indebted, Congo’s outstanding public debt stands at CFA6.016 trillion (approximately US$10.9 billion). It reached 83.3% of GDP at the end of 2019 and was expected to increase to 104.2% of GDP in 2020.

Congo has been actively improving its infrastructure, building new airports, dams, bridges, roads, stadiums, and administrative buildings in recent years. Chinese construction firms are heavily involved in these projects.

Access to finance
Despite the majority of the population not having a bank account, banks are still the main source of finance. Eleven banks operate in the country. Banks’ performance has been steady despite the COVID-19 health crisis and a limping global economy. The National Economic and Financial Committee said the precautionary savings rate of households has increased, reflected by the increase in bank deposits, a decline in gross credits to the economy and a decrease in bad debt.

However, despite positive developments, most banks only offer short-term and medium-term loans. Only three out of the 11 are reportedly offering long-term loans: Société Générale Congo (SGC) (28.67%), Congolaise de Banque (LCB) (27.85%), and Banque Commerciale Internationale (17.92%).

In the second half of 2020 (July to December), the CEMAC zone's average monthly credit flow was CFA530 billion (nearly US$958 million) overall, with a peak observed in December 2020 (CFA730 billion or approximately US$1.3 billion). During the period under review, large companies remained the main beneficiaries of these loans, capturing 51.01% of the funding granted, followed by individuals (15.67%) and Small and Medium Enterprises (SMEs) (14.17%). Public entities only got 6.05%.

Congo's outstanding mortgage loans represent 20% of total loans, 6.5% over five years (on Savings Housing Plan only), while commercial banks offer mortgages at 14%. BCH's outstanding mortgage loans represent 20% of total loans, but these loans are similar to consumer loans as their duration does not exceed five years. BCH also grants real estate (or construction) loans for real estate developers and allocates funds according to the progress of the work. It finances real estate developers and allocates funds according to the progress of the work.

Despite the presence of many microfinance institutions (MFIs) in Congo, few offer specific housing products due to lack of access to long-term resources. Households wishing to invest in housing often only have recourse to ordinary consumer credits. The microfinance sector in Congo, like elsewhere in Central Africa, is in a bad shape as problems such as unchecked growth and poor governance have led to numerous bankruptcies in Cameroon and Congo-Brazzaville. Nevertheless, Cameroon and Congo-Brazzaville seem to have well-structured microfinance providers. Microfinance in Central Africa is not the priority of the public authorities, who do not put in place specific measures to support it. Microfinance institutions in the CEMAC zone offer little support to entrepreneurs and are selective in granting credits. The main housing lender, BCH, has a classic commercial bank income structure consisting primarily of margins from customer transactions and some income from miscellaneous transactions.

Affordability
Data provided by the Department of Studies and Planning at the Ministry of Construction, Town Planning and Housing and reported in local media suggests that in Bacongo, a unit with one living room plus three bedrooms, built in an area of 111.70m² with a garden, costs nearly CFA36 million (approximately US$65,000), excluding notary and land title fees. One unit with two living rooms plus five bedrooms with an area of 278.20m² built on a large plot with a garden costs nearly CFA 92 million (US$163,000), excluding notary and issuing of land title fees. Other new houses cost around CFA105 million (nearly US$190,000).

The houses are being bought through the BCIs five to six-year terms. Affordability is a thorny issue in Congo. These exorbitant prices mean that the majority of the population cannot afford these new houses, simply because they are poor and have no access to long-term finance. The poverty situation, already dire due to years of recession, falling oil prices and economic mismanagement, and the COVID-19 crisis, is nearly catastrophic. The Prime Minister has recently urged Congolese to show solidarity, calling on private creditors of heads of families and households, landowners and landlords, and lenders, to show understanding and patience, to make arrangements with their debtors and retired tenants.

Urban informality
In the Republic of Congo 48% of the population lives in slums, according to 2010 World Bank figures. A project called Développement Urbain et Rénovation des Quartiers Précaires (DURQUAP or Urban Development and Poor Neighbourhood Upgrading) aims to improve access to infrastructure and basic services in slums in Brazzaville and Pointe-Noire and improve slums' connectivity and integrate their network with the rest of the city. The percentage of the population that is urbanised is 67.37%, with an urbanisation rate of 3.2% and the population growth rate is 2.6%. 66% of the urban population and 47% of the rural population have access to clean water, while 76% of those living in urban areas have access to sanitation, while 34% still use uncovered latrines.

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Housing supply
The housing crisis remains a real problem in Congo-Brazzaville where the gap is widening between the different social classes. Recently, the government made available a huge portion of public land to build more houses. The land, covering an area of 368 700m², is located in Sangolo OMS (Poto-Poto Djoué), south of the capital Brazzaville. The premises have been used since 1959 by the Agency for the Safety of Air Navigation in Africa and Madagascar (ASECNA). Now it appears to have been decommissioned and incorporated into the real estate property of the state.

However, state-funded housing programmes face many difficulties. Despite the resources invested, the results of these programs are still limited. The housing ecosystem in Congo suffers from many weaknesses. Certain structural constraints limit the development of the sector both in terms of supply and demand. The lack of access to titled land and affordable plots remains a real obstacle to investment in property. Although many reforms have been carried out, disputes over land issues remain a real risk. In addition, the lack of basic infrastructure represents an additional cost, which is reflected in the final price of housing. Self-built housing is widespread despite the rising costs of building materials. More than 90% of houses in Congo are self-built.
The state aims to develop Public-Private Partnerships (PPP), which allow the state to reduce risks associated with residential real estate projects by distributing such risk between real estate developers and public agencies specialising in housing and habitat.

Local and international experts in January 2021 approved an urban development plan aimed to change the face of Brazzaville. Its recommendations include allowing the administration to better control the public domain of the state, and to define a zoning plan which specifies the rules applicable to construction.26

**Property markets**

Turnover in the Congolese property market fell 27% in 2020, alongside accommodation and food services (-40.3%), a decline attributed to the COVID-19 pandemic.27

The urban land management department manages urban land and issues building permits, occupation permits for public areas to users, and deals with disputes regarding demarcations. However, ordinary citizens who opt for self-construction, as well as private property developers — Congo has few of these — often face complaints of the slowness in obtaining a building permit, registering property, and the issuing of title deeds. The construction techniques used in the Congo are not sustainable and use a lot of energy.28

The quality of land administration index (3.5) fares poorly compared to the Sub-Saharan Africa average (9.0) and Organisation for Economic Cooperation and Development (OECD) high income nations (23.2). Registering a property takes nearly two months through five procedures.

Despite the economic downturn and the global health crisis, prices of building materials keep skyrocketing, frustrating buyers, self-builders and investors. The foreign-owned (Togolese and Indian) cement factory that closed recently in Mindouli (135km of Brazzaville) was a bitter pill to swallow for local investors, builders, cement retailers and workers, and delivered a huge blow to the region of Pool’s local economy, severely affected by years of armed conflict and separatist policies.29

A 400m² plot of land in Brazzaville in peripheral areas costs between CFA15 million (approximately US$27 000) and CFA20 million (nearly US$36 000). The same size will cost between CFA50 million (approximately US$90 000) and CFA200 million (approximately US$360 000) in the city centre and suitable surrounding areas. For a country where the minimum wage hovers around CFA51 million (approximately US$2 400), these prices are prohibitive. Unaffordable housing prices, lack of long-term planning to alleviate the housing crisis and ill-conceived housing policies force many people to build anywhere. As long as they have a roof over their heads, it does not matter if means being exposed to weather hazards such as landslides and flooding, or having no running water, power or adequate sanitation and roads. As a result, every year during the rainy season, many people die and others lose their belongings and become homeless.32

Urban-centered, infrastructural and utility projects often fail to address the basic needs of the majority of the population, with rural areas in particular hampered by the inadequate distribution of state resources.

Furthermore, rent prices have surged again after a brief truce due to the global health crisis. Many tenants feel “enslaved” by the impossible demands and cunning of “demarcheurs” (informal house brokers), who join forces with landlords to set exorbitant prices as they please without the government lifting a finger. Minister Ngouomnomb’s announcement in July that he would control housing prices seems to have had mixed reactions from the public. A milestone deal signed in Paris in September 2019 between the Congo President and President Emmanuel Macron saw France commit $65 million to, among others, implement a land-use planning policy focused on sustainable use of land and natural resources and improve land tenure security in rural areas.33

**Policy and legislation**

Construction materials are imported at significant costs and do not benefit from tax exemption. Landowners rule the country as the “real masters of the system” due to the lack of control over urban land management.34 A traditional and empirical urban land acquisition procedure still exists, one which does not allow the state to effectively collect property tax. Other challenges include the numerous land conflicts arising from the “bad” practices of the population, and the state’s difficulties in building up land reserves.35 It is possible to establish provisional certificates of ownership from customary land rights. These provisional documents can be transformed into land titles on registered land after the decision of a customary rights assessment commission, which is made up of representatives from several sectors (town planning, cadaster, city technical services, among others).

The land sector is dominated by patriarchal values, and women and particularly women-headed households struggle to own a piece of land or adequate housing. In a country where gender inequalities are still widespread, women and girls have fewer rights, less information, and less access to all kinds of resources. In the impoverished townships, female-headed households are said to be living in compromising, unhealthy and shameful conditions. Despite numerous interventions by the state in the housing sector to enhance production and access to housing finance, more than one in two households do not have access to decent housing.36

The lack of adequate complementary land and housing policies, including the applicability of the existing ones, seems to have led to inefficient outcomes. One example is the case of the National Housing Fiance (Fonds National de l’Habitat, FNH), whereby millions of dollars meant to finance housing through the BCH is still waiting to be allocated due to lack of structure and legislation. A bill intended to create an entity capable of distributing NHF funds (approximately CFA3 billion per year or approximately US$5 million) is reportedly in the pipeline. BCH is pinning its hopes on these funds to develop its range of financial products for housing finance.37
Opportunities
Congo’s sprawling urbanisation is leading to an increasing demand for home ownership and rental housing, a need the government is unable to meet despite launching major but overambitious housing projects in recent years. Private investors looking for opportunities in the housing sector should have no problem filling this gap, especially if they can succeed in supplying low-cost houses.

Availability of data on housing finance
Ministère de la Construction et de l’Urbanisme: information on construction and housing sectors, social housing, housing trends and policies, urban renewal policies and projects.
Société de Promotion Immobilière: Social Housing Projects.
Banque des États de l’Afrique Centrale: Interest rates on mortgages.
Direction de la gestion du foncier urbain: Urban land management, issuing of building permits and occupancy permits for public areas to users, monitoring and handling urban land disputes.
Département des Affaires Foncières, Cadastre et Topographie: Property Registration (lands and buildings).
Notaire: Drafting and signature of sale agreements.

Additional sources
ADIAC https://www.adiac-congo.com/content/urbanisme-brazzaville-et-pointe-noire-dans-vingt-ans-83210
UNICEF eau, hygiène et assainissement https://www.unicef.org/congo/eauly%CC%88ne-et-assainissement
World Bank (% of urban populations living in slums) https://data.worldbank.org/indicator/EN.POP.UR4Z2.Location%3ACG

Websites
Mairie de Brazzaville https://brazzaville.cg/
Mairie de Pointe Noire http://mairiepointenoire.cg/
MUCODEC https://www.mucodec.com/
Banque Congolaise de l’Habitat http://www.bch.cg/
Ministère de la Construction, de l’Urbanisme et de l’Habitat : https://www.construction.gouv/cg/
Overview

Côte d’Ivoire is a West African country with an estimated population of 27,175,800 as of 2021.1 The main cities are Abidjan, the economic capital, and Yamoussoukro, the political capital. The country is made up of four regions and enjoys an equatorial and southern savanna climate. Slightly over half of its population, approximately 51.3%, lives in urban areas. With its growing population, the Government of Côte d’Ivoire faces tremendous challenges around access to property and secured land. Informal housing is common in urban and peri-urban areas and these informal houses are usually built on publicly owned land.

Since 2012 the country has enjoyed vibrant economic growth at an annual rate of 8%.2 However, COVID-19 has dampened economic growth, with contractions recorded in key economic sectors such as agriculture at -2.2%, forestry at -16.5%, and petroleum products at -26.9%. Consequently in 2020 real gross domestic product (GDP) was 1.8% well below the 6.23% recorded in 2019.3 Inflation reached 1.8% due to higher food and transport prices. Even though inflation is high compared to 2019 (0.8%), inflation remains under control and under the Central Bank of West African States (BCEAO) 3% threshold.

The country’s economic outlook for 2021/22 is reassuring. A robust economic rebound is predicted, with real GDP expected to grow 6.2% in 2021 and 6.5% in 2022, mainly driven by agriculture, construction, and petroleum products. Inflation is projected to ease to 1.4% in 2021 and 1.6% in 2022, provided COVID-19 is managed well into the second half of 2021. The new National Development Plan 2021-2025, which aims to maintain a stable sociopolitical environment and increase the mobilisation of domestic resources, should assist the government meet its development goals.4

The construction sector remains one of the pillars of the country’s national economy, and in 2019 it was one of the main drivers of growth.5 However, due to the pandemic the sector’s growth slowed, as did the national housing sector. This was due to many factors, including COVID-19, which heightened the level of financial insecurity among many households. In 2020 the number of rental and sale property transactions declined, and many construction projects were halted. Given the reported strong dependence on the informal sector in the national economy, access to housing finance from traditional financial institutions has proved challenging, especially for those deriving their income from the informal sector. The 2021 census, which was due to start in November, will seek to provide up-to-date information and data on demographics, household structure and expenditures, spatial repartition, social and economic characteristics of the country to help the government tailor better policies and responses to the national housing challenge.6

Access to finance

Financial inclusion in the country is in constant evolution, with mobile money driving its overall progress. According to the BCEAO, financial inclusion in Côte d’Ivoire, at 77.9%,
was the highest in the West African Economic and Monetary Union (WAEMU), followed closely by Benin, at 77.8% in 2019. The strict banking rate among the adult population was 19.1%, while the extended banking rate was 30.8% in 2019. The global demographic penetration rate of financial services and the global geographic penetration rate of financial services has improved and in 2019 the country had 115 service points per 10,000 adults and 574 service points over 1,000km². This performance was partly due to e-money institutions moving closer to their customers and providing services through small businesses like kiosks and street shops. From 2014 to 2017, access to financial institution accounts remained constant at 13%, while the share of adults with a mobile money account rose by 40%. The financial sector comprises 29 banks, seven financial companies, 47 microfinance institutions (MFIs), and two financial institutions. The cost of credit is relatively high, thus restricting access to credit from formal institutions to a specific category of households. The average bank prime rate in June 2021 was 10.89%, with an average debtor rate of 14.57%. The prime rate may reach a maximum of 18% and the debtor rate 24%. In March 2021, the total outstanding net customer credit from banks and financial institutions was CFA 571.7 billion (US$15.4 billion), representing approximately 30% of the WAEMU portfolio (CFA 24 518.8 billion) (US$44.3 billion). The quality of the customer loan portfolio is relatively good despite bad debts. The total amount of bad debts was reported at CFA 234.8 billion (US$424.2 million) in March 21, 2.7% of net customer loans. Private companies are the primary providers of credit facilities, representing over twice the total number of loan beneficiaries among individuals in the country.

Housing finance is available from a wide range of actors. Commercial banks offer mortgages at an average rate of 6.1%. In 2020, the total mortgages outstanding was estimated at CFA 182.9 billion (US$330 million), making housing loans the fifth important sector by credit allocation in the country after treasury loans, personal loans, equipment loans, and other loans. Housing loan interest rates are among the highest in the country, with an average debtor rate of 7.02%, following exportation and equipment loans, at 7.68% and 7.29%, respectively. Société Générale des Banques du Côte d’Ivoire (SGBCI) is a top-rated commercial bank in the country that also offers mortgage products. As of 2021, its lowest interest rate is 9.33%, and its maximum interest rate is 10.50% for a minimum of three and a maximum of 20 years. Applicants must make a 10% down payment, and the loan-to-value ratio is 90%. Alongside SGBCI, there were approximately 15 mortgage originators as of 2017, all headquartered in Abidjan.

The national economy is firmly based on the informal sector, and 80% of the population does not use banking facilities. Due to COVID-19, the financial industry’s market performance indicators plummeted. In June 2021, the sector had 47 accredited MFIs, and the total amount of outstanding microloans accounted for CFA 133.5 billion (US$274.7 million), while the total outstanding deposits were CFA 24 424.2 billion (US$477.2 million). The total number of microfinance clients climbed to almost four million.

Only Union Nationale des Cooperatives d’Epargne et de Crédit provides construction and home improvement finance. Other MFIs in the country, such as the Mutuelle des Agents de l’Eau et de l’Electricité MA2E, Caisse Rurale d’Epargne et de Préts d’Abengourou and Caisse d’Epargne des Personnels de l’Éducation de Côte d’Ivoire, provide direct or indirect support for housing finance.

**Affordability**

The current housing demand in Côte d’Ivoire is estimated to be more than 500,000 units, increasing by 10% a year. Before the pandemic, the Centre for Affordable Housing Finance in Africa (CAHF) conducted a survey covering 89% of the urban population in 2018. The survey indicated that 94% of households surveyed earned less than CFA 300,000 (US$542.25). As a result, most households choose to rent instead of owning property, given their low purchasing power. Since the start of the pandemic, the level of financial insecurity has heightened among households. According to a survey of 800 households in Côte d’Ivoire in 2020, 71% reported a fall in revenue. As a result, most households cannot cover their housing expenditure and rent payments. Only three households reported having savings to meet their housing and other expenses.

The poverty rate has tumbled over the past few years, falling approximately seven percentage points, from 46.3% in 2015 to 39.4% in 2020. Moreover, based on the current minimum interprofessional guaranteed salary (SMIG) of CFA60 000 (US$108.45), it is challenging for the banking sector to offer mortgage products to the entire active population. The SGBCI’s minimum mortgage amount is CFA5 million (US$9 037.76), at 9.07% payable over a maximum of 20 years. The application fees for such a mortgage represent 1% and there is a 0.75% life insurance cost. Despite the minimum loan amount being relatively affordable, the monthly installments might prove too much for a SMIG earner or an informal income earner, given that the income to loan ratio may be above 40%. No private developers can build a house at CFA5 million in the current market, and no commercial bank can give a mortgage to households living off the SMIG, even with two income earners.

Most households derive their revenue from the informal sector. However, those revenues are reportedly below the SMIG. In Côte d’Ivoire, it is rare to find a two-income household. Therefore, when it comes to accessing mortgage finance or self-financing to buy a property, private developers mainly assess applicants or households having one salary or revenue stream.

To mitigate the affordability gap, the government provides some subsidies targeting both the demand and supply sides of the market. For instance, banks are assisted by specialised housing finance institutions such as the Housing Support Fund (FSPH) and the Housing Mobilisation Account (CDMH). The CDMH aims to provide long-term resources at below-market rates to banking institutions. In return, banks can lend to the market at a capped rate of 5.5%, thereby facilitating access to mortgages. In practice, however, this model has failed to widen access to finance among low to middle income households.

**Housing supply**

Various housing options are available in Côte d’Ivoire. In Abidjan, the most popular forms are common yard housing and band housing, reported at 42.7% and 27.6%, respectively. However, according to the World Bank, more than 50% of the urban population lived in slums in 2018. Since 2011, property development has been dominated by the supply of housing stock through the Presidential Economic and Social Housing Programme (PESH-P). The PESH-P aimed at delivering 150,000 housing units by 2020, but to date a total of 25,000 have been delivered, representing a 16.6% completion rate over the past 10 years. Most of the PESH-P supply stock was delivered, and the rest is being delivered in Abidjan’s outskirts in Songon-Kassémblé, Bingerville, and Grand-Bassam. The programme was initially structured around property ownership, but the Minister of Housing has stated that the PESH-P has been restructured to integrate the current financial need of most Ivorian households. As of 2021, applicants can access the properties through a 15-to-20-year rent-to-own scheme, depending on the agreements they have with their banks. In addition to boosting national housing production, the government implemented tax incentives and other measures to support private developers. However, land costliness, delays in land servicing, lack of developers with large-scale capacity, and lack of dedicated funding have hindered the government’s housing supply initiatives.

The government, in agreement with the Société Ivoirienne de Construction et de Gestion Immobilière, a state public developer, earmarked over CFA27 billion (US$48.8 million) in the housing programme called Cité ADO for the construction of 652 units including 450 apartments and 202 villas. In January 2021, the
programme reached completion, and applicants received the keys to their houses. During the handover ceremony, the Secretary of State in charge of Social Housing, Koffi N'Guessan Lataille, said that there would be a land servicing of 1,135 ha to support a larger social and economic housing programme from the private sector. In 2020, the Moroccan Group Palmerie Development launched a 15,000-housing programme targeting Ivorian teachers only. To date, no further information about the project has been made available.

Ivorian Real Estate Developer OPES Holding is changing its housing supply strategy to focus on access to property through rental. The company is launching a new rent-to-own housing programme of 40,000 housing units divided into three phases. Tenants will have a maximum of 25 years to meet their ownership rights. Under this rental programme, units will be developed over 128 ha. The land servicing cost will be shared between OPES and the government, at least for the primary building activities. The first phase will be completed by the end of 2022 with the delivery of 2,000 units. The company is scheduling the delivery timeline of the second and third phases, which will be met with 15,000 units and 23,000 units, respectively. OPES is partnering with international companies to provide the necessary collateral to ensure the project's full completion.

Property markets
Since urban land reform introduced the Certificate of Change of Land Ownership, the national property market data landscape has improved, with access to indicators that show that Abidjan has the most dynamic property market. For example, in 2020, the total number of conventional mortgages in Côte d'Ivoire was 2,030 with 1,518 (approximately 75%) in Abidjan alone. The total number of notarised sales was 5,258, with more than 70% recorded in Abidjan (3,760) that same year.

The real estate market in Abidjan is one of the most dynamic in the WAEMU with 18% annual growth recorded since 2011. It is also among the most attractive in the subregion, especially in the residential rental segment. For example, a four-bedroom apartment can be rented for between CFA 800,000 (US$1,446) and CFA 1,2 million (US$ 1,69) a month in Cocody and Plateau and between CFA 100,000 (US$180.75) and CFA 200,000 (US$361.51) a month in the neighbourhoods of Yopougon, Abobo, and Bingerville. According to the Frank Knight Africa report, rental yields varied from 9% for offices, 8% for retail, 12% for industrial real estate, and 8% for prime rental residential in neighbourhoods such as Cocody and Zone 4 in 2020 to 2021.

To improve the issuance of construction permits and the business climate, the government of Côte d'Ivoire established a one-stop shop for building permits in 2016. Furthermore, in 2021, the government launched the urban land digitisation project to create an Integrated Urban Land Management System. The project is managed by the French company IGN-FI, funded by Bpifrance.

In the current housing market, the price of the cheapest newly built house by a private developer is CFA 8 500 000 (US$13,642), almost half the price recorded in 2019 (CFA 15 million) (US$27,113). The house is built on 45 m² and is delivered with two rooms (living room and one bedroom) fully completed and includes free space to construct other rooms.

According to the World Bank’s Doing Business Report the country scores slightly above average for registering property, with a score of 58.6%. According to the Direction of Cadaster, the total number of properties with title deeds is estimated at 321,848. In contrast, the quality of the land administration index is relatively low, which demonstrates that the property sector still needs more regulation. These indicators also suggest that the property market might be highly informal, thus exacerbating land insecurity and many other private property issues along the housing value chain in Côte d’Ivoire. According to the World Bank’s 2020 Doing Business Report, Côte d’Ivoire ranks at 112 in registering property. It takes 39 days, five procedures, and 7.1% of the cost of the property to complete the registration process.

PKRO is a multi-disciplinary private company based in Abidjan, that specialises in services and real estate development. The company is undertaking a data collection and data sharing process to enable better investment and regulatory decision-making in the Ivorian housing value chain.

Policy and legislation
Côte d’Ivoire has gradually adopted comprehensive regulation on housing, urban planning, land, and property registration, which led the country to be among the top 20 African countries on the registering property index in the World Bank’s 2020 Doing Business Report. In 2020, a new Construction and Housing Code was introduced, including many new features to improve the sector. Some of the features addressed data collection, with reporting obligation from key stakeholders, the regulation of real estate agencies and real estate agents, the prohibiting of some construction material, and a new definition of co-ownership.

Amid COVID-19, the government implemented measures to support landlords, tenants, and the national housing sector. Among those measures were a moratorium on any rent increase and house eviction except for those following a court order; three-month freezing of rental payment for tenants who lost their jobs, and a rent discount. These measures were applicable for a period of three months, starting from April 2020 to June 2020. However, in 2021 the country is still dealing with COVID-19, having 53,645 confirmed cases, 52,405 recovered cases, and 395 deaths recorded for the first semester.

The government has a particular interest in the residential rental market. This led to state intervention in private parties’ contractual rights. As a result, the government has created standard-term rental contracts and made them available in the market at CFA 000 (US$9). These contracts rebalance the relationship between landlords and tenants and harmoniously regulate their various interactions.

Opportunities
The housing backlog is far from being covered, and significant housing development is still needed. The government has reaffirmed its willingness to boost the sector.
and help private developers in their affordable housing programmes through a series of subsidies, from land servicing to mortgage subsidies.

Furthermore, the new emphasis on rent-to-own schemes creates a momentum toward access to property in a country where it is no longer possible to deny the hold of the informal sector on the national economy. Thus, a strong opportunity exists for both the private and public sectors to develop better tools to understand and then satisfy the housing needs of informal households through products adapted to their economic situation.

Additional sources


Index Mundi: https://www.indextmundi.com/cote_d_ivoire/urbanization.html

PLOS: http://journals.plos.org/plosone/article?id=10.1371/journal.pone.0202928

Websites

National Institute of Statistics https://www.ins.ci/
National Fiscal Direction https://www.dgi.gouv.ci/
Central Bank of West Africa States https://www.bcваe.int/
Association Professionelles des Banques et Etablissements Financier de Côte d’Ivoire http://www.apebf-cdi.org/
National Investment Bank https://www.bni.ci/
Ministry of Construction, Housing and Town Planning http://construction.gouv.ci/
Ministry of Economy and Finance https://www.tresorconomie.gov.ci/
Property KRO (PKRO) https://www.propertykro.com/
Overview

The Democratic Republic of the Congo (DRC) had an estimated population of 89,561,404 in 2020, covering an area of 2,344,858 km². The urban population growth rate is 3.14%, with a population density of 41 inhabitants per km². The country’s 12 largest cities have been growing by approximately 4.7% a year with the total urbanised population estimated at 42% in 2015. The average urban growth rate between 2008 and 2018 was 4.1%, equal to adding 1 million city dwellers every year; a rate that if it continues would mean the urban population will double in only 15 years. These 12 cities face various economic, social, and political challenges including high levels of poverty. The World Bank estimated that 73% of the Congolese population, equaling 60 million people, in 2018, lived on less than $1.90 (FC3,767) a day. This means that more than half of the population cannot access adequate housing or own a decent house resulting in an increasing number of informal settlements which are currently home to approximately 63% of the DRC’s urban inhabitants. The lack of affordable housing finance, high costs of urban land characterised by weak tenure security, rising construction costs, and the prevalence of slums, challenge current efforts by government to alleviate the housing crisis.

The DRC has the world’s largest deposits of the copper, cobalt, lithium, nickel and uranium. These metals are used in everything from electric cars to solar panels and power grids and generate significant revenue for the country. Gross Domestic Product (GDP) was valued at FC98,876 billion (US$49.87 billion) in 2020 with the GDP per capita estimated to be FC104,353 (US$57). In the context of a fragile job market, the country’s unemployment rate has increased from 4.13% in 2019 to 4.55% in 2020. The DRC’s public debt is low relative to other African countries at 21.2% of GDP or FC20,173 billion (US$10.175 billion) but two thirds is external, mainly from multilateral donors.

Economic activity plunged in 2020 thanks to the pandemic, but mining proved resilient—preliminary data suggests GDP growth in 2020 was positive at 1.7 percent, and a mining boom is expected to boost economic growth from 2021 onwards. Following President Felix Tshisekedi’s creation of a new political alliance known as the “Sacred Union,” the DRC government has articulated what the IMF describes as “an ambitious, yet realistic structural reform agenda.” This aims to promote sustainable economic growth by increasing domestic revenue mobilisation, strengthening governance, and reinforcing monetary policy.

At the height of the pandemic, the government announced measures to support the post-COVID-19 economy. Among them was, first, freezing the increase of the minimum capital requirements for banks, savings and credit co-operatives (SACCOS) and microfinance institutions until January 2022. Second, a special refinancing window, with a maturity ranging from three to twenty-four months, was implemented. Third, finance from the Fund for the Promotion of Industry (FPI) was made available at a zero rate to stimulate company activity. Fourth, loan classification rules were frozen. This will reduce

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**KEY FIGURES**

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<th>Kinshasa, Lubumbashi, Boma, Goma</th>
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<td>1,982.68 Congolese Franc (CDF)</td>
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<td>1 PPPS = [b] (2020)</td>
<td>911.27 Congolese Franc (CDF)</td>
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<td>1,488</td>
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<td>Value of microfinance loans (USD) [g]</td>
<td>US$47.2 million</td>
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<tr>
<td>Number of microfinance providers [f]</td>
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<td>Total number of residential properties with a title deed</td>
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<td>Number of formal dwellings completed annually</td>
<td>65,997,901 CDF</td>
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<td>n/a</td>
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<td>1.21%</td>
</tr>
</tbody>
</table>

NB: Figures are for 2021 unless stated otherwise.

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[a] Xe.com
[b] World Bank World Development Indicators
[c] Human Development Reports, United Nations Development Programme
[d] Rawbank
[e] World Bank
[f] Numbeo
[g] Central Bank of Congo
[h] Acpcongo.com
[i] Congo Original Coaching and Consulting
[j] Expat.com
[k] Aspcango.com
[l] World Bank
[m] Human Development Reports, United Nations Development Programme
[n] Rawbank
[o] UN-Habitat
[p] Johns Hopkins University Coronavirus Resource Center

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penalties and fees for non-performing loans. This was drawn from the vision of the President of the Republic that have been developed in the National Strategic Development Plan for 2019-2023.

Access to finance

The DRC’s financial sector includes 19 licensed banks, one development bank, Société Financière de Development (SOFIDE), a savings fund, Caisse générale d’épargne du Congo or CADECO, a national insurance company, Société National d’Assurances (SONAS), and the National Social Security Institute (INSS). The host of smaller institutions facilitating access to finance include: 120 microfinance institutions and cooperatives; 78 money transfer institutions (dispersed, primarily, through Kinshasa, Congo Central, North and South Kivu and the former Katanga provinces); three electronic money institutions, and more than 16 foreign exchange offices.

The Banking Association of Congo (ACB) reports that banks increasingly offer savings accounts that pay approximately 3% interest. Although 65% of the population saves, only 4.7% do so through a bank. This shows that citizens have poor access to finance and to financial institutions that could provide housing loans. The World Bank ranked the DRC at 152 out of 190 countries for ease of accessing credit in last year’s annual ratings, and, for ease of doing Business, placed it at 183 out of 190 economies. DRC’s real property (buildings and land) is protected and the law related to real property rights enumerates provisions for mortgages and liens. A credit bureau needs to be set up, and bankruptcy laws reinforced, to protect the rights of borrowers and lenders to bolster lending.

According to Numbeo, in Kinshasa, the average mortgage as a percentage of income was 506.23% in July 2021, compared to 476.89% in July 2020. This is an increase of 29.34 percentage points, and occurred during the pandemic. Their analysis shows that mortgage interest rates vary from 17% to 25% yearly, for 20 years at a fixed rate. Similarly, the interest rates for housing loans are high at 24%, but not nearly as high as the rates for microfinance loans, which range from 30% to 60% a year. The Central Bank of Congo (BCC) reported that the Non-Performing Loans (NPL) ratio as at end of June 2019 was 16%, only slightly lower than the 16.8% recorded in 2018, while the regulatory standard stands at 5%. Further, provisions set aside to cover non-performing loans at the end of June 2019 were 34%, compared with 40% in late December 2018, a decrease of 6 percentage points.

The top 10 banks, Equity Commercial Bank of Congo (Equity BCDC); International Bank for Africa in Congo, FBN Bank; DR Congo; SAB; Standard Bank Congo, Rawbank; Ecobank RDC; Trust Merchant Bank; AFRiland First Bank and Access Bank DRC(2) account for nearly FC180 billion (US$4.63 billion) in assets as at end of December 2020. Among these banks, only Rawbank offers mortgage products to clients. The five largest banks hold almost 65% of bank deposits and more than 60% of total bank assets.

The DRC’s financial sector has a key role to play in making growth more inclusive and less dependent on commodity prices. The Central Bank of Congo provides finance and refinancing for banks, and loans and advances to credit institutions. The BCC has also deferred the adoption of new minimum capital requirements, encouraged the restructuring of NPL, and promoted the use of e-payments. Moreover, the Central bank of Congo aims to use the banking system strategic plan to reach more than 20 million bank accounts by 2030. In pursuit of this, the DRC needs financial infrastructure, modernized payment systems and an increase in the availability of medium-term to long-term financing to Micro, Small, and Medium Enterprises (MSMEs).

Affordability

The DRC’s poverty rate as measured by US$1.90 a day clearly stands in the way of access to adequate housing or ownership of a decent house. In addition, the lending interest rate on credit from banks to prime borrowers is 24.76%. According to the Élan RDC firm, the cheapest affordable home built by a developer in the DRC cost FC79 307 200 (US$40 000). The average monthly net salary is FC1 718 607 (US$866.81). Further, the country’s mortgage interest rates varied from 17.0% to 25.0% yearly, for an average term of 20 years.

Urban informality

The Ministry of Planning reports that 65% of the urban population lives in inadequate housing. The population growth rate is 3.14%, associated with an annual urbanisation growth rate of 4.45%. Also, in the DRC over half of the population (54.4%) accesses water from a tap, standpipe, or bottled water. Similarly, 64% of the urban population have access to sanitation.

COVID–19 has caused many businesses and households to face insolvency and liquidity constraints that hamper their ability to pay back maturing bank loans. As a result, it was reported that 40% of households encountered problems with paying their rent. In trying to make housing more affordable, the government has been exploring various options to ensure that more houses are built in the next five years. As part of the process, the government plans to establish a Habitat Bank and a National Fund for housing.

Housing stock

The current supply of housing and basic services does not match the rising demand for affordable housing. This has led to a surge in construction and housing supply in the country aimed at reducing a housing backlog of almost four million units. The response, the government has formulated a national land and national land use planning policy to provide spatial plans for the country. To this end, President Tshisekedi announced a plan to establish a new administrative capital to counter the problem of rapid population growth in Kinshasa.

The project consists of building a 300km² smart city and building 6 000 housing units in the first phase and a further 250 000 housing units within the next five years.

Similarly, due to the rapid urbanisation and tenure security challenges, the Ministry of Planning initiated and co-financed a Participatory Slum Upgrading Programme (PSUP) with FC495 670 000 (US$250 000). The government has also partnered with the local communities of Kinshasa to implement the PSUP initiative, which has been allocated FC594 804 000 (US$300 000) a year. These plans aim to integrate the slums in the citywide urban planning strategy. Further, several initiatives are in the pipeline on the provincial level. Despite these elaborate plans, over 65% of the population lives in inadequate housing as people resort to self-built housing.

Good quality dwellings in the DRC are those with roofs, floors and exterior walls constructed from durable materials. In Kinshasa, 81% of households live in these types of dwellings. In provinces, only 51% of households live in good quality housing.

In the country, 23% of households live in good quality housing. Moreover, rapid urbanisation and lack of connectivity makes moving in the big cities very difficult. The lack of reliable means of transport limits employment opportunities for workers and prevents companies taking advantage of the economies of scale. The DRC still lacks a strategic framework document which strengthens synergies between national and local levels of government for the reduction of disaster risk management.

Property markets

A shortage of public and private sector developers for infrastructure development hampers the real estate sector. "Property stands out in response to DRC government efforts to address the acute housing deficit, particularly among the urban populations in the cities of Kinshasa and Lubumbashi." Despite a surge in construction and housing supply, the price of units at more than FC49 567 000 (US$25 000) is well beyond the reach of employed low to middle income households in Kinshasa. While demand for affordable housing is evidently high, the few past and ongoing housing projects are skewed towards the needs of middle income and wealthy individuals.

The property market yields are as follows: 10% can be realised in the DRC’s retail market, with rents of FC59 480/m² (US$30/m²) a month; industrial property yields 15% at FC19 830 (US$10)/m² a month; offices yield 10% at FC59 480/m², (US$30)/m² a month; and, the residential market yields 8%, with rent of FC19 827 000 (US$100)/month for a four-bedroom executive house. In Kinshasa, a hectare in well-serviced residential areas costs FC198 268 000 (US$100 000), which is an indication of the higher values of serviced land. A

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one-bedroom apartment outside of Kinshasa’s centre costs between FC694 000 (US$350) and FC4 957 000 (US$2 500). Few Congolese can afford these prices.

The last DRC National Institute of statistic (INS) survey report shows that in the country, owner-occupied housing accounted for 69%, rented housing 18.6% and 9.7% are housed by a third party (parent, friend or employer), with 1.9% underhoused. Fewer Congolese are owners in urban areas 44% compared to rural areas 85%. In the World Bank Doing Business index the DRC ranks on the “ease of dealing with construction permits” 144 out of 165 economies in 2020, an improved ranking and a reflection of positive developments in the housing and construction sectors. Currently, it requires 13 procedures and takes 122 days to obtain a construction permit, a process costing approximately 13.8% of the warehouse value. On property registration, the DRC is ranked 159 out of 190 economies, pending innovations may improve on these times. For instance, the potential to digitise land tenure and title systems is promising, as seen through a recent initiative by a local firm, Congo Check. The newly established DRC “Sacred Union” government is determined to improve the regulatory framework. The DRC’s population will reach nearly 145 million inhabitants in 2050 (60% urban residents and 40% rural compared to 42% and 58% in 2014). At the same time, it accounts for 54% of housing demand requiring construction of approximately 143 000 units per year. This gap extends to all provinces. Housing needs are enormous, which offers great opportunities in all segments of the real estate industry and housing finance.

Policy and legislation

The construction permit, a process costing approximately 13.8% of the warehouse value. On property registration, the DRC is ranked 159 out of 190 economies, pending innovations may improve on these times. For instance, the potential to digitise land tenure and title systems is promising, as seen through a recent initiative by a local firm, Congo Check. The newly established DRC “Sacred Union” government is determined to improve the regulatory framework. The DRC’s population will reach nearly 145 million inhabitants in 2050 (60% urban residents and 40% rural compared to 42% and 58% in 2014). At the same time, it accounts for 54% of housing demand requiring construction of approximately 143 000 units per year. This gap extends to all provinces. Housing needs are enormous, which offers great opportunities in all segments of the real estate industry and housing finance.

Policy and legislation

The newly established DRC “Sacred Union” government is determined to improve the housing sector. The ownership of land, and the rights of use associated with land, are regulated by the 1973 General Property Law (Law No. 73-021). This law sets standards to regulate the purchase, sale and leasing of land. Also, the circular Note n°005/CAB/MINA/AFF FUNC/2013 of 12 June 2013 sets the procedure and the transfer period of land and property rights. In terms of building construction, Ministerial Order No. Cab/MINA/TUHITPR/007/2013 of 26 June 2013 regulates the granting of building permits. In addition, The Law No. 15/025 of 31 December 2015 on leasing and non-professional rents regulates the real estate sector and circumscribes the role of real estate agencies.

The DRC’s regulatory framework facilitates public private partnerships to increase the supply of housing units. Government intervention aims to create an enabling environment for private sector provision of housing. In response to COVID-19, the BCC has cut policy interest rates, which “will reduce monthly payments for those on variable rates, improving affordability and helping reduce delinquencies, and increasing demand for refinancing of loans.”

Opportunities

The DRC’s population will reach nearly 145 million inhabitants in 2050 (60% urban residents and 40% rural compared to 42% and 58% in 2014). Supplied housing for this population presents a huge opportunity for investors. The housing sector can play a strong role in recovery as a channel for stimulus and employment creation, where large-scale investments are needed to meet SDG11, which aims to create safe, adequate and affordable housing for all.

Availability of data on housing finance

In the DRC, data related to housing such as housing finance, housing affordability, housing supply, the property market, and the regulatory framework is limited. Data must often be obtained from international and continental sources such as the United States Central Intelligence Agency, the International Monetary Fund (IMF), UN Habitat, the United Nations Development Programme (UNDP), the World Bank Group, and the African Development Bank Group, as well as local authorities such as the Central bank of Congo (BCC) and the National Institute of Statistics (INS). Information gaps apply more to data on access to finance for housing, household housing affordability, and the housing regulatory framework.

Websites

Ministry of Planning, National Investment Promotion Agency
https://www.investindrc.cd/

Congo invest Consulting http://www.congo-invest.com/

Houzz https://www.houzz.com/
National Institute of Statistics https://www.ins.cd/
Central bank of Congo http://www.bcc.cd/

Investors Clubs https://investorsclubs.org/

UN-HABITAT SSA https://unhabitat.org/

Knight Frank https://www.knightfrank.com/

Africa Property News http://www.africapropertynews.com/

Numbeo https://www.numbeo.com/
Overview

Djibouti is a small country in the Horn of Africa and is one of the most urbanised countries in the world, with 78% of its population living in urban areas. This is due to the country’s minimal arable land coupled with harsh weather not conducive for agricultural activities. Djibouti has 42% of the population living in extreme poverty. The capital city Djibouti, which hosts weather not conducive for agricultural activities. Djibouti has 42% of the population, has 13 informal settlements. DJIBOUTI’s housing problems have been further aggravated by COVID-19, which has forced an estimated 100 000 migrants who are unable to continue with their journey due to movement restrictions and lack of resources to settle in the country. Notably, the estimated 100 000 migrants represent nearly 10% of the country’s population of 1 006 127. Djibouti city is also home to over 30 000 refugees from neighbouring countries.

The country has an impressively stable political environment in a region plagued with civil strife. The long serving president, Ismail Omar Guelleh, was elected for the fifth presidential term in the April 2021 elections that were peacefully held. Djibouti also has a robust economy in a region that suffered the COVID-19 crisis. For instance, The World Bank observes that the country’s gross domestic product (GDP) growth remained stable at 0.5% in 2020, largely accounted for by the recovery of domestic construction, trade and energy as well re-export activities spurred by Ethiopia’s strong economic activity. GDP stood at Fdj601.09 billion (US$3.38 billion) in 2020 with a GDP per capita of Fdj609 (US$3 425). Djibouti’s GDP per capita is significantly higher than the Sub-Saharan 2020 GDP per capita of Fdj263 876.93 (US$1 483.8) perhaps due to the country’s significantly low population size compared to its neighbours.

The Africa Development Bank (AfDB) projected Djibouti’s 2021 real GDP growth to hit 9.9% before settling at 8.1% in 2022. The AfDB observes that Djibouti’s economic recovery will largely be supported by the expected return of foreign direct investment and the country’s free trade zones. On the forex front, the Djiboutian Franc has remained stable over the years, supported by the steady economic growth and a secure political environment. Further, the World Bank observes that the country’s inflation has remained low at 1.8% in 2020, a marked reduction from 3.3% recorded in 2019. The Country’s economy is projected to rebound due to resumption of port activities spurred by recovery of international trade and world demand. The projected economic growth coupled with increased interest in the country by international organisations such as World Bank, Africa Development Bank (AfDB), UN-Habitat among others, should be welcome news for home developers targeting expatriates. This is especially so considering AfDB projects have increased foreign direct investment (FDI) into Djibouti.

Djibouti suffered major flooding in 2019 which damaged a great deal of infrastructure. Consequently, the United Nations Haven (UN-Habitat) in partnership with other United Nation’s agencies and the World Bank have supported the country’s housing and settlement sector in identifying the damages and outlining a recovery strategy to address the short, middle as well as the long-term housing needs of the country.
Access to finance

Djibouti has a well-developed financial system especially when compared to its neighbor Eritrea. The country’s banking sector largely practices Islamic banking, since about 94% of the population is Muslim. Because Djibouti practices Islamic banking, where charging interest rates is unacceptable, it is not easy to conclusively determine mortgage interest rates using conventional banking practices. Nevertheless, lending rates in the country average 7% per annum, a much better rate compared to the prevailing mortgage lending rate in Kenya (the biggest economy in the region) which stands at 13%.

The country has 10 conventional commercial banks, three Islamic banks, 18 forex bureaus, four microfinance institutions and two specialized financial institutions. The Central Bank of Djibouti (Banque Centrale de Djibouti) is the monetary authority charged with the regulation of all commercial banking in the country.

With low lending rates and low inflation rates, Djibouti provides great opportunities for real estate development. Access to home financing is also available from leading banks. For instance, one of the leading Islamic commercial banks (Salam African Bank) is financing 70% of the value of a residential property. The low inflation rates regime is projected to remain stable in coming years. For instance, the country’s inflation rate is projected to hold at 2% in 2022 and 2.3% in 2023. The World Bank Doing Business 2020 report documents a number of positive developments in Djibouti with encouraging implications for real estate developments. These include strengthening access to credit by implementing a functional secured transactions system and a unified notice-based collateral registry, strengthening minority investor protections by raising corporate transparency, and easing resolution of insolvency issues by facilitating the commencement of proceedings while increasing the effectiveness of court processes.

Conversely, bottlenecks in the system curtail fast project implementation in the country. Djibouti lacks a comprehensive and operational electronic database for checking mortgages. Outside the city centre, the Numbeo report estimates that a 1-bedroomed house will cost Fdj285 000 (US$1 349) while a 3-bedroomed house at the same location ranges between Fdj1 300 000 (US$731) and Fdj600 000 (US$3 374). Outside the city centre, the Numbeo report estimates that a 1-bedroomed house will range between Fdj89 483 (US$503) and 177 935 (US$1 000) while a 3-bedroomed house will range between Fdj88 830 (US$499) and Fdj150 000 (US$863). According to Numbeo, buying an apartment will cost Fdj285 000/m² in the city Centre and Fdj185 000, m² (US$1 040/m²) outside the city centre.

To mitigate the adverse financial risks arising from COVID-19, the International Financial Corporation (IFC) partnered with some Djibouti banks such as East Africa Bank (EAB). The IFC will support EAB strengthen its risk, trade, and credit management framework as well as its capacities to be at par with international best practices so as to achieve sustainable growth. The EAB, which practices Islamic banking, is a major player in the Djibouti Economy, having seven branches and a wide market outreach.

Although current microfinance data is not available, a number of microfinance institutions have been financing home development. These include Islamic Microfinance, which financed 274 developers in 2015 and the financial system rarely lends to small businesses or start-ups. Thus, Djibouti has a poor record of non-performing loans by global standards. While the global average for non-performing loans in 2019 expressed as a percentage of total bank loans stood at 5.06%, Djibouti had 16.04% with an average of 17.33 % between 2012 and 2019.

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Although current microfinance data is not available, a number of microfinance institutions have been financing home development. These include Islamic Microfinance, which financed 274 developers in 2015. While four microfinance institutions are listed on the Central Bank of Djibouti website, their respective websites are unavailable and the scope of their reach unclear. Broadly, there is evidence to suggest that domestic credit to private sector as a percentage of GDP in the country has continued to fluctuate over time. For instance, the ratio was 21.32% (2018), 22.18% (2014) and 20.33% (2016).

Affordability

Djibouti has high poverty rates and an unemployment rate of 78%. Due to the high poverty and unemployment rates, affording decent houses is unattainable for most of the population. Although Djibouti recently graduated to low middle-income status the reality on the ground has not changed. It is still a very unequal country. The hot and dry desert-like climate, aggravated by natural disasters such as locust invasion and flooding, have conspired to force the country to import 90% of its food stuffs. This situation has had wide negative implications on the population’s disposable incomes and resultant aggregate demand. With low disposable incomes, the aggregate demand for decent housing is low, implying only a small segment would be targeted for decent medium to high-end housing.

Djibouti has benefited from rich migrants from Yemen and Somalia looking for peaceful countries with Islamic culture. Decent housing (whether rented or owner occupied) is therefore pricey by regional standards. Numbeo estimates that to rent a one-bedroom apartment at Djibouti city centre ranges between Fdj89 246 (US$502) and Fdj240 000 (US$1 349) while a 3-bedroomed house at the same location ranges between Fdj1 300 000 (US$731) and Fdj600 000 (US$3 374). Outside the city centre, the Numbeo report estimates that a 1-bedroomed house will range between Fdj89 483 (US$503) and 177 935 (US$1 000) while a 3-bedroomed house will range between Fdj88 830 (US$499) and Fdj150 000 (US$863). According to Numbeo, buying an apartment will cost Fdj285 000/m² in the city Centre and Fdj185 000, m² (US$1 040/m²) outside the city centre.

Housing supply

Djibouti is currently reeling under the weight of uncontrolled slum expansion, hosting more than one third of the city population and severely impairing the provision of basic amenities. With over 100 000 migrants living in Djibouti’s informal settlements, the migrant population is more than 10% of the country’s population. The World Bank observes that Djibouti has the highest refugee ratio in the world. Considering migrants do not seek permanent abode along the migratory route, most houses developed along such routes are semi-permanent structures or shanties devoid of basic amenities. This is especially so since migrants mostly lack purchasing power to buy houses even if they wanted to. The government has been funded by the World Bank’s fund for the poorest countries (International Development Association-IDA), to support the refugee influx. The funding will benefit about 114 000 Djibouti-Ville slum dwellers of Ali-Addeh and Hol-Hol, which host close to 78% of the total refugee population.

Although the country endeavors to achieve Sustainable Development Goal (SDG) 11 on sustainable cities and communities, this appears to be a tall order. The SDG index for the country shows that as at year 2018, the score tracking the country’s proportion of urban population living in slums was stagnating or increasing.

The major construction companies in Djibouti are controlled by foreign companies such as those involved in Chinese-funded projects as well as other foreign companies awarded government tenders through open tenders. The China Merchant Group has significantly supported government efforts to ensure citizens get decent housing by constructing 1 000 housing units as part of its corporate social responsibility.

The urban transport infrastructure is unplanned and largely mirrors housing development. Instrinsically, the World Bank observes that “…Routes are not centrally planned, but have developed in response to demand and the street grid. Place Harbi, Hayableh and PK18 are some key nodes in the network.
Only 3% of Djiboutians own cars, and the rest rely on public transport. It seems only about 40% of Djibouti-ville residences use public transport regularly. This means the rest must rely on walking, or on employer provided transport or taxis...".

Property markets

Property markets in Djibouti have borne the brunt of COVID-19 due to the disruption of the supply chains of construction raw materials and the limits on the movement of construction workers.

Legally, all land in Djibouti is state owned but private ownership of urban land is allowed. The government does not place restrictions on land ownership and development in urban areas save for normal licensing or permit requirements. Djibouti has made major strides in improving its business environment and this has enabled it to improve its global Doing Business ranking from position 154 in 2018 to 99 in 2019. Registering property in Djibouti entails six procedures, on average takes 24 days, and costs 5.6 percent of the property value. Thus, Djibouti has made major strides in improving its business environment and this has enabled it to improve its global Doing Business ranking from position 154 in 2018 to 99 in 2019. Registering property in Djibouti entails six procedures, on average takes 24 days, and costs 5.6 percent of the property value. Thus, Djibouti ranks 117 globally on the registering property score. Djibouti has put in place a new procedure that enables a creditor to obtain a mortgage guarantee within a realistic duration, a provision enabling both creditor and debtor to agree on the private sale of mortgaged property subject to judicial control. Importantly, Doing Business 2020 observes key developments in Djibouti with implications for housing development. These include: strengthening access to credit through implementation of a functional secured transactions system and a unified notice-based collateral registry; protecting minority investors by increasing corporate transparency; making it easier to resolve insolvency by facilitating the origination of court proceedings while increasing the effectiveness of court processes; and introducing a minimum wage of Fr35 000 (US$199) per month. While these are welcome developments in the real estate sector, the increase in minimum wage will put pressure on the already depressed sector reeling from the effects of the pandemic.

Policy and legislation

Djibouti considers that once it has ratified and published international treaties and agreements, these treaties and agreements are published in the Djibouti’s Official Journal, and will be superior to its own laws and the constitution. As such, international legal instruments are superior to the country’s internal law. Djibouti has one of the most stable inflation rates in the region, at 1.8% in 2020, compared to 3.3% in 2019. Djibouti has no forex controls and the foreign exchange rate has been stable in the recent past. Foreign investors can therefore easily transfer their profits out of the country without restrictions.

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Djibouti’s port activities are expected to rebound, creating further demand for housing among foreign port employees and construction workers. Many rich immigrants are entering Djibouti from Somalia, Yemen and other Muslim countries currently going through conflicts. These individuals are taking advantage of the freedom enjoyed by foreigners to invest in good houses in Djibouti. Residential homes targeting these immigrants would be worth considering.

Obtaining a construction permits in Djibouti has been made easier by the reduction of the cost of concrete inspections and by implementation of decennial liability for all professionals involved in construction works. According to 2021 Index of Economic freedom, the country needs to implement deep and broad reforms so as to improve its scores on property rights, effectiveness of the judiciary and government integrity. The report suggests that these reforms need to be institutionalised. Information on building laws is available on line and accessible to the public free of charge. Such laws are also available to the public in the form of Gazette notices in hard copies. The Ministry of Habitat, Urban Planning and Environment (Ministère Délégué auprès du Ministère de l’Habitat, de l’Urbanisme et de l’Environnement chargé du Logement, MDMHUEL) is responsible for housing policies in the country.

Opportunities

Djibouti is a peaceful country with a great business environment. In view of the location of the country along the migratory route to the Arab peninsula, home developers may consider developing low-cost housing with basic amenities to support migrants. Although some of the country’s infrastructure was damaged by the floods, the UN Habitat in partnership with other UN agencies and the World Bank are supporting the country’s housing and settlement sector in identifying the damages and outlining a recovery strategy. Therefore, home developers may consider exploring opportunities that emanate from the support Djibouti is getting from development partners. These opportunities may include looking for tenders from the development partners or partnering with them in the development of the infrastructure. Perhaps more urgently, is the need to develop Water, Sanitation and Hygiene (WASH) infrastructure available and accessible to the public, especially the poor. Djibouti has a major shortage of public toilets, leading to high prevalence of water-borne diseases. Public private partnerships (PPP) to address these WASH challenge should be considered.

The private sector in Djibouti plays a major role in real estate development, especially of developing high end homes. Salaam properties, a member of Salaam group with significant control of the financial services sector, is a key property developer in Djibouti. Professional architects and building designers are available to offer professional services and as such the country has significant professional skills to support housing development.

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Availability of data on housing finance

Djibouti does not have a well-established government agency that collects credible housing data. Most of the data used in this study was gleaned from a number of sources and most of the data was not necessarily collected for purposes of housing research.

The Central Bank of Djibouti has data on commercial banks, forex bureaus and microfinance entities operating in Djibouti. However, unlike most central banks, the central bank has no data on the performance of the entities it regulates. Nonetheless, the World Bank Doing Business reports and other public reports are helpful sources of information. Further, the United Nations Development Programme (UNDP), World Food Programme (WFP), United Nations Children’s Fund (UNICEF), Food and Agriculture Organization (FAO), United Nations Habitat and International Monetary Fund (IMF) have a great deal of accurate data touching on their respective focus areas. Other sources of data include: Statista, Oxford Business Group, Numbeo, and Trading Economics, among others.

Some of the challenges of getting data in Djibouti relates to the informality in which business is conducted in the country. Most transactions among Muslims are largely undocumented and rely on mutual trust. This may explain the absence of a number of parameters studied but this observation is subject to further empirical evidence.

Websites

Djibouti Central Bank https://www.banque-centrale.dj/
Food and Agriculture Organization https://www.fao.org/
Madote https://www.madote.org/
Making Finance Work for Africa https://www.mfw4a.org/
NUMEO https://www.numbeo.com/
Statista https://www.statista.com/
The Heritage Foundation https://www.heritage.org/
The Intergovernmental Authority on Development (IGAD) https://www.igad.int/
Trade Economics https://tradeeconomics.com/
UN Habitat https://www.unhabitat.org/
World Population Review https://www.worldpopulationreview.com/
Overview
Approximately 22 million Egyptians out of 102 million live in slums. Of these, 850,000 people are living in unsafe settlements at risk of landslides and floods.1 Huge urban construction projects such as the New Administrative Capital and six new cities are being implemented to provide adequate housing, eradicate slums and achieve the country’s sustainable development strategy. The construction of the six new cities encompasses developing 61 urban areas, including regenerating 24 existing cities and constructing 37 new ones.2 As part of this, the government of Egypt has removed many unplanned neighbourhoods and relocated thousands of households into new government housing projects.3 Despite these efforts the demand for housing grows incrementally each year with an annual population increase of 2.5 million people,4 and 95% of properties remain unregistered.5

The government has been working on a widespread economic reform programme since 2016 to achieve economic and fiscal stability. This programme has helped maintain the confidence of all international institutions and credit rating agencies in the Egyptian economy and its ability to face the challenges presented by the pandemic. The major ratings agencies have maintained a Stable Outlook for the Egyptian economy, with Fitch Ratings affirming Egypt’s rating at ‘B+’5 and Standard and Poor with that of B / B in the long-term and short-term.7

GDP grew by 2% during the first half of 2020/2021 and this has created more jobs and cut the unemployment rate to 7.3% in Q2 2021 from 9.6%9 at the same time last year. The Annual Urban Inflation rate edged up to 4.8% in May 2021 from 4.7% in May 2020.9

The economic reform plan supported the revival of the housing sector this year. As a result, Egypt’s real estate index increased by 28.3% in quarter one of 2021 compared to a sharp fall of 30.8% in the first quarter of last year.10 This was attributed to removing blocks on foreign ownership of land as well as driving public-private partnership projects on government-owned land.

Access to finance
During the global pandemic, the Egyptian economy has proved resilient due to the quick responses to control the effect of COVID-19 on the economy. These measures included lowering the policy interest rate and postponing repayments of existing credit facilities.11 According to the Economic Reform forum, access to finance has been a minor or moderate rather than a major obstacle for firms across Egypt before or after COVID-19.12

In July 2021, the Central Bank of Egypt (CBE) launched the E£100 billion (US$6.4 billion) Mortgage Initiative for Low and Middle Income Citizens. The initiative aims to finance low and middle income households to buy residential units at a decreasing interest rate of 3% for up to 30 years. It applies to low income citizens whose eligibility is determined by the Social Housing and Mortgage Finance Support Fund based on income and unit price. The unit value is priced at E£310,000 (US$19,700 thousand), for which a 10% down payment

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**KEY FIGURES**

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<th>Main urban centres</th>
<th>Cairo, Alexandria, Giza</th>
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<td>15.70 Egyptian Pound (EGP) 4.51 Egyptian Pound (EGP)</td>
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<td>112 334 403 43 781 728</td>
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<td>97.3%</td>
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<td>99.8%</td>
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<td>Cumulative number of COVID deaths per 100,000 as of 1 Oct (n)</td>
<td>16.9</td>
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<td>Percent of population fully vaccinated against COVID-19 as of 1 Oct (m)</td>
<td>6.57%</td>
</tr>
</tbody>
</table>

NB: Figures are for 2021 unless stated otherwise.

| Number of formal dwellings completed annually (f) | 4,200,000 |
| Price of the cheapest, newly built house by a formal developer or contractor in an urban area (f) | 450,000 EGP |
| Size of cheapest, newly built house by a formal developer or contractor in an urban area (f) | 66 m² |
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| Cost of standard 50kg bag of cement in local currency units | 50 EGP (US$0.318) |
| Computer - Scanner | 114 |
| Cost to register property as share of property price (2020) (j) | 1.1% |
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Members organisations of the African Union for Housing Finance (AUHF):
Social Housing and Mortgage Finance Fund
(a) Ye.com (b) Central Agency for Public Mobilization and Statistics
(b) World Bank-World Development Indicators (c) Adar Company
(h) Human Development Reports, United Nations Development Programme (d) World Bank-World Bank Easing Doing Business Indicators
(i) Central Bank of Egypt (e) United Nations Human Settlement Programme
(j) Financial Regulatory Authority (FRA) (f) UN-HABITAT
(l) Egyptian Microfinance Federation (EMF) (g) Johns Hopkins University Coronavirus Resource Center
(g) Almal Newspaper (h) Social Housing and Mortgage Finance Fund

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[2] World Bank World Development Indicators
[6] Egyptian Microfinance Federation (EMF)
[7] Johns Hopkins University Coronavirus Resource Center
[8] Social Housing and Mortgage Finance Fund
[9] Almal Newspaper
[10] World Bank Ease of Doing Business Indicators
[12] UN-HABITAT
[14] Social Housing and Mortgage Finance Fund
must be made. Eligibility is based on a maximum net monthly income for a single person of £E1400 (US$872) and is £E6000 (US$3822) for a family. For the middle income group eligibility is based on a maximum net monthly income for singles of £E11000 (US$637) and is £E14000 (US$8922) for a family. For units with a value up to £E1.1 million (US$70,1 thousand), a 15% down payment should be made. For units with values between £E1.1 million (US$70,1 thousand) and £E1.4 million (US$892 thousand), the down payment is 20%.13

The number of mortgage finance institutions in Egypt reached 31 in 2020 of which 23 are banks and 14 are companies.14 During May 2021, the Mortgage Finance Fund signed 1,676 mortgage finance contracts with a total value of £E37 million (US$24 million) compared to 513 contracts with a total value of £E79 million (US$53 million) during May 2020. During January-May 2021, the mortgage finance companies provided funds worth £E2,315 million (US$148.7 million) and signed 2,058 contracts compared to £E884.1 million (US$56.3 million) in funding and 923 contracts over the same period last year. During the same period the mortgage refinance value has dramatically increased to £E902 million (US$57.5 million) compared to £E81.5 million (US$5.2 million) in 2020.25

In August 2021, the first license for microfinance leasing activity in Egypt was approved. This allows for the financing of low capital asset companies to start new projects or expand on existing activities.18 The number of companies and associations providing microfinance in Egypt reached 950 in May 2021 through 2,918 outlets. In May 2021, the number of customers benefiting from microfinance reached 3.3 million, of whom 2 million (62%) were women and the share of young people (male and female) was approximately 63%.18 The financing portfolio reached a value of £E27.4 billion (US$13.3 billion) compared to £E17.4 billion (US$11 billion) in 2020.20 The government injected £E2.8 billion (US$17.8 thousand) into 87,700 small and micro projects in the first half of 2021 through the Micro, Small, and Medium Enterprise Development Agency. This created approximately 146,500 job opportunities with those aged between 30 and 40 years old receiving up to 36% of that funding.20

Affordability

The Central Agency for Public Mobilization and Statistics (CAPMAS) reports that the average annual income for a family in 2017/2018 was £E66,94 thousand (US$33,8 thousand) compared to £E69.1 thousand (US$4 thousand) in 2017/2020 and that the average annual total household expenditure was £E53.7 thousand (US$34 thousand) compared to £E61.9 thousand (US$39 thousand) in 2019/2020.21 UN-Habitat (2010) defines affordable housing as housing expenditure representing no more than 30% of the household income.22 Hence, affordable housing in Egypt means that a family should not spend more than £E1727 (US$110) per month on housing. Based on the expenditure and income survey for 2019/20, this means that around 30 million people in Egypt face difficulty in achieving their basic human needs, including housing.

The price of low income (social housing) apartments starts from £E164 thousand (US$104 thousand) for apartments of 75m², and 90m² apartments reach £E184 thousand (US$117 thousand), £E197 thousand (US$125 thousand) and £E310 thousand (US$197 thousand). There is, however, a discrepancy in prices due to the location of the units in the city. The highest price is for investment housing apartments in the cities of Hurghada and Port Fouad.23

The monthly instalments for social housing apartments start from £E400 (US$25.5) for apartments of 75m², whose price reached £E164 thousand (US$104 thousand), and £E700 (US$45) for apartments whose price reached £E184 thousand (US$117 thousand), while for the units priced at £E197 thousand (US$125 thousand) and £E310 thousand (US$197 thousand). There is, however, a discrepancy in prices due to the location of the units in the city. The highest price is for investment housing apartments in the cities of Hurghada and Port Fouad.23

To increase housing affordability for low income citizens, Egypt’s first non-bank online mortgage provider Bedaya Company announced its launch of the first non-bank mortgage finance mobile application and online platform. The company funds up to 90% of the residential unit value up to £E25 million (US$1.6 million).27

Urban informality

In December 2018, the Ministry of Housing declared Egypt would be “slum-free” by the end of 2019, a goal later revised to be achieved by 2030.46 According to the Ministry of Urban Renewal and Informal Settlements around 50% of the population is considered to be lower income and informal settlements constitute around 37% of urban space in Egypt.47

£E39 billion (US$2.5 billion) has been allocated to redeveloping informal settlements, with £E32 billion (US$2.0 billion) of that amount having already been spent. £E16 billion (US$1 billion) of the budget is dedicated to renewing Cairo’s urban spaces, while the rest is spent on informal settlements across Egypt.48 Also, “in 2020 the government began allowing owners of informal property to apply and pay to formalise, or ‘reconcile,’ their residences or risk its demolition.”49

The population growth rate in Egypt is 2%20 with a yearly increase of approximately 2 million. In 2020, 42.78% of Egypt’s total population lived in urban areas and cities.51 In 2020 the percentage of people using at least basic drinking water services as a percentage of the population reached 99.4%, according to the World Bank.52

The current coverage of safely managed drinking water sources in Egypt is approximately 98.7%, 100% for urban areas and 97.4% for rural areas. Furthermore, the current safely managed sanitation is approximately 65%, 96% for urban areas, and 37.5% for rural areas.53

According to the Aqarmap index, the demand for real estate increased in July 2021 by 8.4% compared to July 2020. Part of the market revival is due to the announcement of the government’s initiative to provide real estate financing for low income and middle income citizens at a rate of 3% over a loan period of 30 years.28

Arab African International Securities reported that COVID-19 led to a decrease in real estate sales in 2020 compared to the previous year. In 2020 real estate aggregate sales value for the six26 largest companies decreased by 5.8% to £E65.2 billion (US$42.2 billion) compared to the previous year. Land sales represented 10% of the total sales with a value of £E6.8 billion (US$43 million), compared to 0.3% of the sales last year with a value of £E2.1 million (US$1.4 million). Mortgage finance initiatives at low rates in addition to an interest rate cut would motivate the real estate demand.30

£E3.9 billion (US$248 million) was allocated to support social housing projects during 2019/2020. The current budget includes £E321 billion (US$205 billion) for social protection, of which £E7.8 billion (US$496.8 million) is allocated to cash support and public facilities in social housing projects. These programmes are targeted at reducing poverty rates and providing a decent life for citizens. “Takaful and Karama” – a cash assistance programme – and the Social Security Pension adopted by the government targets all low income citizens; 86% of the beneficiaries of the Takaful and Karama programme during 2019/2020 were among the poorest 40% of the population. This programme and the social security pension contributed to reducing poverty rates by 5.2% during 2019/2020.31

Housing supply

Most housing developers in Egypt are interested in building in the centre of Cairo and housing investment in lower income areas is weak. CAPMAS has set the national poverty line at £E857 (US$4.6) per month in 2019/2020 compared to £E736 (US$46.8) in 2017/18. According to the expenditure and income survey for 2019/20, 29.7% of Egyptians live below the poverty line compared to 32.5% in 2017/18. The figure for extreme poverty is £E6604 (US$420.6) per year and the extreme poverty rate is 4.3%. Most low and middle income citizens therefore cannot afford to buy housing units.

Since 2014, the government has spent £E61 billion (US$3.9 billion) on a huge number of fully furnished residential units.26 Through the mortgage finance initiative, 376,196 households have already received their housing units as of August 2021. All units are fully finished, and are up to 90 m², with 3 rooms.28
CAPMAS indicates that a total of 194,240 residential units were constructed in 2019/2020 compared to 281,300 units last year at a cost of E£94.6 billion (US$6 billion).

The Social Housing and Mortgage Finance Fund (SHMFF) is responsible for financing, managing, constructing, selling, renting and building (75-90 m²) units for low income and (100-120 m²) units for middle income households. By 2024, the goal of the SHMFF is to construct one million units with a total investment cost of E£204 billion (US$13 billion). In 2020/2021 the SHMFF succeeded in negotiating an additional financing loan from the World Bank, amounting to E£7.8 billion (US$500 million), to expand the provision of cash subsidies for housing to low and middle-income households. A total of 55,386 beneficiaries have been able to transfer to their new houses with a total cash subsidy value of E£204 billion (US$13 billion). In 2020/2021 the SHMFF succeeded in 28% of the beneficiaries of the programme were female headed households.

Property markets

After more than a year of COVID-19, the real estate sector has proved to be strong and solid thanks to the government incentives and construction of the new cities. The New Administrative Capital is expected to cost approximately E£380 billion (US$24.2 billion) by the completion of its seven-year plan. Decreased interest rates have also attracted investment, particularly from Egyptian expatriates as well as foreign investors.

Fitch Solutions believes rental rates will recover over the medium to long-term. Fitch notes household spending was flat during 2020 and their expenditure went mostly on essential items and healthcare. In addition, rental rates will not be affected by the limited new supply in the market because demand is increasing.

Policy and legislation

In March 2021, President Abdel Fattah El-Sisi ordered postponing the enforcement of the Real Estate Registration Law no. 186 2020, that imposes new property registration fees at the Real Estate authority. The legislative amendment was issued according to law No. 201 of 2020 on the regulation of medium, small and micro enterprise financing. The amendments include increasing the maximum amount granted to each microfinance project to E£200,000 (US$12,740). This will increase financial inclusion rates for productive and craft activities.

In August 2021, the Financial Regulatory Authority (FRA) approved Egypt’s first microfinance leasing licence in the market. The licence allows offering the first microfinance leasing licence in the market. The licence allows offering the first microfinance product in the national economy.

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Opportunities

Egypt’s real estate and construction sectors have a strong foundation for growth in place, despite the world crisis related to the pandemic. The government plan to build new cities across the country is driving demand in all segments. In addition, lower interest rates make financing easier for both buyers and builders. Furthermore, the CBE’s latest initiative to support low and middle income households with access to affordable housing is expected to boost the market even further.

The government’s development strategy intends to increase Egypt’s urban area to 14% of the country to cope with the rapid growth rate of population. As a result, the real estate sector, now contributing approximately 16% of GDP, is expected to grow by more than 10 percent in 2021. In addition, macroeconomic stability is expected to lead to an increase in international investment, mainly in the nonresidential sector.

Availability of data on housing finance

In Egypt, the main source for macroeconomic data is the Central Bank of Egypt, which provides data on GDP, balance of payments, investments, and the monetary sector. The Ministry of Finance is responsible for budget sector data, and it releases a monthly bulletin. Some statistical data can be found on the Central Agency for Public Mobilization and Statistics (CAPMAS) website related to the census report, monthly informative bulletin, and the Housing Report that is published yearly. The Housing Report includes data on the number of housing units built annually and the kind of housing, whether from social housing or private investments. CAPMAS also publishes a monthly bulletin with information on building material prices. Data related to mortgage and microfinance can be found on the Financial Regulatory Authority website. There is a shortage of data related to loans for construction and building purposes. No data is published on housing resale or building cost.
Ahram online http://english.ahram.org.eg

Daily News Egypt https://www.dailynewsegypt.com

Global Property Guide http://www.globalpropertyguide.com


Ahlamy alYoum https://www.almalsyalyoum.com
Equatorial Guinea

Ngueda Anya Saturnin Bertrand, Nzepang Fabrice, Atangana Simeon Serge

**Overview**

Equatorial Guinea is the only former Spanish colony in sub-Saharan Africa (SSA). The country consists of the mainland, Rio Muni, and small islands, including Bioko, the location of the capital, Malabo. According to the 2015 population census, the population is 1.2 million people. The country is bordered to the north by Cameroon, to the east and south by Gabon and to the west by the Gulf of Guinea. The country is well endowed with arable land and mineral resources such as gold, uranium, diamonds, columbium-tantalite and notably oil, discovered in the 1990s.

The population density (people per km² of area) in Equatorial Guinea was 46.67/km² in 2018, according to World Bank figures. In many Sub-Saharan African countries, few houses are built and sold on the formal housing market. Instead, more than 90% of households are self-built. This trend is due to the low level of housing production by private and public developers and the high cost of new housing, which remains out of reach for the majority of the region’s population. Nonetheless, the state in Equatorial Guinea has invested significant resources in the construction of more than 9,000 housing units during its “social viviendas” public housing construction programme as quantified in 2019.

According to the Centre for Affordable Housing Finance in Africa Yearbook (2020), Equatorial Guinea scored 1.92 out of 10 in 2018 based on 60 indicators in the Economist Intelligence Unit’s democracy index. This index ranked Equatorial Guinea 161 out of 167 countries, one of the most authoritarian governments in the world. Thus, the protection of associations such as unionisation, guaranteed by the constitution is rarely applied, leaving room for violence and intimidation by the government. Indeed, the country has not benefited from free-and-fair elections since independence and thus from a peaceful transfer of power. Legal safeguards are largely ineffective due to a poorly functioning judicial system and human rights defenders are often subject to repression and face administrative obstacles to registration. This is compounded by the high level of corruption in the country as the 2018 Transparency International Corruption Perception Index is only 16 points out of 100, with an average of only 1.855 points from 2005 to 2018.

In 2020, the same organisation ranks Equatorial Guinea 174 out of 180 for the same index.

In terms of business climate, the country is ranked 178 out of 190 in the World Bank’s Doing Business 2020 report. Its economic freedom score is 49.2, making it the economy the 163rd freest in the 2021 index. Its overall score increased by 0.9 points, mainly due to an improvement in fiscal health. Equatorial Guinea is ranked 41 out of 47 countries in Sub-Saharan Africa and its overall score is below regional and global averages. However, the country has been one of the most dynamic economies in Africa during the 2005 – 2015 decade. Equatorial Guinea has become the third largest oil producer in the region, after Nigeria and Angola. More recently, significant gas reserves have also been discovered. However, the country’s macroeconomic and fiscal situation has deteriorated following the decline in oil prices since 2014.

Equatorial Guinea is one of the countries most affected by the Central African Economic and Monetary Community (CEMAC) crisis that started in 2014, facing a double deficit...
and rapid loss of international reserves resulting from dependence on oil exports, lack of sufficient buffers and weak public finances. Currendy, the impact on the country of COVID-19 and the sharp decline in global oil prices in 2020 is causing further suffering. Assessing the effects of the pandemic remains difficult because despite efforts by the World Bank and the International Monetary Fund to improve the government’s capacity to collect data, statistical capacity remains weak, hampering efforts to raise the socio-economic level of the general population. No recent statistics on poverty are available, although the World Bank states that the rate was 76.8% in 2006.17

According to the population census (2015), it is estimated that 71% of the country’s total population is urban, and urban informal employment is 40% of the total. Moreover, low job creation and the labour force that grew sharply between 2011 and 2020 has strengthened the informal sector and led to the underdevelopment of the formal private sector.18

The economic outlook is poor. Real gross domestic product (GDP) is expected to contract by 6.1% in 2021 and 3.6% in 2022.19 On 21 July 2020, under the leadership of the Ministry of Finance, Economy and Planning and the Ministry of Agriculture, Livestock, Forestry and Environment, the country officially launched its National REDD+ Investment Plan (PNRED+), as part of its National Sustainable Development Plan for 2020-2035, in the virtual presence, among other dignitaries, of the French Ambassador in Malabo, the Deputy Minister of Environment, and the Secretary of State.20 This plan contributes to the reorientation of the country’s national development model towards a more sustainable path, in which economic development and the conservation of natural resources are reconcilable objectives, even in a context of multiple challenges such as the long period of recession the country is going through and the COVID-19 pandemic.

Access to finance

The banking sector is small and concentrated in five banks: BGFI Bank, Commercial Bank of Equatorial Guinea, Caisse Commune d’Epargne et d’Investissement Guinée Equatoriale (CCEI), Afriland First Bank and Ecobank.21 According to Trading economics, World Bank development indicators put the number of commercial bank branches per 100 000 adults in Equatorial Guinea at 6.43 in 2019.22 Since 2016, the banking sector has been weakened by the accumulation of bad loans, against the backdrop of a sluggish economy and payment arrears. Despite the liberalisation of the banking sector, the cost of finance remains high, reflecting the low degree of competition. Most multinational oil and gas companies obtain their financing from foreign sources. As a result, broad money supply declined by 14.3% in 2017, following a 16% decline in 2016, underscoring the recession. Credit to the economy is also constrained by the unfavourable economic climate.23

Outstanding housing loans are low because the government directly finances all buyers through a hire purchase programme.24 There is no housing bank in Equatorial Guinea and commercial banks grant few housing mortgages (only two in 2019 for Société Générale) since most households wishing to become homeowners have recourse to the public housing lease purchase programme.25 In addition, there is no real housing policy at the national level. Credit is available but interest rates are high, ranging from 12% to 18% for mortgages.26 Mortgages exist under a “social housing program” where payments are made to the government through the commercial bank CCEI.27 The term varies and can exceed 20 years. Non-payment for six months results in foreclosure of the property.28 In addition, outside the main urban centres of Malabo and Bata, people remain poor and lack access to the most basic public services, such as reliable water and electricity.29 Indeed, a large part of the population works in the informal sector and therefore does not have the proof of formal income required by banks. This group is not eligible for formal bank lending services and is effectively excluded from the government’s public housing programme.30

Although the microfinance sector in the CEMAC sub-region has grown significantly in recent years, this sector in Equatorial Guinea remains limited. In addition, the World Bank’s Doing Business 2020 report highlights the difficulties associated with the depth of credit information available. Equatorial Guinea scores two out of eight, compared to a sub-Saharan average of 3.9 and an Organisation for Economic Co-operation and Development (OECD) average of 6.8.31 Credit scores from bureaux or registries are not submitted to help banks and financial institutions assess the creditworthiness of borrowers when granting loans. Nor does the law allow borrowers to legitimately access their data in credit bureaus or registries. Only 10.8% of adults are covered by the credit registry. This is higher than the Sub-Saharan African average of 8.3% but lower than the OECD score of 24.4%.32 Moreover, access to credit is extremely rare for most of the population. Where credit is available, information on credit is scarce and not thorough.33 In addition, it is not clear whether foreigners could obtain credit.34

Affordability

The state in Equatorial Guinea launched a public housing construction program (“viviendas sociales”) in the early 2000s with the goal of producing 20,000 affordable homes in 10 years. As of September 2019, ENPIGE (the public property management agency) reported 9,455 public housing units built throughout the country in 13 years.35 Most of this housing is sold through hire purchase contracts via the banking system,36 a consequence of an embryonic mortgage market. The programme is entirely dependent on state revenues and investment in the sector has virtually ground to a halt since the fall in oil prices in 2014.

There is little affordable housing for the poorest households. More than 70% of public housing built is mid-range housing, sold at CFA40 million (US$72,302), while the cheapest housing, sold between CFA10 million and CFA18 million (US$18,076 and US$32,536), represents only 20% of the public housing stock.37 The cheapest housing available on the formal market is produced by the government under its major construction programme and sold at a price of CFA80 million (US$14,460).38 At this price, almost 84% of the current urban population could afford this housing at market mortgage rates (12% for seven years).39 This figure presents a much higher affordability rate than the rest of the Central African Economic and Monetary Community (CEMAC) region. However, only 1% of state-produced housing is available at this low price.40 The majority of housing (70%) is sold at a price of CFA40 million (US$72,392).41 These houses, with the same mortgage rates, are only accessible to 11% of the urban population.42 Furthermore, the
acquisition, use and sale of land are all difficult to achieve and poorly regulated. According to the World Bank’s Doing Business 2018, six procedures were required to register a private property in Malabo in 2017, with fees amounting to 12.5% of the property value.  

Housing supply
The new wealth brought by the discovery of oil in the mid-1990s led to pressure on land for commercial purposes, as well as on high-end housing. However, the oil crisis has halted public investment in the public housing sector “socio-viviendas” and the government has laws on the books regarding the rights of landowners, the government can seize land in the interest of the country with little or no due process through the judicial system. According to the Doing Business 2020 report, registering a property required six procedures and took 23 days. The country was ranked 164 out of 190 for property registration.

Property markets
Land management regulations are underdeveloped in Equatorial Guinea. According to the Doing Business index of land administration quality, Equatorial Guinea fell well below the regional average (8.6/30) with a score of 4/30. No electronic database is maintained to keep track of charges or record maps with specifically defined parcels. Where such information is available, it is only available to interested parties and intermediaries, and they are likely to find that not all properties are formally registered or even mapped. In addition, there is no independent agency to verify identification, which means that litigation is costly and inefficient. There is no dispute resolution mechanism for those who engage in bona fide land transactions on the basis of erroneous information (which is highly likely). In addition, foreign investors are not allowed to own land in the country. Women also face significant obstacles in exercising their right to land ownership.

Policy and legislation
The country’s social protection system is inefficient. Housing insurance is virtually absent in favour of old age and disability insurance, work injury insurance, sick leave and maternity leave, and even family allowances, which are provided through a system of state distribution and taxation and redistribution mechanisms. While the government has laws on the books regarding the rights of landowners, the government can seize land in the interest of the country with little or no due process through the judicial system. According to the Doing Business 2020 report, registering a property required six procedures and took 23 days. The country was ranked 164 out of 190 for property registration.

Opportunities
With 58% forest cover, Equatorial Guinea is among the richest in biodiversity in the world. The country promotes itself as playing an active role in ecological conservation. Its ambitious plans to advance eco-tourism are accompanied by high-profile promises to focus on wind, solar and marine energy, as announced by the Ministry of Fisheries and Environment and the Ministry of Mines, Industry and Energy. In addition, the government has been working with international partners, including the World Bank and International Monetary Fund since March 2014 to analyse ways to improve the business climate. The government has implemented some recommendations, launching a one-stop shop for investors and entrepreneurs on 14 January 2019, and instituting some tax exemptions and other incentives to attract investment. On the other hand, the country needs to make an effort to secure contracts as a guarantee of security for foreign investors. This would be a source of economic diversification, reducing the country’s dependence on oil resources alone, which have been falling since 2014.

Availability of data on housing finance
Access to data on housing finance in Equatorial Guinea is a challenge, and little information and data is publicly available or online. Where it is available, it is usually out of date, as can be seen in the Equatorial Guinea Data Portal. In addition, the country also lacks multilateral actors and donors, whose activities are often accompanied by data collection and analysis. Nevertheless, the government’s openness to information has improved, with the adoption in 2019 of the IMF’s Enhanced General Data Dissemination System, which publishes key macroeconomic data. Although the data in it is still inadequate, it will improve over time.

Websites
Bank of Central African States (BEAC) http://beac.int/
Numbeo https://www.numbeo.com/cost-of-living/
World Bank https://www.worldbank.org/
Statista https://www.statista.com/
International Monetary Fund: EQG https://www.imf.org/en/
Equatorial Guinea Data Portal https://eguinea.opendataforafrica.org/
Institute for Statistics (INEGE) https://inege.gq
United Nations Development Programme (UNDP) https://datapopalliance.org/
Eritrea is a Horn of Africa country with its largest city Asmara, known for its famous Italian colonial architecture. The country borders Djibouti, Ethiopia, Sudan and the Red Sea, thus strategically located along major world shipping lanes. Eritrea has a population of 3.2 million, a growth rate of 2.35% and a very high fertility rate of 4.13 births per woman as of 2019. The high fertility rate is accounted for by improved life expectancy of 39 to 60 and significant drop in child mortality rates due to improved health care. However, for the last 30 years, Eritrea has borne the brunt of the border conflict with Ethiopia and the authoritarian rule of its founding President Mr. Afwerki, which has led to considerable migration and displacement. Eritrea has been referred to as a “diaspora nation” since close to half of the population live in the diaspora.


Overview

The recent Tigray conflict has aggravated the housing needs of over 20 000 Eritrean refugees settled in both Mai Arini and Adi Harush camps in southern Tigray, dramatically leading to acute food and clean water shortages. Most Eritrean refugees who fled the country’s authoritarian rule have been major victims of coordinated attacks by both Eritrean and Ethiopian forces on one hand and Tigray rebels on another. In most cases, the refugee camps were destroyed in the fighting along with killings, rape, lootings and other war crimes. Most of the affected are men, women and children who were already living as refugees before the onset of the conflict. These widely documented attacks shattered the refugees’ illusion of safety as violence engulfed their camps.

The country’s 2020 real gross domestic product (GDP) was expected to drop by 0.6% relative to the growth of 3.8% in 2019 due to locust invasion coupled with effects of COVID-19 pandemic which curtailed economic output during the year. While COVID-19 aggravated Eritrea’s economic decline, the decline in economic performance has largely been blamed on the country’s overdependence on mostly rain-fed agriculture, which accounts for one third of its GDP. The African Development Bank (AfDB) observes that private consumption, investment as well as net exports were depressed in 2020, which further explains the decline in economic growth. Inflation in 2020 stood at 4.7% compared to deflation of 16.4% in 2019 partly due to disruption of regional and global supply chains induced by COVID-19. Broadly, while Eritrea has not suffered severely from COVID-19 infections, disruption from containment measures and the impact on the global and local economy will likely hit the country in the short term.
Access to finance

While the private sector in the countries bordering Eritrea is quite vibrant, the country’s financial markets are largely state controlled. Thus, direct negotiations with the state account for most profitable investments is recommended as opposed to arm’s-length private investments.\textsuperscript{15} According to the United States State Department, government patronage of the economy and the absence of a clearly defined business environment and legal code increases private business risk exposure.\textsuperscript{16} Consequently, Eritrea has a significantly high (160/179 countries) Corruption Perception Index (CPI).\textsuperscript{17}

Eritrea does not have a well-developed financial system, especially compared to its neighbours Ethiopia, Djibouti and Sudan. The banking sector is regulated by the Bank of Eritrea and has three commercial banks which are all state owned.\textsuperscript{18} The three banks are: Commercial Bank of Eritrea with 80% market share; Housing and Commercial Bank of Eritrea, the 2\textsuperscript{nd} largest bank, established to provide housing finance; and Eritrean Investment and Development Bank, the 3\textsuperscript{rd} largest bank, established to provide financing in the agricultural sector.

The financial system largely comprises the banking sector, the dominant sector, and the insurance sector, but they are mostly underdeveloped. Access to financial information is severely impaired by the fact that banking sector is government controlled. Not even Bank of Eritrea, the regulator, has a website. The online presence of the commercial banks as well is mostly on account of third parties. The country’s microfinance is also undeveloped and mostly takes the form of rotating credit groups and loan sharks or money lenders, known for charging exorbitant interest rates. The two main microfinance organisations are Southern Zone Saving and Credit Scheme and Saving and Micro Credit Programme.\textsuperscript{19}

The government’s footprints are not only found in the financial services sector. The government (or the ruling party) controls most of the medium and large businesses in the country.\textsuperscript{20} The absence of private land ownership hampers development of mortgages. All land is state owned, and any home development is closely controlled and monitored by the state. Loyalty to the ruling party and the government is in most cases a prerequisite for getting permission to build homes in the country.

Studies on Eritrea document several barriers to credit access in the country. There is evidence to suggest that among others, stringent credit policies by the leading commercial bank (CBE), conservatism, mutual mistrust, and lack of accounting knowledge among small firms are major hindrances to credit access.\textsuperscript{21} The government-owned Eritrean Investment and Development Bank has limited capacity to offer term loans to both private and public sectors.\textsuperscript{22} According to the United Nations Development Programme (UNDP), Eritrea’s banking sector is weak in terms of the requirements of the Basel III International Regulatory Framework, and this exposes it to global COVID-19 crisis-related shocks.\textsuperscript{23} However, the country’s limited connection with the global financial system renders the extent of exposure to global COVID-19 shocks minimal.

Affordability

Eritrea has a huge population of rural poor; mostly subsistence farmers, with no access to formal employment. The unemployment rate in 2020 rose to 7.44% from 6.34% in 2019.\textsuperscript{24} Although the World Bank estimates that the country has a poverty rate of 70%, the bank concedes that the dearth of data greatly impedes quantitative analysis.\textsuperscript{25}

Renting or owning a house in Asmara is expensive and the rates are high in view of the country’s poverty and unemployment rates. Home ownership and formal rental remains mostly within the reach of only the diaspora population rather than those living in Eritrea.\textsuperscript{26}

Housing supply

Eritrea is considered a diaspora nation since close to half of its population live in the diaspora due to hardship and war in the country. Thus, unlike the neighbouring country Djibouti, which suffers from large influx of migrants, Eritrea experiences a large outflow of migrants. The limited opportunities in the country have forced Eritreans to take a risky journey to Europe, exposing themselves to human traffickers, detention, abuse and death.\textsuperscript{27}

Urban informality

Eritrea has been at war and has gone through regional conflicts for decades, leading to displacement of many people in need of housing and other essential amenities.

Studies show that close to 81% of residents of small towns and 65% of the rural population are poor, while 39% of the entire population suffers from extreme poverty.\textsuperscript{28} Poverty and conflict have led to proliferation of slums in Eritrea’s urban centres, mainly Asmara.

Notably, the country has considerably improved sanitation and waste management through the years. The United Nations Children’s Fund (UNICEF) observes renewed commitment on the part of the government since the National Sanitation Conference in 2018, to avail hygienic as well as affordable sanitation facilities.\textsuperscript{29} Moreover, impressive progress has been made in the Water Sanitation and Hygiene (WASH) sector, where the United Nations Development Programme (UNDP) observes a decline in open defecation (ODF) from 90% recorded in 2010 to 40% in 2019.\textsuperscript{30} Eritrea was in the process of achieving ODF-free status by 2022, but this has been slowed by COVID-19. Close to 52% of the population had access to clean water as at 2016.\textsuperscript{31}

Despite major strides made by the government to improve standards of living, those living in slums feel neglected due to manifest poverty, overcrowding, poor living conditions, and limited access to urban services.\textsuperscript{32}

According to UN-Habitat, the many years of regional conflicts and war have created an urgent need to resettle displaced households while also accommodating expellees and those returning from the diaspora. In an interview in February 2020, the Eritrean President acknowledged that the government had set lofty goals for housing developments for the citizens which had not been achieved and that the 2020 focus would be on completing existing projects first. As at the time of writing, no evidence was found of the completion of houses mentioned by the Head of State. While the government has had ambitious plans to develop homes especially in rural areas, the target beneficiaries have mainly been diaspora citizens who are keen on home identity.\textsuperscript{33}

Property markets

The World Bank Doing Business Report 2020 ranks Eritrea at position 178 out of 190 with a score of 35, evidence of dismal performance. Registering property in the country involves 11 procedures over 78 days and the registration costs 9% of the property value.\textsuperscript{34} Eritrea practices a cadastral system of land registration whereby the registration of immovable property is recorded. The country’s office for the registration of land and other immovable property dates to the Italian colonial era and was aimed at guaranteeing security of property ownership.\textsuperscript{35} The Eritrean Cadastre system seeks to register the individual’s rights over parcels of land and ownership of buildings. Due to high poverty levels in the country, property markets are largely dominated by the Eritrean diaspora who have higher disposable incomes than the rest of the population. Property markets were affected by Covid-19 through disruption of supply chains of raw construction materials which are mostly imported.

In addition, containment measures adopted by Ethiopia, such as the declaration of the state of emergency, made it harder for Eritrean traders to import raw materials from their neighbour and traditional source.\textsuperscript{36}

The residential resale market in Eritrea is limited by the fact that most of the housing in the country is in the rural areas and is largely intended for among other reasons, family identity. As indicated earlier, land in Eritrea is state-owned, further discouraging home ownership especially by foreigners. Moreover, the inherent risk of property/land expropriation by the state considerably curtails investments in housing. However, Eritrea has several formal and informal real estate agents who have listed a number of properties across the country.\textsuperscript{37}
**Policy and legislation**

Authoritarian rule has condemned many Eritreans to years of mandatory military conscription/service without pay, forcing thousands to flee the country in search of asylum. After decades of a “no war, no peace” standoff with Ethiopia, the newly elected Prime Minister of Ethiopia facilitated the signing of a declaration of peace and friendship between the two countries, effectively ending the conflict. Nevertheless, the recent conflict between Ethiopian government forces and Tigray rebels has led to tenant Eritreans being engaged by the Ethiopian government in the fight the rebels. This is likely to plunge the country into a new conflict with the Tigray rebels even if the Ethiopian conflict finally comes to an end. Because of the years of conflict, Eritrea has not recently formulated new policies or passed new legislation that have implications for housing and infrastructure. The country lives in a constitutional void, considering the constitution passed in 1997 has never been implemented and is still earmarked for review under unclear modalities. Nonetheless, the Land Proclamation No.58/1994 introduced Eritrea’s general land reform and formulated new rules recognizing land tenure, inheritance, as well as land use. Since all the land belongs to the state, property rights barely exist and land can be expropriated by the state operators.

Several legal developments have affected the administration of real estate as well as property rights since independence. For instance, a major disincentive to the developers of rental houses is that property owners must sign rental agreements as property rights since independence. For instance, a major disincentive to the developers of rental houses is that property owners must sign rental agreements as property owners must sign rental agreements as property owners must sign rental agreements as property owners must sign rental agreements as property owners must sign rental agreements as property owners must sign rental agreements as property owners must sign rental agreements as property owners must sign rental agreements as property owners must sign rental agreements as property owners must sign rental agreements as property owners must sign rental agreements as property owners must sign rental agreements as property owners must sign rental agreements as property owners must sign rental agreements as property owners must sign rental agreements as property owners must sign rental agreements as property owners must sign rental agreements as property owners must sign rental agreements as property owners must sign rental agreements as property owners must sign rental agreements as property owners must sign rental agreements as property owners must sign rental agreements. Investors may consider investing in raw material production plants but need to be cautious because of the risk of expropriation of their investment by state actors.

The conflicts in the region have led to displacement of thousands of people in need of basic housing infrastructure. Investors may consider partnering with the country’s development partners to develop such infrastructure.

Lastly, the signing of the peace agreement between Ethiopia and Eritrea has made the landlocked Ethiopia re-access the Eritrean ports of Massawa and Assab, which are closer to Ethiopia than Djibouti ports. Since Eritrea has a long coastline, this presents a great opportunity for developing infrastructure to support an expected surge in ports’ activities.

In 2017, Asmara was added to United Nations Educational, Scientific and Cultural Organization’s (UNESCO’s) World Heritage List and with its colonial Italian architecture, Eritrea could once again be a popular tourist destination, once peace is restored.

**Availability of data on housing finance**

Eritrea is a closed country with minimal digital and online presence, effectively making it difficult to collect data on the country. The financial system is wholly owned and controlled by the government but surprisingly even the Central Bank and the largest commercial banks have no websites or digital presence. Thus, most data for the country must be collected from the World Bank and from the various United Nations Agencies working or writing on the country.

Other data on the country comes from privately published journal articles. A climate of suspicion brought about by massive state surveillance of residents ensures requests for information from Eritrea’s residents go unanswered. Some data is obtained from websites and social media pages, mainly operated by entities outside Eritrea. However, most of these websites are seldom updated and so it is difficult to obtain new information on the country.

**Opportunities**

This diaspora population presents numerous opportunities for home developers since they have much higher disposable incomes than the rest of the population. The country does not have private commercial banks, especially those that would provide home loans. Investors may consider Public Private Partnerships (PPPs) with the government to provide housing infrastructure.

Most of the construction materials are sourced from Ethiopia but are subject to significant government control. Investors may consider investment in raw material production plants but need to be cautious because of the risk of expropriation of their investment by state actors.

The conflicts in the region have led to displacement of thousands of people in need of basic housing infrastructure. Investors may consider partnering with the country’s development partners to develop such infrastructure.

Lastly, the signing of the peace agreement between Ethiopia and Eritrea has made the landlocked Ethiopia re-access the Eritrean ports of Massawa and Assab, which are closer to Ethiopia than Djibouti ports. Since Eritrea has a long coastline, this presents a great opportunity for developing infrastructure to support an expected surge in ports’ activities.

**Additional sources**

Overview

The Kingdom of Eswatini is a landlocked Southern African Country and is Africa’s last monarchy.1 The Kingdom has a population of 1.160 million2 and is largely rural, with 76% of the population residing in rural areas in self-built houses3 and 24% of the population residing in the main urban areas of Mbabane and Manzini.4 Its housing deficit is recorded at 200 000 units. The geographic spread of households in Eswatini makes the provision of basic services difficult due to the high costs involved in supplying services to rural and semi-rural households.5 The population growth rate is 1.04%6 and the urbanisation rate is 1.83%.7 Eswatini has a growing young population (58.5% of the total population are between the ages of 15 and 64) who predominantly reside in the main urban centres.8 The influx of people into the main urban centres has led to the proliferation of slums in these areas.9

In 2020 Gross Domestic Product (GDP) fell -1.64%, compared to growth of 2.2% in 2019. Eswatini’s GDP was E57.215 billion (US$3.962 billion) in 2020.10 GDP per capita in 2020 fell -2.7%11 in contrast to a growth of 2.5% projected before the outbreak of COVID-19.12 Monetary policy has been accommodative to support growth during the pandemic, allowing banks to suspend provisioning rules and to keep the same risk weights on COVID-19-affected loans for six months.13

The country’s economy relies on South Africa for 70% of its imports and 65% of its exports.13 This includes being reliant on South Africa for its main electricity supply, with the attendant risks of unreliability and further increases in inflation.14 The inflation rate is projected, in one estimate, to increase from 3.87% in 2020 to an estimated 4.55% in 2021.15 The Central Bank of Eswatini’s mid-year annual average inflation rate forecast for 2021, however, was 3.92%, only slightly higher than the 3.88% projected in May 2021.16 Contained inflation has capped housing rentals. The lending rate in Eswatini dropped in 2020 to 7.95% from 10.12% in 2019.17

COVID-19 has affected the export-oriented industrial sector (36% of GDP) which is expected to continue to decline from reduced external demand.18 The service sector (53% of the GDP) is also expected to be hit by COVID-19 restrictions in the third wave.19 However, assuming that the pandemic is successfully contained through an effective vaccination programme, for which E100 million (US$6.923 million) (0.14% of GDP) was allocated in 2020, Eswatini’s economy is projected to grow by 2.1% in 2021.20 However the recent civil unrest and protests, brought on by public calls for democracy and reforms, resulted in the country being temporarily shut down. Public transportation was stopped, and internet services were cut off. This deepened Eswatini’s food crisis and caused fuel shortages21 and may still have further consequences for the economy.

Access to finance

Credit in Eswatini is accessed through a range of providers including formal institutions such as banks, semi-formal institutions such as microfinance institutions (MFIs) and Savings, Credit Co-Operative Societies (SACCOS) and also through informal borrowing. The
banking sector comprises five institutions including the central bank and four commercial banks. Three are subsidiaries of South African Banks (First National Bank, Nedbank and Standard Bank). The fourth bank is the state-owned Eswatini Development and Savings Bank. The formal non-banking sector in Eswatini is dynamic with 117 MFIs and 59 SACCOS) registered with the Eswatini Financial Services Regulatory Authority (EFSRA). The two credit bureaus registered with the EFSRA are Digimage Investments (Pty) Ltd and TransUnion ITC Swaziland (Pty) Ltd. They are tasked with determining eligibility for credit according to the Consumer Credit Act 7 of 2016. The main challenge in the underwriting process is the high cost as the population of Eswatini is small and therefore pooling sizes are limited. There are no refinancing institutions in Eswatini.

Finance available for the banking and housing finance providers comes from domestic deposits by customers. Between March 2019 and March 2020 domestic deposits increased by 12% due to containment measures and restrictions limiting normal spending by households; meaning people had surplus money. Beyond March 2020 the banking sector’s liquidity reduced because of high volumes of withdrawals and lower deposit volumes. In its private credit report for June 2021 the Central Bank of Eswatini recorded unsecured loans related to housing finance at £3.7 billion (US$256 million). This is despite COVID-19 measures by the Central Bank encouraging commercial banks to restructure mortgage loans and use payment holidays for affected customers. The Central Bank also maintained interest rates at 3.75% to allow the commercial banks to maintain the prime lending rate at 7.25% during the pandemic. The maximum mortgage term given by the banks is 25 years. The minimum mortgage rate given to households is 7.65% while the maximum is 8.65%. The maximum mortgage term given by the banks is 25 years. The minimum mortgage rate at 7.25% during the pandemic. The Central Bank also maintained interest rates at 3.75% to allow the commercial banks to maintain the prime lending rate at 7.25% during the pandemic.

The gross public debt of Eswatini rose to 48% of its GDP in 2020 from 38% in 2019. In response to the pandemic Eswatini received a £73 million (US$5 million) loan from the World Bank, the International Monetary Fund (IMF) approved an £600 million (US$69.252 million) to get £600 million (US$41.551 million) from the PSPF and £400 million (US$27.7 million) from the Eswatini National Provident Fund (ENPF). The EHB was able to get a loan of £600 million (US$41.551 million) from the PSPF and £400 million (US$27.7 million) from the ENPF. The EHB also has long-standing relationships with partners such as the Development Bank of Southern Africa and sister organisations such as the Botswana Housing Corporation, National Housing Enterprise of Namibia and the Lesotho Housing and Land Development Corporation. The EHB considers delivering a plot of land to help meet urgent balance of payment needs stemming from the COVID-19 pandemic. The national debt of the country as of 2020 stood at £32.7 billion (US$22.7 billion) and is estimated to reach £38.988 billion (US$27.5 billion) in 2021.

The Eswatini Housing Board (EHB) is a state entity mandated to provide housing finance loans as well as construction loans through the Eswatini Building Society (EBS). The EBS is one of the largest non-banking providers of credit in the country with £1.631 billion (US$1.13 million) in loans and advances to customers for housing. The EBS offers residential loans aimed at low and middle income Eswatini citizens. The EHB is not funded by the state and generates private income through the lock down restrictions and border closures between Eswatini and South Africa hampered deliveries. Several construction companies continue to have difficulty sourcing supplies, resulting in price hikes for construction materials such as cement and steel.

### Affordability

Eswatini’s affordable housing challenges are strongly associated with inequality and poverty. The poverty rate is 8.9% and the GINI coefficient at 51.5 is 10th highest in the world. The unemployment rate was 23.4% by the end of 2020, up from 22.9% in 2019. The minimum wage in Eswatini is set at £531.6 (US$36.81) a month for a domestic worker; £420 (US$29.10) a month for an unskilled worker; and £600 (US$41.55) a month for a skilled worker. The average salary is £4.510 (US$312.32), Banks require applicants to have a minimum salary of £5,000 (US$346.26) to qualify for a mortgage. Most people earn less than this minimum.

The Civil Servants Housing Programme is funded through the Public Service Pension Fund (PSPF) with the government giving the EHB a guarantee of £1 billion (US$925 million) to get £600 million (US$41.551 million) from the PSPF and £400 million (US$27.7 million) from the Eswatini National Provident Fund (ENPF). The EHB was able to get a loan of £600 million (US$41.551 million) from the PSPF and £400 million (US$27.7 million) from the ENPF. The EHB also has long-standing relationships with partners such as the Development Bank of Southern Africa and sister organisations such as the Botswana Housing Corporation, National Housing Enterprise of Namibia and the Lesotho Housing and Land Development Corporation. The EHB considers delivering a plot of land for housing between £250 000 (US$17 313) and £600 (US$41.55) a month for a skilled worker. One of its affordable housing projects, the Matsapha Estate, comprises two developments accommodating up to 580 households. The cheapest housing unit in the Matsapha Estate development has two bedrooms, a shared bathroom, kitchen and living room with no parking. The monthly rental for this unit is £2,890 (US$200) which is affordable for the average salary earner. The EHB has a sales portfolio which includes high-end developments such as Woodlands, Nkhanini, Mbophodeni and Thembelisha. The sales portfolio helps the EHB raise funds to subsidise units for the low and middle income market. The Mbophodeni development has 18 plots of 400m² each, and the units range from having one to three bedrooms. The cheapest housing unit in the development is a 52.8 m² one-bedroom unit with one bathroom, selling for £47 410 (US$32,715).

The pandemic has been a blow to the construction industry, reducing expected housing supply as well as building materials. Construction workers could not work through the lockdown restrictions and border closures between Eswatini and South Africa hampered deliveries. Several construction companies continue to have difficulty sourcing supplies, resulting in price hikes for construction materials such as cement and steel.
The property market in Eswatini is diverse with a variety of residential property types and prices. The rental market comprises high-end rental developments and low and middle income rental units, which are in high demand. There are shortages in the low and middle income housing market in major hubs such as Mbabane, Manzini, Matsapha and Ezulwini. This is because most of the low income market is excluded from the formal housing credit system as they do not qualify for the minimum income E5 000 (US$346) needed to obtain a housing mortgage.

Registering property in the Eswatini takes 21 days, compared to the Sub-Saharan Africa average of 53.6 days. Nine procedures are required and the overall process is estimated to cost approximately 7.3% of the property value.43 The Eswatini Deeds Registry is situated under the Ministry of Natural Resources and Energy and was established under Section 3 of the Deeds Registry Act No. 37 of 1968. As of 2020, approximately 315 properties have deeds, with most properties being rented out in Mbabane.42 This is because non-citizens cannot own land but can only obtain long-term leases (10-99 years).

In terms of specific legislation regulating the property sector, the government has drafted regulations for registering, licensing estate agents, and providing professional indemnity — but the regulations are not yet operational. There is no regulatory body for registered real estate agents.44

Policy and legislation

Seven official policy and legislation documents govern housing in Eswatini. They are Housing Policy, the Physical Planning Policy, the Sectional Titles Act of 2003, the Human Settlements Authority Act of 1988 as amended in 1992 (Act No. 13 of 1992), the Crown Lands Disposal Regulations of 2003, Vesting of Land in Kings Order (1973) and the Crown Lands Disposal Act No. 13 of 1911. The Sectional Titles Act of 2003 and the Estate Agents Registration, Licensing and Professional Indemnity Regulation Act of 2017 have been drafted and await approval by the King.44 The Sectional Titles Act is the most recent law drafted and there is as yet no Rental Act.

Land is a contentious issue in Eswatini with the King owning 60% of the land in a trust and the remaining 40% being privately owned as Title Deed Land. In 2013 A draft Land Bill was introduced as part of proposed land reforms to repeal archaic pieces of legislation.45 The bill is yet to be finalized by the king, leaving many citizens vulnerable to forced evictions due to a lack of tenure security. The issues around property rights and gender have been contested in Eswatini for many citizens vulnerable to forced evictions due to a lack of tenure security. The property market for registered real estate agents.

Select Africa developed Eswatini’s first mixed-use development, Malkerns Square, with 147 rental apartment units, a fully let retail shopping centre and nine full title houses. Select has developed a digital paperless loan management system that has significantly improved Select’s operational efficiency and introduced enhanced controls.

Opportunities

Monetary policy is designed to encourage foreign investment to boost the declining economy. This is through incentives such as the repatriation of profits, tax allowances and deductions for new business ventures.40 However, due to the Monarch owning 60% of the land political interference is possible, hence partnering with state-mandated entities such as the EHB and EBS is advised. Both the EHB and EBS have strong political support and know best how to navigate the economic and political terrain, including issues around land.

The housing finance sector is largely underdeveloped, with few formal credit-providing institutions. This presents opportunities for investors to partner with one of the many MFIs and SACCOSs that offer access to the low-income and rural markets, keeping in mind that the informal sector makes up 38.5% of the GDP. This can be an opportunity to finance incremental housing and help offer financial inclusion to more people living in the rural areas.

Availability of data on housing finance

Data is accessible from government departments, although it is largely outdated and consists mostly of laws and policies related to housing. Current information on housing finance in Eswatini is limited. This could be caused by limited resources and human capital in government departments. The country faces major economic challenges and national surveys are costly and often require external financial support to undertake.

There is a strong need for secondary data collection from international bodies such as the World Bank, International Monetary Fund (IMF) and United Nations and regional bodies such as the African Development Bank.

The Central Bank disseminates financial statistics such as interest and lending rates.
Overview
Ethiopia is urbanising rapidly, although it is still a mainly rural country. The country’s urban population is increasing by 4.7% a year, with 21.6% of the population classified as urban in 2020. The demands of this growth have not been matched by access to jobs, services and housing. The civil war has particularly created a dire humanitarian situation.

Ethiopia is a low income country, averaging 9.4% economic growth a year from 2010/11 to 2019/20. However, more recently due to the war in the Tigray region and the effects of COVID-19, the country’s real gross domestic product (GDP) growth is expected to drop to 2% in 2021. The impact of COVID-19 on economic activity has been marked, with noteworthy effects on employment and an estimated 20% of job losses in urban areas.

The Ethiopian government is involved in ambitious projects with high public sector engagement and boost competitiveness. As part of its efforts to deliver affordable housing the state has made significant investment in housing through the HDP, estimated at Br2.3 billion (US$56.6 billion) over 15 years.

Access to finance
The National Bank of Ethiopia (NBE) oversees banking regulation. Several commercial mortgage lenders and microfinance institutions (MFIs) are between 10 and 20 years, with larger units requiring higher deposits.

There are 20 banks in Ethiopia. The state-owned Commercial Bank of Ethiopia (CBE) is the sole source of mortgage origination for the government-backed housing scheme, the Integrated Housing Development Program (IHDP). In 2017, the CBE held 69% of the total mortgage market share by value, approximately 247,000 current mortgages, compared to the six largest commercial mortgage lenders and microfinance institutions (MFIs).

As part of its efforts to deliver affordable housing the state has made significant investment in housing through the HDP, estimated at Br2.3 billion (US$56.6 billion) over 15 years. Through the IHDP and its linked mortgage facility, Ethiopians who qualify can access a more affordable mortgage facility. The lending rate is currently 8.3% for mortgage financing available to beneficiaries of the programme. Commercial bank rates can be as high as 15%.

State-originated mortgages are based on four standard housing products: a studio apartment (32m²), and a one, two or three-bedroom apartment (51, 75 or 100m², respectively). Deposit requirements are between 10% and 40% upfront, and loan terms are between 10 and 20 years, with larger units requiring higher deposits. Some
commercial banks provide housing loans. Zemen Bank, for example, requires 20% of the price of the house as an up-front deposit, with another 20% saved over a six to 12 month period. The loan term is seven years.18 Dashen Bank allows for greater loan coverage, up to 90% of the house value, for salaried persons, with a much longer term of 20 years.19 In both these cases, however, the ability to access these loans on these terms is a challenge for the majority. Only 16% of the population receives a formal salary, and households’ saving ability is limited. As a result, only a small number of mortgages, not more than 6,000, are held by commercial banks.

There are 41 MFIs20 with nearly 1,800 branches, 4.7 million borrowers and 16 million accounts as of June 2021.21 MFIs hold more than 10 times the value of housing and construction project loans than banks.22 Loans offered by MFIs are cheaper with an interest rate of 14.3% a year.23 Despite this, most households still depend on loans from friends and family.24

The Ethiopian government has developed regulations to assist the financial sector to cope with the challenges of COVID-19. One set of these for the microfinance sector aims to allow them to manage customer debt. This includes restructuring and rescheduling loans for borrowers (applying to performing loans); suspending several directives that classify certain loans as sub-standard; regulating borrowing limits for borrowers; and even suspending the requirement for updating credit information through the Credit Reference Bureau for borrowers.25

Affordability

Ethiopia is a low income country with 13% of the urban population living below the international poverty line, which makes it difficult for people access to housing. The state, through the IHDP-financed mortgage, is the main formal housing supplier in urban areas – provided through a lottery. This loan requires an initial down payment, and monthly instalments. An applicant (or their spouse) needs to have not owned a home, must be at least 18 years old, and lived for at least six months in the city.26

A one-bedroomed apartment, with a 20% deposit for 15 years would require around Brl 250 (US$29) a month in instalments.27 This is not affordable for households in the first five consumption quintiles.28 Such a unit may be more affordable if a large deposit, say 40%, is paid upfront. However, this would exceed the ability of most households; due to low savings.29 While IHDP houses have real affordability challenges, and are unlikely to be serving lower income households, they are in fact heavily subsidised. While the average cost of unit delivery is Brl 065 445 (US$24 382)30 beneficiaries obtain mortgage loans for between 10% and 50% of this.31

Most urban households in Ethiopia rent (as high as 60% in Addis Ababa). Private rental often has multiple households and extended families and friends sharing single houses32 or urban house extensions. Rental costs range up to Brl 100 (US$25.2) a month.33 Kebele rental, a form of government-held housing units that low cost but also low quality, is a cheaper alternative, used by about one third of urban renters. Kebele costs below Brl 100 (US$2) a month.34 Competition for access to these units is still given their high affordability. Many IHDP beneficiaries also rent out their houses to generate revenue to pay the mortgage, and only 46% of lottery winners move into their apartments.35

The picture of the rental market is thus one of most households being unable to afford private rental, limited access to kebele rental units, and most households opting for informal settlements.

Housing supply

Unmet housing demand is estimated at approximately 1.2 million,36 with 381,000 new housing units needed annually, and the stock combined to meet new housing demand and current stock upgrades rising to 486,000 annually to 2035. Only 165,000 units are produced nationwide annually.37

The state-led IHDP has delivered over the years (between 25,000 and 35,000 housing units annually). However, it is not financially sustainable given the levels of subsidies. It also does not reach the required beneficiaries. Because the IHDP dominates access to land in urban areas, it has also contributed to the restricted supply of land for private sector and household-led housing, as most of this is reserved for state-led developments. Only 7% of land in Addis Ababa was auctioned to the private sector between 2012 and 2017.38

Up to 75% of rented units are provided by the private sector, with the state providing the remaining stock through kebele.39 While rental is an important aspect of housing supply, the availability of rental units is constrained. There are more 360,000 kebele units, and most (95%) are in urban areas.40 However, kebele housing stock is reducing, because some of its land is prioritised for redevelopment due to its prime urban location.41 Such redevelopment disadvantages its occupiers, because although they are allowed access to IHDP housing as an alternative, they often cannot afford it. A small amount of housing stock (24,587 units countrywide) is rented out to civil servants through the state Federal Housing Corporation.42 This has negligible impact on the market as a whole.

Finally, cooperative housing is another channel for housing supply and finance. It is not clear how much housing stock falls in this category: UN-Habitat states 28.2% of Addis Ababa’s total housing stock is made up of cooperatives, while the World Bank puts this higher at 50%.43 The state allocates land to housing cooperatives, and to qualify, a small number of individuals, commonly 10 to 20, none of whom already owns a home, must register as a group. The cooperative must have 50% capital upfront for construction before land registration, with the remaining 50% set aside prior to construction.44 The main challenge with cooperative housing has been its discontinuation, and the perception that it is only feasible for wealthier households given the high savings requirements.45

Land is a key constraint to housing supply and the state is the main producer of land for development, although this process is slow.46 Informal land development has been an inevitable consequence of restricted supply. Mushrooming peri-urban informal settlements and the increasing encroachment of settlements into farmland through informal conversions are common. The high demand means the cost of land in the informal market is up to four times that of the formal state scheme. Regulations around land development are also a constraint. There are minimum sizes for plot development and land use and building regulations permission processes are slow.47

Coverage of the land registration system is poor and not always accurate on land rights in urban areas. This hampers the security of land rights and the ability to trade. Ongoing projects in urban areas to remedy this, through adjudication and registration, to create greater title certainty have, however, not performed well.48

Foreclosure is allowed; however, concerns have been raised by banks that the leasehold system is not clear on the ability to repossess when the leaseholder has not met conditions tied to the lease.49

Property markets

Urban Ethiopians mainly live in rental units. As many as 54% of urban formal units across the country are rented, with Addis Ababa registering a higher number of more than 60%.50 Given the dominance of the IHDP in housing supply, the secondary property market is hugely influenced by units developed through this programme. However, their restricted supply means that these units can fetch as much as five times the original purchase cost.51 Similar restrictions on land supply means the ability of households to build their own formal housing or contract small-scale developers to build housing is limited. This points to a property market that, while highly constrained at present, can be opened through correct policy interventions. This restricted supply and growing demand has played a major part in house inflation in the country.
**Policy and legislation**

The Ethiopian housing market has had several comprehensive and recent reviews. The environment is mainly dominated by the state-driven IHDP. Closely linked to this is limited land sales to the private sector, a programme of state-driven rental through kebeles, and civil servant housing that is struggling to meet supply. In urban areas, standards for the building sector are high for plot layout and sizes, and the system also labours under slow regulatory permission processes.

The main outcome of the reviews has been a set of recommended changes, which the state is still considering. Two main areas of change under consideration are the land supply system and, second, changes to the state-driven housing programme.

As the sole supplier of land in urban areas, the state has struggled to meet the diverse and growing demand. To remedy this, significant policy and regulatory changes are necessary including facilitating greater access to land and housing for the private sector; encouraging private sector investment by improving lease conditions (terms, pricing, payment schedules and tax structures); and expediting the implementation of a legal cadaster.

The state also needs to introduce measures that help the market accurately price land, help financial institutions assess the value of the proposed collateral, and help borrowers make educated decisions. Capturing greater value, for example through a transparent auctioning system, will allow the state to obtain resources to fund more infrastructure and subsidise the poor.

There is scope for the state to provide guarantee funds to support potential defaults for loans to lower income earners. A mortgage refinance facility should also be considered. Easing regulatory mechanisms to allow pension funds to invest in capital market instruments has also been suggested.

**Opportunities**

Ethiopia’s housing demand is mainly unmet. Both ownership and rental housing have untapped potential for large-scale housing developers, as well as individual households looking to develop their own housing. The small number of mortgages, and low level of microfinance lending for housing, points to great potential for financing. However, these opportunities are dependent on progress by the state in implementing structural reform to improve the land and housing markets. Over the past five years, and in partnership with donors and multilateral agencies, a considerable amount of technical work laying out what needs to be done, including actionable road maps, has been completed. There is some progress in reforms including the liberalisation of the financial sector, and the IHDP is under review.

**Availability of data on housing finance**

Like many countries on the continent, there is a noticeable lack of reliable data on demographics, land and housing markets. The Central Statistics Agency’s last comprehensive census was in 2007, which means any market analysis in urban areas is based on projections, and do not reflect 13 years of shifting demographics in the country.

Land and housing markets require evidence-based policy and feedback mechanisms, especially if large-scale reform to programmes such as the IHDP are needed. Mechanisms for this do not exist and should be developed within the lands, housing and municipal agencies.

Market information is also necessary for developers and households to enable them to investigate and evaluate market trends. With more reliable data, the private sector will be more likely to introduce new products, develop greater efficiencies, and lower costs for housing. One more important data gap is related to regulatory financial data, held by the NBE. Currently, obtaining accurate disaggregated information on the housing finance market is difficult. Most of the data obtained in this work was from secondary sources, including work done by donors and multilateral agencies. This should be provided as public information by the regulatory bank, to improve the operations of the market.

**Websites**

Commercial Bank of Ethiopia [https://www.combanketh.et/](https://www.combanketh.et/)
Overview
Gabon is a Central African country, which shares its borders with Cameroon, Equatorial Guinea, and the Republic of Congo. It is a sparsely populated country with fewer than 2.5 million inhabitants. Nevertheless, at 90.09% in 2020 it has one of the highest urban population rates1 on the continent: more than four out of five Gabonese live in cities.2 The country’s two largest cities, Libreville and Port-Gentil, alone account for 59% of the total population.3

Gabon’s national economy is mainly based on oil (more than 50% of GDP), which makes it vulnerable to economic underperformance in the event of a substantial drop in the price of a barrel of oil on the international market.4 Unfortunately, COVID-19 has been an additional factor in the economic underperformance that has led to gross domestic product contracting in 2020. To combat the impact of COVID-19 on the economy, the government has implemented a recovery plan estimated at approximately 3% of GDP (CFA249.9 billion or US$451.7 million).5

The government reform program aims to restore macroeconomic stability and lay the foundations for inclusive growth to reduce dependence on oil rents. In so doing, the country seeks to revive its agricultural sector, investing approximately CFA327.9 billion (US$592.8 million) in this sector in 2020. Indeed, this sector has strong growth potential, thanks to the country’s 22 million hectares of forests, 1 million hectares of arable land favourable to the development of food crops, and more than 800 000km of maritime coast.6

The authorities have also tried to transform the forest industry to increase the value added and plans to develop tourism and ecotourism to better benefit from the forest heritage. Furthermore, the government has also launched a public investment programme, the Emerging Gabon Strategic Plan, with a view to positioning itself as one of the fastest growing economies by 2025.7

Access to finance
The banking sector is young, with few dominant players. It is composed mainly of commercial banks such as Banque Gabonaise et Francaise Internationale (BGFIBank), Banque Internationale pour le Commerce et l’Industrie du Gabon (BICIG), Ecobank, Orabank, Citibank Gabon, United Bank for Africa Gabon, Union Gabonaise de Banque (UGB), Finatra (a subsidiary of BGFIBank), Alios Finance and BICIG-Bal (a subsidiary of BICIG).

The authorities have also tried to transform the forest industry to increase its added value and plans to develop tourism and ecotourism to better benefit from the forest heritage. Furthermore, the government has also launched a public investment programme, the Emerging Gabon Strategic Plan, with a view to positioning itself as one of the fastest growing economies by 2025.

Compared to the other Central African Economic and Monetary Community (CEMAC) countries, Gabon has the second-largest credit environment, accounting for 20.6% (2020) in the community. The cost of credit in the country is also among the highest. In 2020, the average overall effective rate for short- and medium-term loans was 12.95% and 14.35%, respectively. From July to December 2020, the BEAC observed that short-term loans accounted for the largest share of credit categories (63.91%), followed by medium-term (20.04%) and long-term (16.04%) loans. Large enterprises are the main beneficiaries (31.01%) of bank loans in the region, including Gabon. Individuals are the second-largest beneficiaries (15.67%), although their share in this portfolio is barely a third of the share of loans granted to large companies.8

KEY FIGURES

| Main urban centres | Libreville, Port-Gentil, Franceville |
| Exchange rate (1 July 2021): 1 USD = [a] | 553.23 CFA Franc (XAF) |
| 1 PPPS = (2020) [b] | 265.46 CFA Franc (XAF) |
| Total population (2020) [b] | 2 225 728 |
| Urban population (2020) [b] | 2 005 203 |
| Population growth rate (2020) [b] | 2.42% |
| Urbanisation rate (2020) [b] | 2.81% |
| GDP per capita (Current US$) (2020) [b] | US$7 006 |
| Percentage of population below national poverty line (2017) [b] | 34.3% |
| Unemployment rate % of total labour force, national estimate (2017) [b] | 19.6% |
| Proportion of adult population that borrowed formally (2017) [b] | 5.1% |
| Gini coefficient (2017) [b] | 38.0 |
| HDI country ranking (2019) [c] | 119 |
| HDI country score (2019) [c] | 0.70 |
| GDP (Current US$) (2020) [b] | US$15 593 million |
| GDP growth rate (2020) [b] | -0.01% |
| Inflation rate (2020) [b] | 1.37% |
| Lending interest rate (2017) [b] | 15.00% |
| Number of residential mortgages outstanding | n/a |
| Value of residential mortgages outstanding (USD) [d] | n/a |
| Prevailing residential mortgage rate | 8-13%/15 years |
| Term (e) | n/a |
| Maximum LTV on a residential mortgage | 0.13% |
| Ratio of mortgages to GDP | 20 |
| Number of residential mortgage providers [d] | n/a |
| Number of microfinance loans outstanding | n/a |
| Value of microfinance loans (USD) | n/a |
| Number of microfinance providers [d] | 5 |
| Total number of residential properties with a title deed (2020) [f] | 23 307 |
| Number of formal dwellings completed annually | n/a |
| Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2020) [g] | 35 000 000 XAF |
| Size of cheapest, newly built house by a formal developer or contractor in an urban area [d] | 100m² |
| Typical rental for the cheapest, newly built house [d] | 350 000 XAF |
| Cost of standard 50kg bag of cement in local currency units (2020) [g] | Paper |
| Type of deeds registry: digital, scanned or paper (2020) [h] | 169 |
| World Bank Ease of Doing Business index rank (2020) [h] | 9 |
| Number of procedures to register property (2020) [h] | 6 |
| Time to register property (2020) [h] | 72 days |
| Cost to register property as share of property price (2020) [h] | 11.5% |
| World Bank DBI Quality of Land Administration index score (0-30) (2020) [h] | 9 |
| Percentage of women who own a house alone and/or jointly (2012) [i] | 22.3% |
| Percentage of female-headed households (2012) [i] | 30.0% |
| Percentage of urban population living in slums (2018) [j] | 36.6% |
| Percentage of households with basic sanitation services (2012) [j] | 33.7% |
| Percentage of households with electricity (2012) [j] | 89.3% |
| Cumulative number of COVID deaths per 100 000 as of 1 Oct | 8.36 |
| Percent of population fully vaccinated against COVID-19 as of 1 Oct [l] | 3.59% |

Notes: Figures are for 2021 unless stated otherwise.

[a] Xe.com
[b] World Bank World Development Indicators
[c] Human Development Reports, United Nations
[d] Central Agency for Public Mobilization and Statistics
[e] World Bank: Housing Finance in Gabon: Towards Affordable Housing for All
[f] ORABANK
[g] World Bank publication: Housing Finance in Gabon: Towards Affordable Housing for All
[h] World Bank: Housing Finance in Gabon: Towards Affordable Housing for All
[i] Central Agency for Public Mobilization and Statistics
[j] World Development Indicators
[k] Human Development Reports, United Nations
[l] World Bank Ease of Doing Business Indicators
[m] Demographic and Health Survey, USAID
[n] United Nations Human Settlements Programme
[o] World Bank: Housing Finance in Gabon: Towards Affordable Housing for All
[p] Conservation of Land Ownership and Mortgages
[q] World Bank: Housing Finance in Gabon: Towards Affordable Housing for All
[r] ORABANK
[s] World Bank: Housing Finance in Gabon: Towards Affordable Housing for All
[t] United Nations Human Settlements Programme
[u] UN-HABITAT
[v] World Health Organization (WHO)
[w] Johns Hopkins University Coronavirus Resource Center

Comparison to the other Central African Economic and Monetary Community (CEMAC) countries, Gabon has the second-largest credit environment, accounting for 20.6% (2020) in the community. The cost of credit in the country is also among the highest. In 2020, the average overall effective rate for short- and medium-term loans was 12.95% and 14.35%, respectively. From July to December 2020, the BEAC observed that short-term loans accounted for the largest share of credit categories (63.91%), followed by medium-term (20.04%) and long-term (16.04%) loans. Large enterprises are the main beneficiaries (31.01%) of bank loans in the region, including Gabon. Individuals are the second-largest beneficiaries (15.67%), although their share in this portfolio is barely a third of the share of loans granted to large companies.
Housing finance is available, and the number of mortgage lenders is estimated at 10.9 However, the mortgage market is still in its infancy and is not accessible to most local households. In 2020, the total outstanding amount of mortgage loans was approximately CFA12 billion (US$21.6 million).10 The Bank of Central African States (BEAC) registers housing finance activities in the banking sector without providing the exact names of the actors involved. In the second half of 2020, the average overall effective rate was last recorded (in November) at 6.65%, while the highest rate was observed in September at 26.12%.11

In 2021, the minimum interest rate reported by Orabank was 7.75% (including all fees),12 while the UGB reported a maximum interest rate of 13%.13 Both banks indicated that their maximum repayment period could be up to 15 years.

To improve access to housing finance for its population, the government established the Housing Bank of Gabon (BHCG) and the National Real Estate Corporation to provide a mortgage subsidy to end-users based on the applicant’s profile. Unfortunately, the fall in oil prices in 2017 led to the end of these subsidies and the closure of the Housing Bank; the government’s plan to create a national mortgage refinancing company has also been suspended due to the international oil price crisis. It is expected to resume through a public-private partnership.14 However, with the current COVID-19 turmoil, the prospect of such a refinancing company remains uncertain.

The Government of Gabon provides other non-mortgage subsidies to mitigate the problem of access to housing finance for low-income households through specific affordable housing programs run by state agencies.15

The microfinance sector is beginning to emerge with the registration of regulated microfinance institutions (MFIs), but coverage is limited to a segment of the population. According to the BEAC, the microfinance sector is composed of 14 institutions and is the fourth largest in the CEMAC behind that of Cameroon (with 412 MFIs), Chad (122), and the Republic of Congo (57).16 A significant number of unregulated MFIs are also reported to be operating in the country.

The most important institution is the African Micro-Projects Financial (FINAM) which now has more than 70 000 clients in six of Gabon’s provinces. FINAM has 200 employees in 16 branches across the country. It does not offer housing microfinance but offers all other traditional microfinance products. Only a few of the many MFIs in Gabon offer products specific to housing finance. According to a World Bank report, only LOXIA offers microloans for housing with its Crédit Express product, which finances self-construction projects for up to CFA10 million (US$18 075) over 48 months.17

Affordability

According to the GDP per capita (CFA4.4 million, or US$8 000)18 recorded for Gabon, the country could be classified as middle-income. Unfortunately, social indicators indicate that it is closer to a less developed country: a third of the population lives below the poverty line (nearly 5% live on less than a dollar and a half every day). Also a significant gap exists between the economic development of urban and rural populations.

In 2019, the International Labour Organization estimated that the unemployment rate in the country was 35.5%. The National Employment Office registered a total of 64 077 job seekers between 2016 to 2020, and nearly 87% of them were aged 16 to 34. With the COVID-19 health crisis and resulting job losses, estimated at 10 000 in 2020,19 a sharp deterioration in the purchasing power of most households should be considered. This situation will clearly affect access to housing, regardless of the occupancy status (rental or purchase). At the same time, city rents have skyrocketed due to the exodus from rural areas to cities (four major cities are home to more than 85% of Gabon’s population).20

The State is having difficulty helping households by offering them affordable housing stock. The bankruptcy of the BHCG in 2017, coupled with the fall in oil prices, dealt a blow to the major subsidised housing programs.

In addition, difficulties in accessing long-term financing resources significantly reduce the availability of long-term financing for households. Gabonese banks are constrained by the liquidity ratio requirements of the Central African Banking Commission (COBAC), which obliges them to have a minimum threshold in anticipation of any economic or financial, or even health, shock, as with COVID-19. Most banks respect this ratio.

To overcome the problem of housing affordability, the Government of Gabon levies a 2% tax on the wages of private sector workers to finance the National Housing Fund (FHN). Part of this fund is also donated to the Caisse des Dépôts et Consignations (CDC) to finance high-quality housing projects.21 While commendable, this measure does not include informal sector households or the social housing segment, which make up a large part of the housing demand of local households.

Housing supply

The housing backlog is estimated between 260 000 to 300 000. The World Bank estimated in 2014 that an annual housing supply of 6 000 to 7 000 on average is needed to catch up with housing demand.22 However, given the rapid rate of urbanisation and urban population growth recorded each year, the World Bank estimates should be revised upwards by 10% to 20% to meet the current reality of housing production needs.

The Government of Gabon is the main player in housing production and there are virtually no private sector-led housing projects.23 Most real estate projects are carried out by the Société Nationale Immobilière (SNI) or the Société Nationale de Logement Social (SNLS), the Caisse des Dépôts et de Consignations (CDC), the Agence Nationale des Grands Travaux (ANGT) and the Caisse Nationale de Sécurité Sociale (CNSS). The SNI has begun construction of approximately 3 800 units that, unfortunately, remain unfinished. In 2018, the SNLS merged with the SNI.

The CDC has several ongoing projects, including the Bougainvillier and Magnolia projects. The Bougainvillier project is a 15-year rent-to-own program with repayment rents between CFA350 000 (US$591) and CFA615 000 (US$1 040) per month. The Magnolia project consists of 173 villas built on an area of 400 m², of which 167 m² is habitable, and 27 apartments ranging in size from 90 m² to 156 m².24 In addition, the CDC has set up a home savings plan called OYES, which offers a rate of 0.5% over two years. This allows interested households to make up the 20% contribution required by banks for mortgage financing.25 In 2019, the CNSS received CFA45 billion (US$81.3 million) in funding from the Development Bank of Central African States (BEAC) for a program to build 1 000 social housing units.

Furthermore, self-construction contributes significantly to maintaining housing production activity in the country. It represents the main mode of access to property. Of the 151 535 owners identified in urban areas, 69% indicated that they had used self-construction. The most common types of housing are detached houses and semi-detached houses. The government has created a Directorate of Self-Construction Assistance to support households and offer technical assistance, given the importance of this form of home ownership.26
Property markets

According to a 2012 report, slums are one of the main types of housing in urban areas, with 46% of households living there. In 2015, the UNHabitat estimated that 80% of the local population lived in difficult conditions.

The Gabonese real estate market is subject to uncontrolled rent inflation. According to Ordinance No. 2/75 regulating tenancy, as amended by Ordinance No. 1/87 of 26 February 1987, residential and commercial rents may not exceed one-hundredth of the property value in accordance with the provisions of Articles 2 and 6. In other words, a property valued at CFA50 million (US$90 377.6) should be leased at CFA500 000 (US$903.77).

Unfortunately in practice, this is not the case. According to the latest census, renting is the most common form of housing. It represents more than half (55.8%) of housing, and it is estimated that less than 30% of owners (29.6%) are in Libreville. Residential renting thus plays a leading role in the housing sector and highlights the need for control of rent inflation.

The real estate sector is still informal. Only 23 000 property titles were issued since 1964 until the creation of the National Agency for Urbanism, Topographical Works, and Cadastre (ANUTTC). However, as a one-stop-shop, it only issues an average of 700 to 800 land titles against a target of 5 000 per year. It now has a backlog of 25 000 titles.

It is estimated that only 20% of title retention or recording systems are digitised. Nevertheless, the Government of Gabon is working on digitisation projects around the land. These include a project to create a central land sector file that will make it possible to identify and list occupied or unoccupied land and its owners and a project to regularise land for owners of plots built in the Estuary province.

According to the Doing Business 2020 report, ownership registration and the quality of land administration remain areas where considerable efforts have to be made. The country is ranked 171st (out of 190 countries) in terms of property registration with an index of 5/30 in terms of quality of land administration. It takes six procedures, an average of 72 days, and a cost equivalent to 11.5% of the value of the property to complete the registration procedure.

Policy and legislation

The Gabonese Constitution of 1991, as amended, recognises the right to housing for every Gabonese citizen in article 1, paragraphs 10 and 11. To implement Gabon's constitutional right to housing, the government has put in place key legislation related to housing development:

- Order No. 338/PM of 29 May 2017 on the creation, organisation, and functioning of the commission to examine the problems of the housing sector;
- Decree No. 001-40/PR/MHUCV of 27 April 2018 determining the procedures for issuing building permits.

Housing is at the heart of the PSGE, which recognises its importance in the development of a healthy living environment accessible to all from the perspective of sustainable development. This specific interest in housing is also included in the Human Investment Strategy in Gabon (SIHG), aimed at reducing 30% to 35% of precarious houses, the renovation of 10 000 to 15 000 housing units, and the construction of 5 000 to 10 000 affordable housing units.

Through its Vision 2025 and Strategic Orientations 2011-2016, the government has established a sectoral plan to: reorganise and strengthen the institutional framework of the housing sector; develop an urban planning code to define new rules for land development and construction; strengthen the legal framework for construction and housing; and revise property taxation and other measures aimed at achieving the objectives planned for 2025. In this context, the Government of Gabon has initiated a collaboration between three housing institutions:

- The ANUTTC which manages the allocation of land titles and provides land reserves for construction projects;
- The SNI which acts as a public real estate developer and builds housing;
- And the BHG, closed in 2017, which financed both construction operations and buyers’ mortgages.

Opportunities

Gabon has high economic potential and relatively acceptable political and social stability. Its high rate of urbanisation could represent an attractive factor for investment in the development of cities and the national housing stock.

The existence of a law governing the cost of rent reflects the interest of the national legislator in regulating the sector and avoiding speculation that would have a disruptive effect on the growth of the national rental market and the purchasing power of households. Nevertheless, the difficulties encountered in the sector are partly hidden opportunities for investors who will be able to offer rental stock to meet market demand for the majority of households.

The absence of private sector actors in housing policies also remains an advantage for national and international developers wishing to expand their production market. The PSGE Vision 2025 reveals the government’s ambition to boost the housing sector, construction, and urban planning. Property tax revisions could attract many public-private partnerships for large-scale economic and social housing projects, provided they are beneficial to all stakeholders.
The data produced by Development Finance Institutions (DFIs) also offer relevant information. Nevertheless, direct engagement with key stakeholders in the sector remains challenging, especially in the context of COVID-19, where online interaction is preferred.
Overview

The Gambia, with a land mass of 10 689 km² and a population of 2.4 million,² is one of the smallest and least populated countries in West Africa. The majority of the population lives in the Greater Banjul Area (63%).³ The increase in rural urban migration continues to put pressure on housing demand, which exceeds supply. The housing deficit was over 50 000 housing in 2015,⁴ and has grown since then. The Gambian government does not invest directly in housing development and finance but rather creates an enabling environment to facilitate private sector and some state enterprises like the Social Security and Housing Finance Corporation (SSHFC) to address the housing need. However this enablement strategy has resulted in both informal and less than adequate housing developments in the Greater Banjul Area as the private sector and SSHFC have not met the housing demand.

The economy contracted by 0.2% in 2020, 6 percentage points lower than the real growth in pre-pandemic 2019.⁵ This contraction in real Gross Domestic Product (GDP) growth in 2020, relative to the growth registered in 2019, is largely due to the impact of COVID-19, the full economic effects of which are still unravelling. The Central Bank of The Gambia (CBG) expects 3.5% GDP growth in 2021. The increase in government stimulus spending and the relatively low number of reported COVID-19 cases at the end of 2020 and beginning of 2021. The easing of the monetary policy stance of the Central Bank of The Gambia has also impacted positively on the estimated growth rate.

The survey showed the weakening of the Dalasi against all major currencies, heightened inflationary pressures amid expected low borrowing rates. The Dalasi depreciated against all major currencies and the depreciation was largely influenced by the international phenomenon of the Euro and Pound Sterling.⁶

The political atmosphere in the country is very tense, with 4 December 2021 set for the Presidential Election. The incumbent President, Adama Barrow inaugurated his own party, the National Peoples’ Party (NPP) in January 2021. The main opposition party, the United Democratic Party (UDP), has selected Lawyer Ousainou Darboe as the party’s flagbearer for the elections.¹⁰ There are 17 political parties registered for the December elections,¹¹ with each party vying for the presidency. This has shifted the focus and resources from development projects like affordable housing finance and development. The 2021 Budget appropriated D0.3 Billion (US$5 868 226) (0.3% of Gross Domestic Product (GDP))¹² for the December election, while none is appropriated for affordable housing development. This is coupled with great unease due to the fear of civil unrest resulting from election related fallout. As a result, the business community is cautious about spending until the elections are resolved, which could slowdown economic activity and output.

After spending D116 million¹³ (US$2 269 048) to revised and replace the 1997 constitution, the new draft constitution was stalled at the National Assembly as it was vehemently rejected by the parliamentarians after heated debate. This reforms proposed.
in the new draft constitution allow for some key legislative changes, including a new State-Owned Enterprises (SOE) bill and revisions to the Public Finance Bill.

The second wave of COVID-19 has affected the country in 2021, with an increase in infection rates due to the new delta variant. However, the new infection rate is still not as high as it was in 2020. The Gambia joined the African Union’s (AU) COVAX scheme to cover 20% of the population. In addition, the World Bank is providing grants to procure and rollout COVID-19 vaccines, which are expected to cover a further 40% of the population. The vaccination campaign started in March 2021, and had about 20,000 vaccines administered by late April 2021, out of the 60,000 doses received by the country. The low percentage of administered vaccines (only about 1% of the population) is partly due to some vaccine hesitancy by the populace.\(^{14}\) Despite the pandemic disrupting economic activity and output, the government’s international development partners (the European Union (EU), World Bank (WB), International Monetary Fund (IMF), The African Development Bank (AfDB) and the Turkish Government) continue to provide support in these challenging times. The Gambia also received debt service deferral confirmation from most the creditors endorsing the G20 Debt Service Suspension Initiative (DSSI). The benefit created by the DSSI is about D212,159,501 (US$4.15 million) in 2020 (0.22% of GDP) and D153,368,314 (US$3 million) in 2021 (0.15% of GDP).\(^{15}\)

### Access to finance

In response to the prolonged pandemic, the Central Bank of The Gambia intervened through the periodic Monetary Policy Committee (MPC) meeting to relax key prudential ratios to enhance liquidity and facilitate lending in the financial services sector. In particular, after the 3 December 2020 MPC meeting, the CBG set the maximum prime lending rate to 15% (Monetary Policy Rate (MPR) of 10% plus 5%) effective from January 2021. This was communicated through a letter to all commercial banks dated 17 December 2020.\(^{16}\) This was to encourage businesses and individuals to borrow, given the reduced rate (from at least 20% on average for most banks).

The four major banks in the country continue to dominate the financial services landscape. There are currently 12 commercial banks including one Islamic bank, coupled with 701\(^{17}\) non-bank financial institutions. To increase financial inclusion and penetration, major banks continue to leverage on technology to reach the remotest parts of the country through payment platforms, mobile money transfers and money transfer organisations. The impact of the Microfinance institutions in the financial services sector is immense even though most do not provide mortgages or housing loans. This has really increased improved banking penetration which is at low rate of 35% countrywide. Two new Microfinance companies (YONNA Islamic Microfinance and Approved Services (APS) Islamic Microfinance) were issued licences in 2021.\(^{18}\)

Despite the pandemic, the banking sector continues to be highly profitable, very liquid and well capitalized. The risk weighted capital adequacy ratio is at 31.8%, higher than the statutory requirement of 10%, while the liquidity ratio is 64.25%, which is well above the statutory requirement of 30% (as at end March 2021).\(^{19}\) The impact of the pandemic was limited to one large bank, three small banks, and three microfinance institutions (MFIs). Even though non-performing loans (NPLs) increased to 6.8% of gross loans at end-2020, the level of provisions remained comfortable at 85%.\(^{20}\) Notwithstanding pandemic-related balance sheet weakening in a few MFIs, increasing NPLs and denoting profitability, the subsector remained well capitalized, liquid and helped facilitate financial intermediation and access through a significant growth in mobile banking.\(^{21}\)

The Home Finance Company of The Gambia Limited (HFC) is the only financial company licensed by the CBG to provide mortgage housing finance loans to the public. The services offered by the company are different than those provided by major banks, even though they are not allowed to call them mortgages. The HFC has very narrow portfolio, with just 49 mortgages on its books as of July 2021.\(^{22}\) The total portfolio of approximately D40,4 million\(^{23}\) (US$90,254) is insignificant compared to the total banking industry construction finance loan portfolio of approximately D2,281,420,000\(^{24}\) (US$448,981). The HFC’s mortgage products generally finance up to 70% of the value of a property payable over a maximum period of 15 years. The company maintained its mortgage interest rate at 17% up to June 2020, when it reduced the rate to 15%.\(^{25}\) The company continues to be plagued by non-performing loans (NPLs), which accounts for over 21% of its loan portfolio as at June 2021. This above average NPL ratio of below 5%, coupled with inadequate capital injection hampers growth as it concentrates on recovery than growth of the portfolio.\(^{26}\)

The Social Security and Housing Finance Corporation (SSHFC) continues to be the only government institution mandated to provide affordable housing to middle-income earners. These mortgages are given over a period of 4 and 15 years, with a minimum down payment of around 20%, depending on the location of the property. The SSHFC hasn’t embarked on new housing development in the past couple of years, which has adversely affected the stock of affordable housing in the country. However, it is planning the NAFLAGAN project which will add 700 housing units in the form of site and service. The total amount of its outstanding mortgages as at the end of 2020 was D175,000,000 (US$3,423,132) and over 7,000 customers. The level of bad debts is about 20% of the outstanding mortgage portfolio. The SSHFC mortgage portfolio is well more the HFC portfolio shown above but also far less that the Construction loans for the banking sector\(^{27}\).

The impact of Covid-19 has affected debt collection and level of bad debts for both HFC and SSHFC. However, both entities relaxed repayments, temporarily stopped foreclosure, and waived interest payments for some struggling customers during this period.

### Affordability

Building a house or buying a house from developers is unaffordable for most Gambians, since 10.3% of the population live below the poverty line (as of 2015),\(^{28}\) coupled with an unemployment level of 9.6%\(^{29}\) as at end 2020. This is further compounded by the high costs of building materials, land and borrowing from the financial institutions. The price of a three-bedroom house (220m\(^{2}\)) is approximately D4.6 million (US$89,979), while a two-bedroom house is D2.4 million (US$46,946) based on the prices offered by SSHFC. One of the major property developers, Global Properties Gambia, indicated that it would cost around D9,000 (US$176) a square meter to buy a two or three bedroom house in the urban areas, which approximates to D2,172,718 (US$42,500) and D4,345,436 (US$85,000)\(^{30}\) a property, respectively. Mortgage providers and developers normally require a down payment of between 20 and 35% of property value before the any deal is made.\(^{31}\) This makes mortgage financing beyond the reach of many low- and middle-income Gambians, which represented 38.4% of the country in 2015.\(^{32}\)

The cost of renting an apartment is also exorbitant since the agents demand a minimum of six months deposit and a consultation fee, which most many people cannot afford. This also increases the eviction rate and rent tribunal cases. It costs between D5,000 (US$98) and D7,000 (US$137) a month to rent one- or three-bedroom apartment in the urban areas of The Gambia.\(^{23}\) It is important to note that most agents provided extended credit periods to their customers due to the pandemic, so eviction was very rare during this period.
The exorbitant cost of rent in the Greater Banjul Area is due to high population density, as demand far exceeds supply. Since the real estate sector is largely unregulated, agents also charge a premium for no extra service. There is no curated data to track and report on prices of houses in both the urban and rural areas. These are published in the websites of individual developers and real estate agents, which makes price comparisons difficult and time consuming.

Disappointingly, the central or regional governments do not provide any assistance to procure land or build on existing land and there is no budget allocation in the current budget or the previous one for land. This is largely left with the private sector players.

**Housing supply**

Lack of direct government involvement or support for affordable housing development is hampering the supply side of the affordable housing market. With a lack of subsidies, direct financing, access to and low-cost land in prime locations, unavailable or poor infrastructure being some of the issues raised by developers as hindering the development of affordable housing.34 With the large increase in the number of real estate developers, access to land is becoming a challenge and when available, is very expensive and fraught with legal issues. The government and the municipalities are not helping in land banking/reserving land for future housing development. There is currently no updated or coherent town planning framework which informs development of the major settlements.

Furthermore, since government does not provide any low-cost financing for affordable housing development, private developers do not have the financial muscle needed to build sufficient low-cost houses. This creates a shortage in the market and drives up the cost of the even the most basic of houses. This shortage forces low-income households to resort to building houses in locations which are not accessible during the rainy seasons or not suitable for habitation.

The transportation system in the country is poor and underdeveloped and does not support sustainable housing development. Public transportation is driven by the private sector through the use of buses, vans, and local taxis. There is significant road congestion, which is getting worse each year.

The waste management system in the country is poor, with limited and unreliable companies collecting and disposing solid wastes in the urban areas. These solid waste materials are usually dumped in residential areas, which is affecting the quality of life for those areas. As a result, these areas are no longer attractive to developers and poor households who dwell in there, normally live in squalor-like conditions and are in a constant tussle with the authorities to relocate.

**Property markets**

COVID-19 has greatly affected the property market since lenders, developers and potential buyers have stopped committing resources during this time. Some banks and microfinance companies have been badly affected by the pandemic since they were significantly exposed to the real estate and/or hospitality industries. However, the property market in the Gambia continues to attract interest from Gambians in the diaspora and other foreigners. This sustained increase in demand for properties, coupled with the increase in the general costs of materials, has resulted in increased house prices.

The country has a Deeds Registry at the Ministry of Justice, which is currently being digitised. The first phase of the digitization was completed in 2020, and further funding is required to complete the second phase.35 As a result, it is impossible to know the number of residential properties which are mortgaged.

Land tenure continues to be a problem due to communal ownership of land especially in rural and in some urban settlements. This is exacerbated by the number of procedures and time (at least three years to secure a title deed) it takes to register a property with the associated costs (D4 000 (US$78) in transfer tax to the municipality and D40 000 (US$782) in capital gains tax per transaction).36 The government has not increased these costs due to the pandemic.

The property market in The Gambia is generally resilient with lots of players, both formal and informal, and highly unregulated. However, properties are freely transferable if all the various taxes are paid to the state and councils, whether the parties are foreigners, residents, or citizens.37

There is also no published data on the number of households owning and renting properties, either by the government or real estate agents.

**Policy and legislation**

The Department of Lands, under the Ministry of Lands and Regional Government, issues title deeds, which are duly registered. Property rights and secured interests in property are protected by the Constitution. Interests in both moveable and real properties are recognised and enforced. The concept of a mortgage exists, provided by The Mortgages Act 1992 (Cap 97:02), albeit the mortgage market is still very small. There is however a recognised and reliable system of recording security interests.

The legal system fully protects and facilitates the acquisition and disposal of all property rights including land, building, and mortgages. However, most of the land is held through customary tenure or controlled by farmers and traditional rulers. Such land can, however, be easily expropriated by government or declared reserved land to be used in future for social amenities such as parks, markets, schools, hospitals, or office buildings.

The current government has not introduced any new housing specific legislation/regulations or designed any policies guiding the urbanisation process. The existing laws and policies that govern the housing sector were developed in the 1980s and 1990s. The most recent Act been the Rent Act of 2014.39 The government does not play a direct role in housing development through policy and legislation, except through the SSFHC. It rather facilitates the housing process by making the acquisition and development of land easy for individuals and private developers. There is currently no Act regulating the real estate sector.40
Opportunities

For example, the SSHFC has banked 25 sites in all the regions of the country. Most developers are buying and banking land for future development. Given the difficulty of acquiring low-cost land for affordable housing in prime locations, most developers are buying and banking land for future development. For example, the SSHFC has banked 25 sites in all the regions of the country. Also, Global properties Gambia has banked and is prospecting land between Gunjur and Tujereng, where a lot of land is available for future development.

The increase in the number of microfinance companies (70) and the size of the existing major ones, present opportunities for the informal and self-built houses in terms of access to finance, although microfinance companies are not yet allowed to directly fund long term housing projects.

The number of Real Estate Agents (70) and the strengthening of their Association, means that most of the members have now regularised their legal and financial status. This will improve access to finance and also enhance their lobbying power with the government in terms of access to affordable and reliable power supply, road networks, water, sewage, low cost finance and land for commercial development. They will also be able to pursue better regulation since the industry is largely self-regulated.

One major problem with the real estate sector with their customers is lack of trust. A couple of real estate company Chief Executive Officers (CEOs) were taken to the police for alleged fraud.

Availability of data on housing finance

It is very difficult and time consuming to gather relevant and reliable information or to seek clarification from some government entities since public officials are either not available, not helpful or are able to only provide limited information.

The major mortgage lenders do not publish information on the number, value of and non-performing part of their mortgage portfolio. This makes trend analysis difficult. The financial reporting framework for large microfinance companies changed in 2019 from local Generally Accepted Accounting Principles (GAAP) to International Financial Reporting Framework (IFRS). IFRS has very different provisioning/impairment guidelines, which makes comparability of non-performing loans misleading.

There is no government institution or an association tasked with the responsibility to collate and make available data on housing finance. Rather data is available from many different sources which impacts the reliability, timeliness and trust worthiness of the sources. There is currently no data on the number of newly built houses in the country or the major metropolises.

The first phase of the digitisation of the title deeds at the Deeds Registry was completed in 2020, with the second phase yet to start. The Deeds Registry is yet to secure funding for the needed D5 million (US$97 804) to complete the process.

Websites

International Monetary Fund https://www.imf.org/external/index.htm
Central Bank of The Gambia https://www.cbg.gm/
Social Security and Housing Finance Corporation https://www.sshfc.gm/housing-finance-fund
AllAfrica https://allAfrica.com/stories/201406031295.htm
Overview
Affordable housing in Ghana continues to be an urgent socio-economic concern despite the growing economy as incomes fail to match house price increases. The housing deficit is intensifying especially in urban areas. In 2015 it was estimated that population growth would likely add two million extra urban households in Ghana by 2020. In the attempt to tackle the crisis, the government has initiated the Ghana CARES “Obaatan Pa” programme, and is expected to provide long-term and sustainable funding for businesses in the country.

In 2020, Ghana’s economy grew by 0.4%, due to the impact of COVID-19. Following government interventions implemented since March 2020 to mitigate the effect of the pandemic, Ghana’s GDP recorded growth of 3.1% in the first quarter of 2021 (excluding oil 4.6%). In the attempt to tackle the crisis, the government has initiated the Ghana CARES “Obaatan Pa” programme, and is expected to provide long-term and sustainable funding for businesses in the country.

Access to finance
The banking sector dominates Ghana’s financial services, while the pension, insurance, and capital markets are less developed. This has contributed to the limited availability and high cost of long-term wholesale finance for banks. Domestic credit to the private sector (10.9% of GDP) as an indicator of the level of financial development in Ghana is lower than that of Sub-Saharan Africa (excluding high-income countries) of 17.2%.

With an underdeveloped financial market, the cost of capital for the construction and housing sectors is exorbitant. The average lending rate of commercial banks in 2020 was 20.1%. Nine of the current 23 banks in the country have official mortgage products including home purchase, home improvement, equity release, official mortgage products including home purchase, home improvement, equity release, and refinancing. Of this, it is expected that by 2022 the stalled housing developments in Borteyman, Kpone, and Saglemi would have been completed in addition to 150 new housing units to be provided for public officials.

KEY FIGURES
Main urban centres
- Accra, Kumasi, Sekond-Takoradi, Tamale

Exchange rate [1 July 2021]: 1 USD = [a]
1 PPPS = [2020] [b]

- 5.87 Ghanaian Cedi (GHS)
- 2.33 Ghanaian Cedi (GHS)

Total population [2020] [b] | Urban population [2020] [b]
- 31 072 945 | 17 820 023

Population growth rate [2020] [b] | Urbanisation rate [2020] [b]
- 2.13% | 3.26%

GDP per capita (Current US$) [2020] [b]
- US$2 329

- 48.4%

Percentage of population below national poverty line (2017) [b]
- 2.4%

- 10.2%

Unemployment rate (% of total labour force, national estimate) [2017] [b]
- 43.5

- 142 | 0.60

Gini coefficient (2017) [b]

Proportion of adult population that borrowed formally (2017) [b]

- GDP (Current US$) [2020] [b]
- GDP growth rate [2020] [b]
- Inflation rate [2020] [b]
- Lending interest rate

- 3.1%

- 12-22% | 20 years

- 0.78%

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Several factors restrain householders’ access to home finance aside from the high-interest rates and associated transaction costs. Compared with loans for commerce, lenders tend to have more stringent qualification requirements on mortgages and conduct extensive due diligence. Mortgagors may also have conditions on the towns or cities where residential properties must be located, with a preference for gated estates, primarily those within the Greater Accra and Greater Kumasi Metropolitan Areas. Mortgage banks, except for the Ghana Commercial Bank, operate in predominantly large urban areas.

The recently established National Housing and Mortgage Fund, in partnership with Stanbic Bank, Republic Bank and the Ghana Commercial Bank, aims to enhance access to mortgage financing and stimulate housing development. The subsidised interest rates for home purchase offered by Stanbic Bank and Republic Bank under the scheme are 12% and 11.9% respectively, with rates largely dictated by the government to the banks. The longstanding Public Servants’ Housing Loan Scheme remains available only to civil and public servants.

The mortgage debt as a proportion of the overall household debt to GDP ratio of 2.5% (Q3 2019)6 is 0.5%,10 relatively low as few households take mortgage loans. Non-bank institutions tend to offer more general-purpose loans to individual and household borrowers, although their combined asset value was GH¢12.32 billion (US$2.098 billion), inclusive of mortgage institutions, in 2019.11

Affordability

Affordability remains an issue because of prevalent low household incomes, restricting access to shelter; be it ownership or rental. The incomes of more than three quarters (77.4%) of households in Ghana plunged since the COVID-19 hit the country. Conversely, less than 5% of households reported an increase in income.12

The cheapest newly built house costing GH¢134 684 (US$22 938)13 remains out of reach of those earning the average annual household income of GH¢33 947 (US$5 781).14 Factors contributing to this include rising land prices, high mortgage rates, and limited use of cheaper local building materials and outdated building codes and regulations.15

Under the National Mortgage and Housing Finance Initiative, mortgage banks for public-sector workers have been offered at interest rates between 10%–12% compared to the average market rate at 28%. Mortgage loans are offered for houses starting from GH¢140 000 (US$22 843) for a standard two-bedroom house, and GH¢190 000 (US$31 328) for a one-bedroom unit. The initiative is designed to promote affordable housing for low-income workers through a rent-to-own scheme. The average monthly rent paid by beneficiaries under the initiative is GH¢4525 (US$789) for a standard two-bedroom and GH¢625 (US$106) for a three-bedroom unit as against GH¢650 (US$111) for a standard two-bedroom and GH¢850 (US$145) for a standard three-bedroom unit in the same locality.16 It is envisioned that the initiative will be rolled out on a national scale, with a financing need of approximately GH¢435 million (US$74 million).17

Housing supply

The government has been reforming land delivery to reduce bureaucratic impediments and cut costs under the Land Administration Project. These have included the establishment of a Client Service Unit, digitalisation of its services, and the revision of the longstanding land law of 1962, among others. The government’s focus on infrastructure development has led to expansion in road infrastructure, making most communities accessible, thus increasing the demand in the real estate sector.

Growth in GDP in 2021 has led to an improvement in land registration and building permit systems, coupled with new regulatory support.18 This is a direct indicator of the government’s efforts to improve access to housing and other socio-economic developments. The resumption of services on the Accra-Tema rail line also gives people in affordable houses in the peri-urban areas access to work in urban areas as well as other services.

New sites to cater to the growing population in the Accra Metropolis have been identified at Saglemi, Prampram, with the off-site infrastructure done. In 2019, a partnership with the United Nations Office for Project Services to deliver 200 000 affordable houses, starting off with 6 500 units, was announced by the government.19

A new structure plan for the Greater Accra metropolitan area is being prepared as the previous one, developed in 1991, has become outdated, with the metropolis tripling in size and population over the period. In partnership with UN-Habitat, a new city extension project is also being implemented in Prampram.

Traditionally, local building materials are dominated by soil-based or timber-based building products. These comprise compressed earth blocks (CEB), improvised laterite blocks (landcrete), and clay bricks. It has been known for some time that substantial clay deposits exist in various areas of the country.20 However, the preponderance of these deposits has not driven any significant industrial development in building materials or applications.21 Local brick factories are largely informally run, with limited outputs. Landcrete blocks, made of cement and sand, have long dominated the building market as walling material. Lately, the desire for improved strength of the landcrete blocks has led to incorporation of quarry dust in the cement-sand mixes making up landcrete blocks. The prevalence of clay deposits in Ghana has partly induced the establishment of a ceramic tile manufacturing factory with a 10 000 000 m² a year capacity by Chinese investors in 2016.22 Attempts to popularise rattans and bamboo in construction have failed to yield any uptake, beset by misperceptions as an inferior material. Growing awareness of climate change, sustainable development, and circular economy responses are driving the emergence of new materials recovered from waste, with plastic waste being repurposed as building materials,23 in the form of blocks and pavers.24

Property markets

Despite the steady easing of restrictions imposed by the government, the significant impact of the pandemic on the Ghanaian economy persists and the real estate sector is no exception. In 2020 a decline in the tourism industry, which drives the high-end residential property market, resulted in demand for high-end residential properties plunging. The impact of the pandemic on activities in the mid to low-end residential property market was less dramatic.25 Many commercial properties recorded low occupancy levels due to the pandemic.26 The impact of the pandemic is likely to influence new innovations in building designs in favour of confined individual spaces due to the potential decline in preference for shared or communal properties.27
GHANA

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

<table>
<thead>
<tr>
<th>No. of households (thousands)</th>
<th>PPP$40 001 – PPP$50 000 000</th>
<th>PPP$23 001 – PPP$40 000 000</th>
<th>PPP$12 001 – PPP$23 000 000</th>
<th>PPP$8 001 – PPP$12 000 000</th>
<th>PPP$5 001 – PPP$8 000 000</th>
<th>PPP$3 001 – PPP$5 000 000</th>
<th>PPP$2 001 – PPP$3 000 000</th>
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On the other hand, the real estate market in Ghana is experiencing a surge in diaspora demand as more Ghanaian citizens abroad return home due to the devastating impact of COVID-19 on their lives in Europe and the United States. Anecdotal, this new trend is expected to continue until after the pandemic.

Ghana’s economy is expected to bounce back in 2021 with a GDP growth rate of just under 5%, and economic growth is one of the variables, along with unemployment and high interest rates affecting house prices, according to a study of housing in Accra, where the housing market is concentrated.

For a residential housing unit, a breakdown of the price indicates 20% for the cost of land and infrastructure, 70% for actual cost of building, and 10% for fees and charges.

Cost of land varies immensely depending on location. Average cost of land increased consistently from 2018 to 2019 across various localities of Accra. The lowest average cost of a plot of land in Accra within the East Legon Hills neighbourhood increased from GH¢3 949 652 (US$672 663) in 2018 to GH¢4 400 385 (US$749 427) in 2019. On the other hand, North Ridge, the neighbourhood with the most expensive cost of a plot of land in Accra within the East Legon Hills, increased consistently from 2018 to 2019 across various localities of Accra. The cost of land varies immensely depending on location.

Ghana’s land sector is governed by customary and statutory systems, which often result in overlaps between the two legal systems. Approximately 80% of land in the country is held under customary arrangements and around 20% of land is officially owned by the State. Private ownership of land may arise from the outright purchase from customary landowners, compulsory acquisition or gift, usually for individual development purposes.

Policy and legislation

The 2015 National Housing Policy remains the primary guiding framework for the government’s intervention in the housing market. Various programmes outlined in the policy require the government to supply housing directly by leveraging public-private partnerships, for example. The State Housing Corporation and Tema Development Corporation remain the primary quasi-state institutions for housing delivery. Other attempts at direct state affordable housing provision at the national level, such as the State Housing Corporation and the Home Mortgage Finance Act, 1972 (NRCD 96), regulate mortgage lending for constructing, completing, renovating, and purchasing fixtures and chattels for residential properties. The act, among others, has streamlined the processes of foreclosure and improved mortgagors’ rights. Where a mortgagor fails to comply with provisions of the act in relation to funding secured for housing, the financial institution can repossess the property without a court adjudication. The Credit Reporting Act, 2007 (ACT 726) mandates all financial institutions to report data on new borrowers to the Credit Reference Bureaus within 72 hours. Reported data must be updated monthly.

The National Housing and Mortgage Fund (2019), established by the Ministry of Finance, will improve access to comparatively less expensive mortgages. Through the scheme, 204 housing units have been built in Tema, for public sector employees. Real Estate Investment Trust (REIT) guidelines were established in 2019 but regulations by the Securities and Exchange Commission are yet to be promulgated. The HFC REIT, now Republic Bank REIT, remains the country’s only REIT. The Ghana Commercial Bank recently announced the establishment of the GBC REIT, but information is scanty.

Opportunities

Ghana’s post-pandemic economic recovery looks promising – a phenomenon conducive for investors. The local currency has gained much stability against other currencies and foreign direct investment increased by 71.2%. These positive macroeconomic indicators present great opportunities for the housing and other real estate actors to plan effectively for future investments.

Again, the Government of Ghana has signed onto and is also hosting the secretariat of the African Continental Free Trade Area (AfCFTA) initiative, which aims at “accelerating intra-African trade and boosting Africa’s trading position in the global market.” The AfCFTA is estimated to generate a combined consumer and business spending of $6.7 trillion by 2030, leading to an improved investment climate, the creation of new industries and the expansion of key sectors including the housing sector.

The challenge of securing long-term guaranteed loans for housing development will be addressed with the proposed Development Bank of Ghana (DBG), which is expected to start operating in the third quarter of 2021. The DBG is to mobilise adequate capital from both domestic and international sources and provide long-term financing to major sectors of the economy, including mortgages for the housing sector.

The informal sector continues to strongly support housing delivery in Ghana. It is estimated that 90% of Ghana’s housing stock in the urban areas is classified as informal as the dwellings do not conform to local authority control. There are instances where through non-conventional means, tenants agree with landlords to expand the housing units or improve the services within the unit to meet their socio-economic statuses. The associated costs are deducted from rents.

Source: https://www.cgidd.com/C-GIDD, 2020
informal approaches somehow have become structured in different communities and are socially recognised. They should be researched, formalised and supported to boost housing financing in the country.\(^{46}\)

Incremental housing financing supports the bulk of urban housing development in Ghana as the mortgage system is underdeveloped.\(^{46}\) International best practices for incremental housing models, which ensure residents are supported with the “unaffordable” components of home construction (well-served at local good locations, infrastructure and foundational structure) are good options. Through Public Private Partnerships, “half houses” could be provided for residents to complete at their own convenience and in accordance with their financing capacity and preference.\(^{6}\) Incremental housing financing also requires a combination of savings, subsidies and credits.\(^{46}\)

**Website**


Ghana Statistical Service https://statsghana.gov.gh/


Cofundie Investment Technologies https://www.cofundie.com/

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**Availability of data on housing finance**

Data on housing finance in Ghana is mainly collected by the Bank of Ghana and the Ghana Statistical Service. Data available from the Ghana Statistical Service includes census data, stock of houses in each geographical area, rental values, expenditure on housing, housing typologies, conditions of housing, households and dwelling room density among others. This data is collected through the Population and Housing Census every decade and the Ghana Living Standard Survey. From the Bank of Ghana monthly mortgages and the growth of the real estate sector is among data available upon request.

Housing Finance Data is difficult to come by and not always publicly available. Institutions are not always responsive to requests for data on housing finance and this often leads to reliance on outdated information.

In 2021 the Ghana Statistical Service conducted the Population and Housing Census which would provide up-to-date information on the country’s population and housing growth.

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The Republic of Guinea is a country in West Africa with a land mass of 245,857 km², and a coastline along the Atlantic Ocean. It shares borders with six countries: Guinea-Bissau, Senegal, Mali, Ivory Coast, Liberia, and Sierra Leone. With an estimated annual population growth rate of 2.8%, its population rose from 11,233,037 in 2016 to approximately 13,132,792 in 2021. This population is mainly made up of women (52%) and young people under the age of 35, which together represent 77.4% of the total population.

In 2019, the social housing deficit in Guinea stood at 500,000 units. In recent years, the country has faced an annual housing demand estimated at 47,000 social housing units. Lawlessness and the absence of a formal and accessible housing are at the origin of the exponential development of informal housing in the country, especially in the port City of Conakry. The main difficulties for the affordable housing sector are related to the weakness of the financial capacities of the State and especially that of communities. Indeed, the lack of an appropriate financing system has led to high housing prices.

The poverty rate was 55.2% in 2012, with a higher rate recorded in rural areas (64.7%) than in urban areas (35.4%). Between 2012 and 2014, the growth rate of the Guinean economy recorded a steady decrease from 3.9% in 2012 to 2.3% in 2013 and 1.1% in 2014. Despite the socio-political unrest and outbreak of Ebola, economic activity experienced a slight increase of 3.8% in 2015 against 3.7% in 2014. More recently, in 2016, 2017, and 2018 Guinea recorded strong growth in Gross Domestic Product (GDP) at 10.8%, 10%, and 7.8% respectively.

Nationally, the economic indicators available at the end of June 2021 remain appreciable in several sectors. Sectors of activity such as Buildings and Public Works (BTP) and Energy are maintaining their favourable development. At the level of public finances, the execution of budgetary revenues recorded an increase, but the increase is still less than expenditure, resulting in an overall deficit. In the monetary sector, the Central Bank of the Republic of Guinea (BRCRG) maintains the key rate level at 11.5%, and the money supply continues a moderate trend.

After a protracted socio-political crisis, institutional capacity has been rebuilt since the presidential elections of 2010, 2015, and 2020. But, unfortunately, so far, this process has not allowed the country to renew and transform the enormous existing economic potential fully. Moreover, it should be noted that since 5 September 2021, following a military coup that overthrew the elected power, the country is back in a socio-political crisis.
has been resilient largely based on the response measures taken by the government. As a result, according to the October 2020 framework, real GDP growth is estimated at 5.2% in 2020 against an initial forecast of 3.1%. This level of growth is partly explained by the effects of the successful implementation of the national strategy to fight COVID-19 and by the resumption of activities in all sectors. In addition, the government has maintained its pace of social spending in order to assist the most vulnerable households.5

**Access to finance**

In the housing finance sector, the absence of a housing bank and specific lines of credit for real estate in the traditional banking and financial sectors don’t allow the State – despite its willingness – to meet the growing and urgent housing needs in the country. There is weak capacity for the national fund for urban planning and housing to mobilise resources to fulfil its mission of financing the development and construction of social housing.

In 2018, the National Investment Bank of Guinea (BNIIG) was approved, bringing the number of approved banks to 17, of which 16 are currently in operation. Before the creation of BNIIG, financing for housing came mainly from personal savings, family assistance, inheritance, the sale of plots, and rental leases. The microfinance sector is also marked by the creation of a new institution, bringing the number of microfinance institutions up to 26. Five institutions dominate it in terms of market share. The deposits collected by these five institutions represent 99.6% of the total deposits, and they hold 99.2% of the sector’s loan portfolio.6

Despite the pandemic, the banking sector has remained liquid and solvent, largely due to the private sector. Excess local currency reserves increased by 51% on average, driven by strong growth in deposits (21%) and the reduction in the reserve requirement rate as a response to COVID-19. Although there is a general slowdown in credit, the private sector saw its credit increased by 17% in 2020.7 In the area of housing finance, no measures have been taken to counter the impact of COVID-19 with the BCRG not reducing its key rate. The lowest interest rate on residential mortgages offered by registered mortgage providers is still 6%. The maximum interest rate is still 20%. The maximum term for residential mortgages is estimated at 25 years. The maximum monthly loan-to-household income ratio for residential mortgage loans is set at 35% of a person’s salary. In other words, lending banks cannot take more than a third of a person’s salary to pay off a loan. Deposits are the main source of loan financing in Guinea.

At the end of June 2021, there was an increase of 39.9% in the number of business start-ups recorded from 997 companies set up in June 2020 to 1,395 in June 2021. This reflects a resumption of business activities after a global slowdown linked to the pandemic. The increase recorded at the level of banking and insurance activities, are also positive. The number of customers in banks increased by 2% in June 2021 against 8.9% a year earlier. At the same time, the number of loans granted by these institutions increased by 23.4%.8

**Affordability**

As part of the social housing construction programme, the State negotiated with banks for an interest rate of 6% instead of 18%. Housing subsidies, unrelated to mortgages, are in the form of tax and customs exemptions granted to developers by the State. These measures help to reduce the price of housing. For custom exemptions, an exemption period of three years is granted to the real estate company during its installation and/or extension phases. During this period, it is exempt from all customs duties except the RTL, which is 2%, and the registration tax, which is 0.5%, thus representing a total exemption of 2.5%.9

Regarding household expenditure, at the national level, the average spending on rental amounts to FG1 925 856 (US$195.7) per year while the median expenditure on a rental is estimated at FG1 223 193 (US$124.3) per year. In other words, half of the Guinean households spend more than FG1 566 344 (US$159.2) per year on rental. Conakry as the main administrative region has the highest costs, for rental and ownership. The capital Conakry records the highest average and median rental expenditure, respectively FG2 584 860 (US$262.7) and FG2 584 860 (US$262.7) and FG2 058 234 (US$209.2), as well as the highest average and median annual expenditure on housing, respectively FG1 477 399 (US$309.7) and FG2 528 207 (US$262.7). In general, these rental and accommodation expenses increase with the size of the dwelling. As for the average annual household expenditure on housing maintenance, it is estimated at FG302 598 (US$ 30.8). Of all the administrative regions, this expenditure, estimated at FG461 626 (US$ 46.9), is the highest in the Conakry region.10

**Urban informality**

Guinea is gradually urbanising and has undertaken various measures to control land use. With an urbanization rate of 28% in 1990 and an estimated urban population of more than 1.5 million people in 2019, Guinea accommodates 40% of its population in urban human settlements. According to some forecasts, it will house 56% of its total population in its urban centres by 2050. This has resulted inadequate, informal housing for most urban households (30 to 60%), which is characterised by precarious construction on sites with or without development and poorly serviced.11 During COVID-19, the government made no specific arrangements for residents of these informal areas.

At the national level, boreholes are the primary source of drinking water supply. Most households in Conakry use potable water as drinking water (98.5%). This situation much the same in the other urban centres of the country with 91.9% of the population having access to piped water. Thirty-four percent (34%) of Guinean households use simply paved latrines. In urban areas, 33.6% of households have flush toilets. 4.4% of the population use public toilets. 4.9% and 0.7% defecate in the open.12 However, the Urban Sanitation Development Program in Guinea (SANITA) – Clean Cities intends to provide sanitation to all those living in urban areas.

The Guinean government signed an agreement with the United Nations Office for Project Services (UNOPS) and SHS Holding in July 2020 to build 200,000 affordable housing units for the next ten years.11 All homes that will be built in partnership with SHS Holdings will benefit from the latest technologies in renewable energy and disease prevention. At least 100,000 of these new homes will be for government employees and will be paid for by monthly payroll deduction from wages and will be located in Conakry.

In September 2020, the Guinean government launched the construction of 10,000 social housing units. This programme, financed by the Guinean Agency for Housing Finance (AGUIFIL), will be implemented by 12 private companies.

Between June 2020 and June 2021, the volume of cement production was estimated at 102.14 million tonnes against 87.10 million tonnes a year earlier, an increase of 17.1%. In addition, the production volumes of sheet metal (13,982 tonnes) and paint (1.834 tonnes) recorded respective increases of 102.9% and 7.1% against – 85.2% and +49.6% a year earlier. The construction sector has experienced a growing resurgence of activity in recent years and is a large provider of construction jobs, particularly in urban areas.
The Guinean population face significant transport mobility difficulties. On average, 29.1% of Guinean households take more than 60 minutes to access the nearest public transport service. In terms of waste management, 35.6% of households in urban areas use illegal dumps, 24.3% use public dumps, and 23.7% subscribe to waste collection services. The main mode of household waste management in Conakry is through garbage collection (41% of households have garbage collected) followed by 30.1% of households using public dumps.

Property markets

The property market is marked by insecure land tenure, exclusive housing financing systems, poor construction quality and the poor servicing of land. Despite these constraints, the demand for housing continues to increase in Guinea. Together multi-unit houses (40.6%) and single-family homes (37.6%) account for nearly 80% of the country’s dwellings. However, 20.1% of housing inadequate huts or barracks and only 1.8% of housing is made up of villas. In the capital of Conakry, more than two thirds of households live in multi-unit houses (65%), followed by single/other houses (29.2%). This densification trend is the same in the other urban centres of the country, with 39.8% of households living in single-family houses and 54.3% in houses.

In general, most rural households own/co-own their homes (64.5%). However, most of these owner/co-owner households are without a title deed (41.6%) with only 22.9% of owners/co-owners having a title deed. 20.3% of households rent accommodation, while 0.5% are housed by their employers and 14.8% are housed free of charge. In urban areas, nearly half of households (49.6%) are tenants, and a third (34.5%) are owners or co-owners of their housing of which the majority (27%) are owners or co-owners with title or deed of ownership and 75% are owners or co-owners without title or deed of ownership. This shows that there is more security of tenure for households in urban areas. The type of housing most in demand depends on the market. There are generally three types of houses available: F2 (1 bedroom + 1 living room), F3 (2 bedrooms + 1 living room), and F4 (3 bedrooms + 1 living room).

Currently, the monthly rental for the cheapest newly constructed housing by a developer or formal contractor is estimated at FG2 000 000 (US$203.2). There is no regulation of the rental sector. In Conakry, because of the demand, rental deposits are high, often reaching the equivalent of two years’ rent. Also, rental costs can be increased at any time, with unilateral breaches of contracts being widespread. Tenants are therefore at the mercy of owners and sellers. To reduce this exploitation a Bill to regulate leases for residential use in Guinea was prepared in May 2021.

In urban areas, the price of the cheapest newly built house by a developer or a formal contractor is estimated at FG1 32 539 415 (US$13 469.1). This is an F3 house (four rooms) with a built area of 93m².

Policy and legislation

In 1934 a general regulation was adopted for the construction of houses and for the provision of sanitation and water services to those homes, as well as for road reserves. From 1958 to 1984, the law enshrined the exclusive ownership of the land to the State. It was not until 1986 that Guinea acquired tools for planning and spatial management. These included the National Land Use Planning Scheme (SNAT), four regional land use planning and development plans, an urban development plan for Conakry, ten land use planning and urban planning master plans for secondary towns and urban reference plans. The land code and the town planning code were also adopted. However, despite the existence of this planning framework, informal practices predominate. Urban areas are more than 50% informally occupied. Spurred on by subdivision, cities are experiencing accelerated urban sprawl.

In 2012, the Guinean government launched a programme to provide social housing at affordable prices. To support these policies, four public entities were developed. The National Society for Development and Real Estate Promotion (SONAPI), the Mortgage Guarantee Fund (FGH), the Mortgage Security Fund (FSH), and the National Fund for Housing and Town Planning (FNHU). SONAPI implements social housing development programmes. However, there is insufficient capacity in the FNHU to mobilise resources to fulfil its mission of financing the development and construction of social housing.

Opportunities

To improve the rate of access to housing the government’s strategy is to partner with all interested parties, under appropriate financial conditions. This represents a real opportunity for the private sector both nationally and internationally. The creation of a Housing Bank remains a solution that is still relevant today. Using public funds, a housing Bank would support the reimbursement of part of the costs. Another opportunity remains in the implementation of large production operations of prefabricated construction methods, for the construction of social and economic housing.

The supervision of self-built housing through the prior development of sites and services devoted to self-construction can be done by private developers through Public Private Partnerships (PPP). The State, as the owner and the main shareholder of SONAPI, intends to build housing for applicants in the form of social housing. Another opportunity remains in the implementation of large production operations of prefabricated construction methods, for the construction of social and economic housing.

In order to lower the production costs of housing in Guinea, the government plans to develop construction materials industries in order to promote the use of local materials. This opportunity will also be based on applied research.

The efforts put in place to provide affordable housing to all Guineans represent opportunities for inclusive growth through private sector development, job creation, construction industry development, and diaspora involvement.
Availability of data on housing finance

In Guinea, for the housing finance sector, the BCRG and the National Statistics Institute (INS) are the main institutions that collect and share data. Data collected and published generally relates to the country’s economic growth, inflation, loan interest rates, and exchange rate developments. The data also provides an overview of banking and non-banking financing systems, and mortgage loans are dealt with marginally.

The National Statistics Institute provides the General Population and Housing Census (RGPH), and often also publishes data on housing and living conditions. Thus, statistical analyses on the types of housing their occupancy status, physical characteristics, and drinking water supply sources, access to sanitation, household waste management, and household housing expenditure are produced and published regularly. However, challenges to the data provided are such that this data has not been adapted to the real needs of housing stakeholders and covers mostly the formal housing sector.

Moreover, the defined quality standards are still not met, and the data produced often does not adhere to international professional rules. Added to these weaknesses, is the insufficient dissemination of existing data.

In addition to the BCRG and the INS, data on housing finance can be found on the websites and in the reports of certain international institutions such as the African Development Bank, UN-Habitat, the World Bank and the French Development Agency.

Additional sources


Websites


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Guinea-Bissau

Dr Roland Igbinoba

Overview
Guinea-Bissau is located between Guinea and Senegal and is considered politically unstable. The small coastal country covers 1,966,722 km² of mainly swampy wetlands, islands and rainforest areas, making habitation difficult. It is one of the least developed countries globally, with 2,015,494 inhabitants and a population growth rate of 2.5% in 2021. Guinea-Bissau is ranked as the fourth poorest country in the world with a poverty rate of 69.3% in 2021. More than two thirds of the population (74%) live in slum areas while the urban population is 43.4%.

An obstacle to the country's growth is the unstable socio-political environment caused by successive military coups and the traffic of narcotics. Corruption, which is reportedly entrenched in Guinea-Bissau society, coupled with criminal activities such as drug trafficking, continue to hamper economic development. The Global Freedom Score is 44% in Guinea-Bissau; political rights is 42.5% and civil liberties is 45% in 2021, all of which indicate that the country is partially free.

The main sources of income are agriculture and fishing. The export of cashew nuts, which accounts for over 90% of total exports, is the backbone of the country’s economy. Its oil and mineral deposits remain unexplored. Guinea-Bissau was one of the hardest-hit countries by COVID-19 economically, with the country’s economic growth rate plunging from 4.5% in 2019, to -2.4% in 2020. The inflation rate was reported to be 1.9% in June 2021, below the 3% West African Economic and Monetary Union (WAEMU) standard.

Access to finance
A weak legal and judicial climate in the country, linked to the inability of mortgagees to provide collateral security for housing loans, are the main constraints on the growth of housing finance. During COVID-19, Development Finance Institutions (DFIs) raised funds through Caisse Regionale de Refinancement Hypothecaire/Regional Mortgage Refinancing Fund (CRRH) to finance affordable housing. The objective was to develop the mortgage market in WAEMU region including Guinea-Bissau.

The financing focused on subscribers in the low and middle income socio-economic class. The package of financing granted to CRRH was for financing affordable housing loans of up to CFA15 million (US$27,133.29). Through the CRRH's intervention, the integration of financial services sector in WAEMU regions is enhanced to finance housing demand. This also had a positive impact on private sector development in terms of housing finance. It boosts housing supply in WAEMU region too.
The five commercial banks in Guinea-Bissau with the Central Bank of West African States (BCEAO) are the mortgage providers.\textsuperscript{13} The number of microfinance institutions in WAEMU region reached 523 units as of March 2021. In addition, 16 082 528 borrowers benefited from the financial services provided by microfinance institutions, through 4 435 points of service spread over the region.\textsuperscript{14} Outstanding microfinance loans were reported to be 6.9% of GDP!\textsuperscript{15}

Due to COVID-19, a forbearance framework was put in place till the end of 2020. The framework allowed solvent borrowers to demand term extension of loans from banks and microfinance institutions. WAEMU encouraged the financial institutions to accommodate a 3-month moratorium without reclassifying the loans as non-performing.\textsuperscript{58}

The mortgage interest rate in Guinea-Bissau was 9.5% in May 2021.\textsuperscript{17} Outstanding mortgages were estimated to be 455. Deposits and bond issuance by CCRH are the main sources of fund for mortgage loans.\textsuperscript{18} The standard of living for much of the population has improved significantly through the CRRH’s provision of mortgage loans.

### Affordability

Housing affordability is an enormous challenge in Guinea-Bissau due to the inability of banks to provide housing loans to the private sector in the WAEMU region. WAEMU banks remain subject to relatively high concentration, credit and liquidity risks while non-performing loans (NPLs) are up to 11.4%\textsuperscript{19} of total loans. The high cost of living makes it hard for most of the population to afford housing. For example, the average cost of living, inclusive of rent is CFA234 018 (US$423) per person and CFA673 286.19 (US$1 217) for a household of four. Meanwhile, an average annual salary is CFA553 234.34 (US$1 000) before tax.\textsuperscript{20}

The average annual rental price for a one-bedroom apartment of 40m\textsuperscript{2} in regular areas is CFA34 964.41 (US$63.2). The selling price of an apartment in the city centre is CFA66 000 (US$1 013) and CFA287 128.62 (US$519)/m\textsuperscript{2} in the suburbs.\textsuperscript{21} Monthly rent for a 45m\textsuperscript{2} furnished studio in regular areas is CFA300 000 (US$542.27) and monthly rent for a 45m\textsuperscript{2} furnished studio in high-brow areas is CFA413 623 (US$747.65).\textsuperscript{22} Difficulties in accessing housing finance is caused by structural factors such as weak policy and legal frameworks and low levels of collateral which in turn tend to hinder credit provision.\textsuperscript{23}

### Housing supply

The housing backlog in Guinea-Bissau is reported to be 505 758. This amounts to approximately 25% of the country's population.\textsuperscript{24} The population of Guinea-Bissau has increased considerably and with the country's deficit in housing, more than one quarter of the houses remain substandard.\textsuperscript{28}

Housing supply is mainly hindered by construction and labour costs. Construction costs including the price of building materials remain high as a result of the pandemic. The cheapest newly built apartment (40m\textsuperscript{2}) costs CFA22 417 055 (US$40 520).\textsuperscript{29} The price of a 50kg bag of cement is CFA5 532.34 (US$10).\textsuperscript{30} Construction labour cost is CFA124 079 (US$224.28)/m\textsuperscript{2}.\textsuperscript{31}

Another challenge in the supply of housing in Guinea-Bissau is the lack of basic infrastructure provision. The infrastructure to support housing development in urban centers is barely adequate and the little available is not well maintained. Most of the rural housing units are built from adobe, mud, and/or qauriint, a combination of woven branches and straw.\textsuperscript{32} As 56% of the total population are rural,\textsuperscript{33} There are no sewage facilities in these rural houses and the water sources are from springs and dug wells. As of 2015, 98.8% of the urban population had access to improved drinking water sources as opposed to 60.3% of the rural population.\textsuperscript{24} Furthermore, 33.5% of the urban population have access to improved sanitation facilities while 8.5% of the rural population do.\textsuperscript{35}

### Urban informality

Just over 44% of the population live in urban areas\textsuperscript{1} and the urbanisation growth rate is 3.4%.\textsuperscript{1} The population of Guinea-Bissau is reported to be 2 023 034 in 2021. The population growth rate is 2.5%. The population consists of 840 251 (41.7%) young people; 1 116 443 (55.4%); working aged people and 58.796 (2.92%) are aged. The unemployment rate was reported to be 3.2% in 2020. More than two thirds, totaling 74% of the population, live in slum areas while the urban population is 43.4%. The proportion of urban population living in slum areas is 82.3% and the urban poverty headcount ratio based on national poverty lines as of 2010 is 51%; 56% of total population is rural.

Only 31% have access to electricity in Guinea-Bissau, while 98.8% of the urban population is using improved drinking water sources and only 60.3% of the rural population. Furthermore, 33.5% of the urban population have access to improved sanitation facilities while only 8.5% of the rural population do.

Most housing units use petrol lamps for lighting as only 31% of the population have access to electricity in Guinea-Bissau.\textsuperscript{30}

To enhance basic and social amenities in the country, Agence Française de Développement / French Development Agency (AFD) continues to improve electricity supply in West Africa including Guinea-Bissau. On 1 July 2021, African Development Bank Group (ADB) approved a CFA3.319 billion (US$6 million) grant to the Desert-to-Power West Africa Regional Energy Program. The program was launched to contribute 1 000MW of new solar generation capacity and extend access to electricity supply to over 250 million people in West Africa by 2030.\textsuperscript{37}

### Property markets

Despite numerous opportunities in agriculture, fisheries, tourism and mining, the population of Guinea-Bissau continue to live in abject poverty.\textsuperscript{38} With COVID-19 decreasing external demand for cashew nuts, the pandemic reduced the major source of national income to its lowest price in the last six years. Furthermore, supply and demand of goods and services including housing was also hit by the pandemic.

Guinea-Bissau scored 43.2% in the 2020 World Bank Ease of Doing Business ranking, making it number 174 out of 190 countries. It takes an average of 48 days to register property at an estimated cost of 5.4% of the property value. Guinea-Bissau scored 58.5% and was ranked 132 in registering property. It takes 107 days with seven procedures to obtain construction permits. Guinea-Bissau is also ranked 114th in protecting minority investors. Furthermore, the country is 152nd with a score of 30% in getting credit.\textsuperscript{39} The property rights index in Guinea-Bissau is 34%. This indicates a low level of legal protection for and enforcement of private property rights in the country.\textsuperscript{40} The regulatory environment is highly complex and opaque, including the regulatory framework for housing and housing finance.

For the development of Guinea-Bissau, the government in partnership with United Nations “has established a strategic and operational plan for 2015–2025, Terra Ranna, that emphasises the development of human capital through better education, health services and social protection.” A country-wide assistance framework has been developed for 2016–2024. The strategic plan is to expand home-grown school meals and strengthen government capacities to improve living conditions. The outcome of the government empowerment program will strengthen capacity of women and young farmers to supply food to schools and homes. This is done to facilitate individual access to new markets and increase household income.\textsuperscript{41}

Enterprises from China and Portuguese-speaking countries including Guinea-Bissau have for some time been engaged in cooperation. During COVID-19, a strategy to adopt a long-term perspective to strengthen business cooperation was designed.\textsuperscript{42} The strategy includes small and medium-sized enterprises’ innovation, and digital transformation of businesses.
The cooperation will cover real estate sector, social responsibility, operational resilience, crisis management, supply chains, and logistics in the trade with China. This would turn the pandemic crisis into new opportunities for business owners, including real estate developers.

**Policy and legislation**

In Guinea-Bissau, the dissemination of laws including government housing policy is not public. Policies lack regularity and are explained neither to the private sector, including realtors, nor the general public. Often, property markets are disrupted by the court system. Court decisions are not published, and they are not easily accessible to non-legal professionals. Property registration is manual and not affordable for most property owners. This results in numerous conflicts related to property rights, and true property owners are often difficult to identify.

The collateral framework for mortgage loans is not clear, which results in improper documentation of land and property in WAEMU region. This is despite the efforts to diversify assets by the Organization for the Harmonization of Corporate Law in Africa (OHADA)’s Uniform Act on Secured Transactions 2010, such as use of guarantees and other contingent liabilities. However, these new collateral instruments are not reflected in the prudential rules if the banking sector in WAEMU region. As a result, banks cannot use the new collateral arrangements, and this makes it difficult to get housing loans.

Another challenge hindering the regulatory framework for housing and housing finance in Guinea-Bissau is an undeveloped Credit Bureaus. This disrupts the flow of information and communication between banks and customers for getting loans. Moreover, a key development is the uniform credit reporting law in WAEMU region. The uniform credit reporting law was enacted to aid sharing of information across states in WAEMU region. However, communication about legacy loans, including real estate practitioners. Policy and legislation limits the usage of credit by banks across the WAEMU states. A low level of information across states in WAEMU region. The uniform credit reporting law was enacted to aid sharing of information to facilitate businesses and investments in Guinea-Bissau.

Opportunities

Large-scale vaccination campaigns against COVID-19 and the resumption of business activities is expected to grow GDP to 2.9% and 3.9% in 2021 and 2022 respectively. Political stability is expected to stimulate private sector engagement and attract investors, including real estate practitioners. The inflation rate is expected to stabilise at 2% with a corresponding improvement in budget deficit at 5.3% of GDP in 2021. This is expected to grow the volume of transactions in domestic and foreign direct investments.

In terms of national stability, preventive anti-corruption measures and corruption investigation has been improved by Judicial Police in Guinea-Bissau. This is expected to improve peace and stability in the country and pave way for increased capital flows.

**Availability of data on housing finance**

Guinea-Bissau lacks good data systems. Most of the housing related data is for the WAEMU region and not specifically for Guinea-Bissau. Getting information for Guinea-Bissau alone is difficult.

It is essential to make percentage distribution of data like housing loans, number of financial institutions, residential mortgage outstanding, etc. available for each country in WAEMU regions. To fill the above-mentioned gap, information must be garnered from NGOs, property and other private sector websites.

Some of the organisations helping to provide ad-hoc and routine data in Guinea-Bissau include:

- The World Bank, which publishes data on mortgages, subsidies and households;
- Cost of living portals, which provide data on total cost of living including residential rental prices;
- The Global Property Guide which publishes data on residential house prices, tax rates on residents, property markets and investments;
- The West Africa Economic and Monetary Union (WAEMU), providing data on affordable housing finance across the WAEMU region;
- UN-Habitat, which makes data available on standard of living and housing conditions in Guinea-Bissau and;
- The Global Economy which publishes yearly routine data on interest rates.

All these websites, portals and publications are free-of-charge.
Overview

While only 28% of the population in Kenya is urbanised, 61% of the urbanised live in informal settlements. An estimated 10 million Kenyans countrywide, and 36% of Nairobi’s population, live in slums. Urban centers are also characterised by low levels of home ownership at 21.3%, compared to the national average of 61.3%. Over the last four years, the government has been forging partnerships with private sector and development partners under the Big Four Agenda to deliver approximately 500 000 housing units to resolve the existing housing deficit of an estimated 2 million units growing by 200 000 units a year. However, though progress has been made in delivery and development of related infrastructure, the supply is yet to match the demand. The deficit is expected to grow further, fuelled by the relatively high population growth rate of 2.25% and an urbanisation rate of 4.01%.

Kenya’s gross domestic product (GDP) contracted by 0.3% in 2020 owing to supply and demand disequilibrium exacerbated by COVID-19. In 2021, the economy is expected to grow by 4.5%, supported by growth in activities in the economy, for the first five months of 2021 averaging 49.7%, higher than 42.4 recorded in the first half of 2020 indicating an improvement in private sector activity.

Access to finance

Financial access in Kenya has been on an upswing in the last one and half decades. Perceived demand for credit, however, has plummeted in real estate due to subdued demand for housing units. COVID-19 was listed as the only factor impairing demand for credit, with credit standards tightened for real estate and tourism sectors, mainly to avoid an increase in non-performing loans as a result of the pandemic.

Six institutions dominate mortgage loans, lending to 74.5% of the market. These institutions include one medium-sized bank, the Housing Finance Corporation (limited at 11.2%), and five banks from the large peer group at 63.3% (KCB Bank, Stanbic, Standard Chartered Bank, ABSA and Cooperative Bank). Kenya has 42 licensed commercial banks in total.

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The highest percentage of non-performing loans (NPLs) were reported for mortgages at 48% or Ksh70.5 billion (US$652.7 million) as of March 2021 compared to Ksh47.5 billion (US$439.8 million) in March 2020.12

In 2020, there were 26,971 mortgage loans compared to 16,135 in December 2011. Although an increase over time, the increase has been low compared to demand, indicating an opportunity to enlarge the market. To promote this, the Central Bank of Kenya through Banking circular No. 2 of 8 June 202113 reviewed the treatment of residential mortgages under the Basel III framework. Mortgage lending that is fully secured by residential property is now assigned a risk weight of 35% from a previous 50%, subject to prudential criteria by the supervisory authorities. It is envisioned that this new weighting will free banks' capital for more mortgage lending for residential mortgages. The mortgage market lending interest rate averaged 10.9% in 2020 compared to 11.3% in 2019, with most banks supporting a 25-year tenure.14

Mortgage repayments have decreased in 2020 and there has been a decrease in mortgage facilities advanced by creditors due to effects of COVID-19. Mortgage accounts declined by 3.7% from 27,993 to 26,971. This represents a mortgage book size of Ksh232.7 billion (US$2.15 billion) and an average mortgage loan size of Ksh8.6 million (US$79,630) by the end of 2020 compared to Ksh8.5 million (US$78,701) in 2019. Banks indicated that the pandemic was the highest obstacle to mortgage market development, followed by high housing unit prices and the high cost of land.15

Kenya licensed and put in operation the Kenya Mortgage Refinancing company (KMRC Plc) in 2020 which has already injected Ksh2.75 billion (US$25.5 million) into the market.16 In 2021 KMRC plans to issue a green bond,17 as part of its cash raising through Kenyan capital markets while helping solidify them18 and is expected to play a key role in promoting the development of the mortgage market. KMRC Plc is a secondary mortgage lender focused on lending to primary mortgage lenders (PMLs) including commercial banks, SACCOs and microfinance to standardise the mortgage market through building capacity for PMLS in terms of liquidity; enhance the capital market contribution to the mortgage market by issuing bonds for sustainable finance to PMLs; help improve mortgage tenures by PMLS through funding; and enable entry of new lenders, for instance SACCOS and microfinance institutions. Overall, the aim is to increase home ownership through affordable mortgages.19

The government continues to deliver on the affordable housing agenda with the provision of 500,000 units expected by 2022. Housing units are completed in Njara and Park Road in Nairobi, as well as the residential units for the National Police and the Kenya Prison Services. There has been progressive registration of Kenyans on the BomaYangu20 platform. This platform allows Kenyans to contribute towards deposits to buy homes and to put their names down for homes in projects in the pipeline. The platform has 321,705 registered members.

Fifty-four percent of Kenyans use personal savings for housing development, followed by bank loans at 19%, and mortgages being the least used at 6%. Savings and Credit Cooperative societies (Sacco) loans account for 11%.21

Affordability
Data from the 2019 Kenya population and household census22 shows high ownership of homes nationally at 61.3%, with 38.7% of the national population renting. The situation is different for urban areas with 21.3% ownership and 78.7% rental. In terms of construction standards, 43.7% of the owned houses have cement as the main flooring material, and 80.3% have iron sheeting as the main roofing material. A significant 30% of owned homes have earth or sand as the main floor finish. This demonstrates that although households have access to housing, it does not necessarily mean that the living conditions are good.

The mortgage market is expected to remain subdued due to expected repayment defaults and few loans being advanced due to the depressed economy occasioned by effects of the pandemic, despite government incentives on title digitisation, a focus on affordable housing and the KMRC starting to operate. Progress is, however, being made. The Government continues to allocate funds to affordable housing. KMRC for instance made its first disbursement of Ksh2.75 billion (US$25.5 million) in 2020 to four primary lending institutions (KCB Bank, Housing Finance Corporation, Stima Sacco and Tower Sacco) backing 1,400 new mortgages. Loans issues will be capped at Ksh4 million (US$37,035) for houses bought within the Nairobi Metropolitan Area (NMA) and Ksh3 million (US$27,776) for the rest of the country.

Housing supply
Kenya has an annual housing demand of 250,000 units with an estimated supply of 50,000 units, resulting in an estimated deficit of 2 million units.23 The government, under its Big 4 agenda on affordable housing blueprint, aspires to reduce the average cost of home ownership by 50%. It also aims to reduce the average cost of construction by 30% and reduce the low income housing gap by 60%, while creating 300,000 construction jobs and increasing the construction contribution to GDP by 100%.24 Efforts have been made with the Park Road, Ngara Nairobi Project, with 2,720 housing units set for occupation in 2021 and additional 4,024 units expected next year in the three ongoing projects of Pangani Nairobi, Buxton Estate Mombasa and Nakuru project.25 In addition, the Government of Kenya, partnering with the United Nations Office for Projects Services (UNOPS), also launched a project set to deliver 8,888 low-cost units initially, with a memorandum of understanding to further develop 200,000 units under the same partnership.26 Over the last year, Shelter Afrique has delivered 5,101 housing units, housing 25,005 individuals, creating 15,303 direct jobs.

To support the implementation of the Big 4 Agenda, the Kenyan Treasury in the 2021/2022 budget allocated Ksh13.9 billion (US$128.7 million) for affordable housing programmes, with a key allocation of Ksh3.5 billion (US$32.4 million) to the KMRC. This is to be used for mortgage refinancing, building affordable housing units at Ksh8.2 billion (US$75.9 million), and constructing social housing.

Among others, Ksh3.5 billion (US$32.405.535) was also allocated to the Kenya Informal Settlement Improvement Project – Phase II (Ksh1.9 billion (US$195.724)) for constructing markets; a like amount for maintaining government housing; Ksh750 million (US$69.404.045) for building housing units for police and prison personnel; and Ksh700 million (US$68,410.107) for the Kenya Urban Programme.27

The government continues to create an enabling environment for affordable housing through improved land administration, infrastructure development and through general policy and partnerships. In the last three years, 2.4 million titles were issued, and the Ministry of Lands embarked on digitising of the country’s 57 land registries through the National Land Information Management System (NLIMS) with Nairobi, Trans-Nzoia and Lamu 100% digitised and 13 other registries at various levels of automation.28

Land remains a key component in the delivery of affordable houses, accounting for 60% of the cost in the development. Land prices in Nairobi and its dormitory towns/satellite towns have continued to increase despite the pandemic, with overall prices in Nairobi increasing by 0.3% and increases of 1.1% in satellite towns. Prices increased in satellite town Ngong by 18.1% over the year, pointing to the challenge of the spiralling cost of land in the provision of affordable houses in Kenya, through the Finance Act 201929 the government has provided incentives to boost the supply of affordable housing. These incentives including providing Value Added Tax (VAT) exemption for all inputs for affordable housing, stamp duty exemption for first homeowners and further waivers on National Environmental Management Authority (NEMA) and the National Construction Authority (NCA) fees, to reduce overall development costs.

Urban informality
Kenya has 46.5% (2018) of its population living in informal settlements – approximately 21.9 million of its 47 million population, as per the 2019 census. This translates into more than 5.6 million households, approximately 47% of all households in the country. The percentage of the urban population with access to safe drinking water is 50% and 34.7% of urban Kenyans have access to basic sanitation, according to the 2017 World Bank report.

Ongoing programmes in support of housing include the Kenya Urban Support Programme (KUSP) under the Kenya Urban Development policy to strengthen urban infrastructure with lending capacity of Ksh30 billion (US$277.8 million) in 59 municipalities.
KENYA

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

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<th>Average annual household income using expenditure, 2020 (PPS)</th>
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More needs to be done to create affordable housing in Kenya. More Kenyans are leaving rural regions to move to urban areas in search of higher paying careers or jobs. This trend has created a demand for additional housing in cities such as Nairobi, Mombasa, and Kisumu. Other affordable housing challenges include reduced spending power by the targeted population group, exacerbated by COVID-19. The strict unemployment rate rose to 7.2% in Q3 2020 before falling back to 5.4%, slightly higher than when the pandemic gripped the economy (4.9%).

Property markets

Real estate ranked third in contribution to the country’s GDP in 2020. Kenya’s real estate has continued to grow in last two decades, maintaining its share of GDP. Real estate’s contribution to GDP stood at 9.3% in 2020 little different from 9.2% in 2019, indicating the sector’s resilience amid the pandemic. Construction grew 11.8% in 2020 compared to 5.6% in 2019, boosted by state investment in infrastructure and residential housing with public residential houses by the State Department of Housing and the National Construction Corporation completing 2 332 units with other 2 032 under construction.

Overall, the real estate construction sectors contributed 16.3% to GDP in 2020. Despite this improved performance, the pandemic affected the industry negatively. A study by the Kenya National Bureau of statistics in 2020 revealed that 37% of Kenyans who rented houses could not pay their rent on time, with 61% giving reduced earning as the main reason. Other severe consequences witnessed in 2020 include a slowdown in collections for off-plan real estate purchases on instalment plans, as well as fewer building approvals as public offices remained closed. House prices fell by an estimated 0.2% in 2020 thanks to the economic slump which affected both demand and supply. In construction, the residential and commercial construction sub-sectors were hardest hit while the public infrastructure construction sub-sector was supported by public spending. Key obstacles in 2020 included “supply bottlenecks, reduction in labour, and constraints on financing”.

Housing prices remained static in Q2 2021 compared to the first quarter. This was driven by the oversupply of apartments in the upper middle-class segment, and reduced incomes in the last 15 months due to effects of the pandemic. Apartment prices on average fell 5.8% in 2021, far more than detached units, which dipped 1.7%. However, rental prices continued to rise, driven by demand for semidetached houses at 3.4% in peri-urban areas of Nairobi.

The drop in house prices was a sign of the long wait ahead for recovery of the industry, which has had subdued market conditions long before the start of the pandemic, with a slight increase of prices in 2020 at 0.22%, after negative growth since 2019.

Land prices remained relatively strong in the second quarter of 2021, with an overall price appreciation 2.33-fold in Nairobi and 2.39-fold in satellite towns from 2011 to 2021. This is driven by expanding infrastructure, speculative buying and high prices in the main urban areas, with large pieces of land being subdivided and sold in small units.

The market is expected to grow sluggishly due to slow economic activity, the upcoming presidential elections, prolonged negative net absorption in the upper middle residential segment and the freezing of new developments to clear existing stock. Government backing in the affordable housing segment ensures activity continues on the back of a huge housing deficit.

Policy and legislation

The Kenyan land policy agenda is anchored in Chapter Five of the Kenya Constitution on land and environment and is aimed at land being managed equitably, efficiently, productively and sustainably.

The government carried out a Regulatory Impact Assessment (RIA) in 2020 bringing about key changes in various pieces of legislation and paving the way to Land Registration (Electronic Transaction) Regulation 2020. Based on the RIA, the government launched a digital National Land Information Management System in April 2021 and aims to complete the digitisation process by the end of 2021. The automation process is aimed at securing land records and speeding up land transactions. Government is investigating partners in obtaining Geographic Information System (GIS) equipment to ease land mapping.

The Ministry of Lands is also in the process of converting titles, involving migrating title deeds to a unitary regime, as envisaged under the Land Registration Act. Titles issued under the old laws are to be cancelled and replaced with titles under the new regime. This process started with titles in Nairobi and is expected to be rolled out to the rest of the country.

Kenya Sectional Properties Act 2020 is expected to boost the development of multi-dwellings, such as apartment blocks, where buyers will now have title to their respective units.

At a local level, the Nairobi City County is revising the Valuation Roll. The city has been using the outdated 1980 Valuation.

Opportunities

Opportunity is in the base of the pyramid segment of the population, with 10 million dwellings in the informal sector, accounting for 21.3% of the population.

Affordable land remains a key factor in hampering housing development and despite the government’s land reforms, more effort is needed to avail land and the bulk infrastructure necessary for the mass production of houses. Opportunity exists in this area with the possibility of project structures that allow government partnerships in infrastructure development as a stand-alone investment.

Kenya’s demographic profile remain attractive for investment in housing. Most of the population is young and an urbanisation growth rate of 4.0% and population growth at 2.25%, all point to significant increased demand. This presents an opportunity for housing investment and investment in related infrastructure.
Overview

Lesotho is a high-altitude, landlocked kingdom covering 30 355km². The country is surrounded by the Republic of South Africa and, as of 28 August 2021, and had an estimated population of 2 161 829. With an unemployment rate of 27%, 1 242 255 people live in extreme poverty, which translates to about 58% still trapped under the international poverty line of US$1.25 a day. Lesotho is primarily rural, with around 70% of the population living in the mountainous countryside. In 2020, 29.3% of the total population lived in urban areas, mainly in the capital city of Maseru and surrounds. The housing deficit in Lesotho is estimated at 98 711 dwellings, mainly in urbanised zones, and these will have to be constructed by 2025 to meet rising housing demand. However, this number is expected to increase if national housing deliveries are not successful in constructing more homes to meet escalating demand by this target date.

Clear and holistic interventions are needed to address the systemic bottlenecks in both the housing and financial sectors in Lesotho. Factors that limit access to adequate housing for low income families are attributed to lack of affordable finance for construction, improvements and repairs to houses, as well as limited sustainable housing products. Financial institutions also lack the capacity and technical knowledge in delivering microfinance products geared to the housing market, particularly as this is the only finance available to those who cannot afford housing mortgages. Most formal financial institutions in Lesotho are risk-averse and lack long-term capital for housing. This is mostly because private property in Lesotho is still in its infancy, and much of it owned by the state, until land reform measures were introduced in 2010.

Lesotho was the last country that registered its first case of COVID-19 in Africa and, according to the African Union (AU) Report on COVID-19, was in lockdown as of 20 May 2020.

The pandemic has worsened the countries resilience and economic sustainability. Lockdown measures have impacted the domestic economy and resulted in weaker global trade, particularly with South Africa, Lesotho’s main trade partner, which has continued to tighten restrictions on trade. Growth was forecast to decline to 5.2% in 2020 owing to lockdown restrictions but later recover to 3.5% in 2021 amid improving global economic conditions.

According to the Southern African Customs Union (SACU), Lesotho’s revenue shares for 2018/19 and 2019/20 declined. Lesotho’s unemployment rate is forecast to decline from 24.7% to 23.8% in 2022; the inflation rate to drop from 5.5% to 5.0%, and the interest rate may rise from 3.5% to 3.75%. The Central Bank of Lesotho (CBL) remains positive that the economy will recover once the construction of the Lesotho Highlands Water Project (Phase Two, Polihali Dam) resumes. This is expected to create between 2 000 and 3 000 unskilled job opportunities for Basotho Nationals at the peak of construction.

KEY FIGURES

<table>
<thead>
<tr>
<th>Main urban centres</th>
<th>Maseru City, Teyateyaneng</th>
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<tbody>
<tr>
<td>Exchange rate</td>
<td>14.44 Loli (LSL)</td>
</tr>
<tr>
<td>1 PPPS = (2020)</td>
<td>5.90 Loli (LSL)</td>
</tr>
<tr>
<td>Total population</td>
<td>2 142 252</td>
</tr>
<tr>
<td>Urban population</td>
<td>621 853</td>
</tr>
<tr>
<td>Population growth rate</td>
<td>0.80%</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>US$661</td>
</tr>
<tr>
<td>Percentage of population below national poverty line</td>
<td>36.1%</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>4.9%</td>
</tr>
<tr>
<td>Proportion of adult population that borrowed formally</td>
<td>54.2</td>
</tr>
<tr>
<td>Gini coefficient (2017)</td>
<td>164</td>
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<tr>
<td>HDI country ranking (2018)</td>
<td>0.52</td>
</tr>
<tr>
<td>GDP (Current US$)</td>
<td>US$1.844 million</td>
</tr>
<tr>
<td>GDP growth rate</td>
<td>-11.06%</td>
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<tr>
<td>Inflation rate</td>
<td>4.98%</td>
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<tr>
<td>Lending interest rate</td>
<td>8.39%</td>
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<tr>
<td>Number of residential mortgages outstanding</td>
<td>2 100</td>
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<tr>
<td>Value of residential mortgages outstanding (2020)</td>
<td>US$69.61 million</td>
</tr>
<tr>
<td>Prevaling residential mortgage rate</td>
<td>8-11%</td>
</tr>
<tr>
<td>Term (e)</td>
<td>25 years</td>
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<tr>
<td>Maximum LTV on a residential mortgage (e)</td>
<td>80%</td>
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<tr>
<td>Ratio of mortgages to GDP (2020)</td>
<td>2.83%</td>
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<tr>
<td>Number of residential mortgage providers</td>
<td>4</td>
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<tr>
<td>Number of microfinance loans outstanding (2019)</td>
<td>522</td>
</tr>
<tr>
<td>Value of microfinance loans (US$)</td>
<td>US$76.94 million</td>
</tr>
<tr>
<td>Total number of residential properties with a title deed (g)</td>
<td>73 960</td>
</tr>
<tr>
<td>Total number of dwellings completed annually (2019) (g)</td>
<td>185 000 LSL</td>
</tr>
<tr>
<td>Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2019) (h)</td>
<td>32 000 LSL</td>
</tr>
<tr>
<td>Size of cheapest, newly built house by a formal developer or contractor in an urban area (2019) (h)</td>
<td>2 500 LSL</td>
</tr>
<tr>
<td>Typical rental for the cheapest, newly built house (2019) (h)</td>
<td>98 LSL (US$0.79)</td>
</tr>
<tr>
<td>Cost of standard 50kg bag of cement in local currency units (i)</td>
<td>Paper</td>
</tr>
<tr>
<td>Type of deeds registry: digital, scanned or paper (2020) (i)</td>
<td>122</td>
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<tr>
<td>World Bank Ease of Doing Business index rank (2020) (i)</td>
<td>4</td>
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<tr>
<td>Number of procedures to register property (2020) (i)</td>
<td>32 days</td>
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<tr>
<td>Cost to register property as share of property price (2020) (i)</td>
<td>8.2%</td>
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<tr>
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<td>10</td>
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<tr>
<td>Percentage of women who own a house alone and/or jointly (2014) (l)</td>
<td>35.1%</td>
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<tr>
<td>Percentage of female-headed households (2014) (l)</td>
<td>35.5%</td>
</tr>
<tr>
<td>Percentage of urban population living in slums (2018) (m)</td>
<td>53.6%</td>
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<tr>
<td>Percentage of households with basic sanitation services (2014) (n)</td>
<td>47.1%</td>
</tr>
<tr>
<td>Percentage of households with electricity (2014) (n)</td>
<td>27.8%</td>
</tr>
<tr>
<td>Cumulative number of COVID deaths per 100 000 as of 1 Oct (o)</td>
<td>29.5</td>
</tr>
<tr>
<td>Percent of population fully vaccinated against COVID-19 as of 1 Oct (o)</td>
<td>n/a</td>
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Africa Housing Finance Yearbook 2021

Mathabo Susan Makuta

Lesotho

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To mitigate the severe impact of COVID-19 on the wellbeing of residents, the government of Lesotho through the Central Bank, undertook to support the economy during this difficult time. Among immediate relief measures was the provision of monthly cash transfers to the most disadvantaged households to mitigate livelihood loss. However, these interventions were small in comparison to the larger shock to the economy.

Lockdown restrictions negatively affected the housing and construction sector. Many developments were delayed and funds earmarked for construction were reprioritised to address immediate social and health issues. So far, since 1988, the Lesotho Housing and Land Development Corporation (LHLDC) has been the only parastatal mandated to deliver formal housing mainly through build-and-sell plans, as well as sale of serviced plots. Over the years, LHLDC has developed mixed income housing in urban zones to cater for the high and middle income bracket, with limited focus on low income earners.

### Access to finance

Financial institutions are licensed to operate in Lesotho in terms of the Financial Institutions Act No. 3 of 2012, the Insurance Act No. 12 of 2014 and the Collective Investment Schemes Regulations. These include approved formal banks, insurance companies, insurance brokers, microfinance institutions, credit bureaus, foreign exchange and collective investment schemes, regulated by the CBL. Commercial banks include Standard Lesotho Bank Limited (SLB), First National Bank (FNB) Lesotho, Nedbank Lesotho and Lesotho Postbank. Of these, SLB, FNB and Nedbank offer home loans ranging from M100 000 (US$6 925) up to M10 million (US$692 500), and interest rates are generally between 11.25% and 13.25%. The mortgage term is payable over a 20-year period, with a 10% deposit usually required and loans are offered for the purchase of readily available housing stock on freehold and sectional title. Post Bank, however, offers medium to long-term loans specifically to fund, refinance and/or enhance residential properties. The loan is primarily based on the property being bonded/mortgaged, and the individual's ability to repay instalments.

There are 98 registered microfinance institutions (MFIs) in Lesotho. In 2021, only one of these MFIs provided housing-related loans, this being Lesana Lesotho (Pty) Limited. The average loan size given by Lesana is M33 359 (US$1 935), and the interest rate is generally between 11.25% and 13.25%. The mortgage term is payable over a 20-year period, with a 10% deposit usually required and loans are offered for the purchase of readily available housing stock on freehold and sectional title. Post Bank, however, offers medium to long-term loans specifically to fund, refinance and/or enhance residential properties. The loan is primarily based on the property being bonded/mortgaged, and the individual's ability to repay instalments.

Bond markets are used to finance infrastructural expansion and maintain infrastructure (including housing), expansion. However, these are fairly limited and mostly in the form of Treasury Bills and Bonds offered by the CBL. The bonds are listed on the Masera Securities Market for secondary market trading. However, there are no other refinancing facilities or credit lines for banks to draw on for liabilities. The government needs to address this through policies that will enable the operationalisation of wholesale lending opportunities in Lesotho.

### Affordability

Although housing is the mandate of the government, the housing sector in Lesotho is not financially supported by government budget allocation and remains one of the most vulnerable sectors during the COVID-19 era. Even the LHLDC sources its own funding for both operational and capital costs, including bank loans and revenues generated through rental portfolios. The Government of Lesotho acts as a guarantor only for civil servants who may wish to acquire a residential mortgage from any of the commercial banks. It also provides direct subsidised accommodation mainly to civil servants and other crucial staff such as the army, police, teachers and nurses. Most urban residents generally do not have access to mortgages and live in rented homes and informal residential areas. As many people have lost their jobs during COVID-19, they face eviction due to non-payment of rentals. Most Basotho depend on social networks and inheritance to access land, particularly since most land is customarily owned or under a form of leasehold, and only a small amount privately owned. A very small number live in houses financed through bank loans and, with rising costs, most individuals choose to build their homes incrementally.

The affordability challenge in Lesotho continues to widen as most poor people cannot afford mortgage terms and conditions as set out by commercial banks. The amount of the loan repayment is usually far above their net salaries. Financial inclusion for this low income category is non-existent. Moreover, there are a record number of loan defaulters, with 2,100 outstanding mortgages as of 2021. The total outstanding mortgage value of all banks in Lesotho is M4 977 226 000 (US$3 474 659 877), as provided by the CBL. The situation is worsened by high unemployment, currently estimated at 4.7%, which affects the economically active population aged between 15 and 45 years.

The minimum plot size in Lesotho is 375m² according to 1990 Planning Standards. In Lesotho, the price of the cheapest newly built house by a formal developer in urban areas is estimated at between M100 000 (US$6 925) and M156 000 (US$11 426). The typical monthly rental for this house in an urban area is approximately M2 500 (US$173). The cost of a 50kg bag of cement in August 2021 sourced from three different hardware retail stores ranged between M95 (US$6.58) and M99 (US$6.86).

A person working in Lesotho typically earns around M11 700 a month which is an average salary for 50% of the working force. Salaries range from M2 970 (US$206) for the lowest average to M52 400 (US$3 629) for the highest average salary – actual maximum salary slightly higher. If half of the working force (50%) is earning an average of this amount before deducting pay as you earn (PAYE) tax, it is clear the net balance per take-home will not be sufficient to accommodate other needs like loan repayments, such as mortgages.

### Housing supply

Lesotho is a signatory to the Global Declaration of Sustainable Development Goals (SDGs) 2030 and the New Urban Agenda (NUA) – Habitat III (2016). NUA was adopted at the United Nations Conference on Housing and Sustainable Urban Development in Quito, Equator on 20 October 2016. The mandated Ministry in Lesotho for the implementation of Sustainable Goal No. 11 – Make Cities and Human Settlements inclusive, Safe, Resilient and Sustainable is the Ministry of Local Government and Chieftainship (MoLGC). The overall performance of the country on all 17 SDGs in 2018 was recorded at a score of 56.8% out of an average of 56.8% in the Sub-Saharan Africa Region.

The urban population represents 29.3% of the entire population. High urbanisation rates, poor land management and weak planning institutions mean that the increasing demand for urban land has not been met. This has resulted in encroachments of settlements onto agricultural land and unplanned settlements, as residents find their own solutions to housing.

The urban population represents 29.3% of the entire population. High urbanisation rates, poor land management and weak planning institutions mean that the increasing demand for urban land has not been met. This has resulted in encroachments of settlements onto agricultural land and unplanned settlements, as residents find their own solutions to housing. The slums and informal settlements are estimated at 90% of the urban settlements, and house 64% of urban residents. The pandemic has worsened the plight of slum dwellers with the challenge of safe shelter becoming even more pronounced. Most people could not adhere to World Health Organization (WHO) health safety guidelines to stay home to save lives because of social distancing being almost impossible.
Habitat for Humanity Lesotho (HFHL), an international non-governmental organisation established in Lesotho in 2001, aims to work in partnership with vulnerable groups to provide decent and affordable housing. This intervention provides housing for the most vulnerable such as orphans, the elderly and people living with disabilities. Between 1 July 2020 and 30 June 2021, 73 two-roomed houses with pit latrines were built for vulnerable households.18

Due to restrictions on the import of construction material imported from South Africa, the average cost per house unit inclusive of all costs increased from M45 855 (US$13 191) in 2020 to M53 169 (US$3 700) in 2021. However, most of the houses provided by HFHL are 100% subsidised by donor funding, which is not financially sustainable and may require government subsidies to continue.

There are now and upcoming property groups in the market. The largest of these is TT Group Properties, which offers affordable housing in sizes ranging from 52m² to 96m². The purchase price of a one-bedroom 52m² unit is M21 500 (US$1 492), while two-bedroom 64m² units cost M275 000 (US$19 137). The prices of different three-bedroomed units range from M365 000 (US$25 000) for a 72m² unit, M475 000 (US$33 055) for an 84m² house and M595 000 (US$41 202) for a 96m² home.

The cost is exclusive of the cost of land, which varies depending on the location. TT Group Properties have a development agreement with the LHLDLC at Mokhetsoaneng, in the north of Maseru.19 with 1 179 plots for low, middle and high income earners. The project is progressing well and the LHLDLC has already paid compensation to the landowners for the transfer of land to the state in 2020. Mokhetsoaneng project in the pipeline in 2021 is planned to start in the settlement of Linakotseng in Maseru, with 600 plots already available for disposal.

**Property markets**

In Lesotho, all land is nominally owned by the king but leasehold land is generally applicable in urban areas, while rural areas are dominated by customary forms. According to the 2016 census, around 16% of the population have leasehold rights and only 4% have title deeds, while the rest is a combination of customary and Form C rights. Form C is a form of leasehold and accrual of land revenue by way of long-term rental (almost like ownership) by the state in urban and rural areas. Historically, land planning for in Lesotho concentrated on “colonial reserves,” mostly situated in urban areas, and where most privately-owned property is located. Most customary land falls under the control of Chiefs and the King, and grew without much planning both before and after independence in 1966. However, increased migration and dependence on cash remittances has spilled over to urban areas and caused spontaneous growth of informal urban settlements. The lack of control over these urban zones is reflected in the lack of plans for Municipality and Urban Councils, as well as town and country planning legislation.21

Land registration systems have drastically improved after the 2010 Land Act No. 8 of 2010, which subordinated customary land rights to state and private rights of ownership. Land title registration now takes 11 days, while a 90-year lease is issued in a month. The time required to register a company has reduced from 28 to seven days. The number of days required to obtain an industrial licence has also reduced from 35 to five days, and the turnaround time for a trading licence has reduced to 15 days from 30-50 days. From 2010 until August 2021, 73 960 leases were issued and registered in the Deeds Register at the Land and Administration Authority (LAA).22 However, it must be noted that this record shows only leases that have been produced and captured by the LAA. The process of capturing the leases is yet to be completed and is expected early in 2022 (before 30 March 2022).

Access to panned and serviced land for housing is still a major challenge, especially in the urban area where land allocation is not always controlled. The land allocation system is still characterised by the co-existence of formal and informal systems, and inefficiencies often force people to resort to informal land delivery mechanisms. Consequently, a large number of people are without any form of documentation for land. Strategies to address land informality and to develop pro-poor management and allocation of housing to reduce conflicts need to be formulated. The Government of Lesotho has improved construction permit processes by moving from a manual to an electronic system, reducing the time and cost. It now takes three to four months to issue building permits for rated properties – it used to take between six months to one year and more. Rated properties in Maseru are limited to only 8 000 properties that are mostly located in the former colonial boundaries.

Lesotho property markets tend to be skewed towards potential buyers in the middle to high-income category. Only a few, mostly middle to high income earners, rely on real estate agents. Unfortunately, the real estate sector is not regulated as there are no laws in place to guide its operations. This sector is also not officially registered with the Ministry of Public Works and Transport nor with the MoLG. As a result, property prices are often inflated and properties are expensive and inaccessible to the most Basotho. The land prices distort market prices and result in land hoarding and speculation. Limited data on both land and the housing sector affects informed decision-making relating to ownership patterns and the assessment of land tenure security in Lesotho.

The parastatal LHLDLC offers a full rental service for residential properties and responsive approach for the management of rented properties. Its properties are mostly located within the Maseru Central Business District, and are made up of six apartment estates with a total of 82 three-bedroomed flats with the rentals ranging between M6 200 (US$436) and M7 350 (US$517); 42 two-bedroomed flats with monthly rental of M4 800 (US$338) and 47 bedsitters with rental prices between M2 200 (US$155) and M3 700 (US$260).23

Green City, located in southwestern Maseru, is a housing development that is a public private partnership initiative between Maseru City Council and OM Investments as the contracting developer. It offers housing stock priced between M95 000 (US$6 11) and M275 000 (US$19 137) per unit depending on size.24

**Policy and legislation**

The National Reforms Authority (NRA) was inaugurated in February 2020. This body was legally established to undertake major national reforms, specifically around constitutional Parliamentary, public sector, security and economic sector reform. The committee chairperson disclosed that the NRA has pushed for the adoption of 31 out of 45 constitutionally-related amendment bills by the Lesotho Parliament.25 The most important is that of economic recovery, as well as an amendment to establish
the CBL as an autonomous body of government, independent and free from political interference to protect financial and monetary stability. Clause 7 relates to the protection of Lesotho against poor debt management and the efficient management of consolidated accounts, and recommends equitable sharing of national revenue. These projected changes will help to strengthen the fiscal capacity of local authorities to deliver on their respective mandates.26

Opportunities
Across the continent, COVID-19 has brought into perspective the relationship between housing and health. It is anticipated that the government in Lesotho will strategise on mechanisms and plans to assist the housing sector. The unmet demand for housing is an investment opportunity although various impediments to market growth exist. Private housing developers may want to pursue such an opportunity as the demand for affordable housing in the country’s capital is expected to continue to grow unabated. As much as COVID-19 brought a long-lasting negative impact on the economy, it also motivated some innovations in a number of industries and sectors, particularly corporate responsibility. Nedbank Lesotho managed to provide payment relief for over 375,000 clients amounting to M119 billion of loans during the lockdown and reduced various client fees amounting to M104 million. It also launched digital innovations during lockdown to assist clients remotely, including various android apps. These enabled digital sales to increase from 18% to 53%.27

This shows that the COVID-19 crisis can be turned into an opportunity for digitised financial inclusion platforms that support affordable housing solutions. Vodacom Lesotho (VCL) has already digitised financial services and launched a new application, My Mpesa App, so that customer can access services without data.28 Launched in 2013, My Mpesa has grown from only 1,900 registered customers to over one million with monthly transaction values surpassing M1 billion.29

SLB also launched Africa China Agent Proposition (ACAP) during September 2021 in a partnership with DHL Lesotho to facilitate trade and connect importers to suppliers from China. The ACAP arrangement is also aligned with Lesotho’s National Strategic Development Plan II on matters relating to trade, especially between Lesotho and China, which is estimated to account for 17% of all imports to Lesotho, valued at around M4 billion.30

Lastly, Eaconet Telecom Lesotho has increased accessibility for customers in the banking sector by entering into service level agreements with local shops through the use of EcoCash at point of sales (POS). This allows customers to pay for goods and food effortlessly from their EcoCash accounts into the merchant accounts. The purpose is to offer convenience and increase security by reducing cash handling and fraud, so that payment happens smoothly between customer’s mobile phones and the shop’s POS device.31

Availability of data on housing finance
Lack of housing and housing finance data is a major problem in Lesotho. This undermines statistical analysis and weakens the basis for decision-making by the private sector and government. Data is often outdated or may not be sufficiently disaggregated for useful analysis. The primary sources of housing finance data are:

- Bureau of Statistics (BOS) in the Ministry of Development Planning collects national statistics on different sectors but it has not specifically collected classified data on housing finance. The data available from BOS is classified census information according to a specific purpose and sometimes publicly shared on website.
- The Central Bank of Lesotho also collects data associated with the registration and control of the financial sector.
- Standard Lesotho Bank, FNB Lesotho and Nedbank Lesotho store data but this is not always in the public domain.
- The Land Administration Authority keeps records as it registers all land transactions that involve bonds and collaterals. The data is available on request.

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10 Interview with Kabelo Lethunya, Director Housing Ministry of Local Government and Chieftainship. 17 August 2021.
12 Interview with Ntsepase Makara, Director Planning and Development (ai), Local Government Ministry of Local Government and Chieftainship. 19 August 2021.
16 Interview with Lebohang Mariti-Lijane, Senior Operations Manager, Habitat for Humanity Lesotho. 30 August 2021. Maseru, Lesotho.
17 Interview with Lebohang Mariti-Lijane, Senior Operations Manager, Habitat for Humanity Lesotho. 30 August 2021. Maseru, Lesotho.
18 Interview with Lebohang Mariti-Lijane, Senior Operations Manager, Habitat for Humanity Lesotho. 30 August 2021. Maseru, Lesotho.
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24 Interview with Lebohang Mariti-Lijane, Senior Operations Manager, Habitat for Humanity Lesotho. 30 August 2021.
25 Email correspondence with Seleg Pyonjane, TIT Properties. 30 August 2021.
26 Interview with Mxole Tsekiso; Acquisition and Development Manager at Lesotho Housing and Land Development Corporation, 30 August 2021. Maseru, Lesotho.
27 Interview with Ntsepase Makara, Director Planning and Development (ai), 19 August 2021. Maseru, Lesotho.
28 Interview with Kabelo Lethunya, Director Housing Ministry of Local Government and Chieftainship, 17 August 2021. Maseru, Lesotho.
29 Email correspondence with Mahesh Kumar-Patel, Project Manager: Green City Maseru. 17 August 2021.
30 Interview with Palesa Ntlabalale, Constitutional Reforms Committee Chairperson, National Reforms Authority. 8 September 2021. Maseru, Lesotho.
31 Email correspondence with Kabelo Lethunya, Director Housing Ministry of Local Government and Chieftainship, 17 August 2021.
32 Email correspondence with Mathualama Lebedisa, Director Remuneration and Benefits Ministry of Public Service; and Kabelo Lethunya, Director Housing Ministry of Local Government and Chieftainship. 17 August 2021.
33 Email correspondence with M-Paisi Malaka, Manager Home Loans, Standard Lesotho Bank. 21 August 2021. Maseru, Lesotho.
37 Interview with M-paisi Malaka, Manager Home Loans, Standard Lesotho Bank. 21 August 2021, Maseru, Lesotho.
39 Interview with Ntsepase Makara, Director Planning and Development (ai), 19 August 2021. Maseru, Lesotho.
40 Interview with Kabelo Lethunya, Director Housing Ministry of Local Government and Chieftainship. 17 August 2021. Maseru, Lesotho.
41 Email correspondence with Lebohang Mariti-Lijane, Senior Operations Manager, Habitat for Humanity Lesotho. 30 August 2021.
Overview

Following 14 years of civil war, Liberia has had 15 years of stable democracy since 2006. Because of destruction of urban infrastructure during the civil war, service provision in urban Liberia continues to be a challenge. The total population of Liberia is currently 5,181,299, with 52.6% of the population urbanised. Moreover, 70% of the urban population live in slums with limited services; 17% of the population have access to sanitation and 27% have access to piped water. The development of Liberia is based on the Poor Agenda for Prosperity and Development (PAPD), the second of a five-year (2018-2023) National Development Plan which aims to meet the basic needs of Liberians and improve income security and access to basic services. To tackle Liberia’s affordable housing needs, UN-Habitat projects that 512,000 new dwellings are required by 2030.

As the PAPD indicates, the Human Development Index of Liberia climbed by 10.6% between 2000 and 2013, and the Gross National Income (GNI) per capita also increased. However, Liberia is still one of the most unequal countries in Africa. The PAPD aims to affect Liberia’s housing sector through increased infrastructure development, the distribution of wealth and job creation, and targeting annual real GDP growth increasing from 3.0% in 2018 to 5.8% in 2023.

In 2021, Liberia’s economy is expected to grow by 3.6%. Inflation declined from 20.3% in December 2019 to 13.1% in December 2020. The exchange rate also improved, falling from L$199.29 (US$1) as of 1 July 2020 to L$171.28 (US$1) on 1 July 2021. The Central Bank of Liberia (CBL) has taken steps to protect the economy from the impact of COVID-19. These include a tighter monetary policy, an improved public finance management system, domestic revenue mobilisation, and the suspension of all charges on customer credit and loans. These measures achieved some price and exchange rate stability, thus preserving the purchasing power of the poor. Moreover, in December 2020, the International Monetary Fund approved a loan of L$8.37 billion (US$48.86 million). The sectors of the economy that will benefit from the loan are not specified, but this will certainly fill the fiscal financing gap created by the impact of COVID-19.

Access to finance

The banking sector of Liberia comprises nine commercial banks. There is one development finance company, and eighteen microfinance institutions.

KEY FIGURES

Main urban centres

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<tr>
<th>Key</th>
<th>Monrovia</th>
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<tr>
<td>Exchange rate (1 July 2021)</td>
<td>1 USD =</td>
</tr>
<tr>
<td>1 PPPS (2020)</td>
<td>171.28 Liberian Dollar (LRD)</td>
</tr>
<tr>
<td>0.41 Liberian Dollar (LRD)</td>
<td></td>
</tr>
<tr>
<td>Total population</td>
<td>5,057,677</td>
</tr>
<tr>
<td>Urban population</td>
<td>2,634,483</td>
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<tr>
<td>Urbanisation rate</td>
<td>2.41%</td>
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<tr>
<td>3.32%</td>
<td></td>
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<td>GDP per capita (Current US$)</td>
<td>US$5,383</td>
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<tr>
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<td>1</td>
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<td>Number of mortgage loans outstanding</td>
<td>US$2.05 million</td>
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<td>18</td>
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<td>Ratio of mortgages to GDP</td>
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<tr>
<td>Number of microfinance providers</td>
<td>n/a</td>
</tr>
<tr>
<td>Number of microfinance loans outstanding</td>
<td>n/a</td>
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<tr>
<td>Value of microfinance loans (USD)</td>
<td>n/a</td>
</tr>
<tr>
<td>Maximum LTV on a residential mortgage</td>
<td>22.30%</td>
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<td>Number of formal dwellings completed annually</td>
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<td>Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units</td>
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<td>Percentage of women who own a house alone and/or jointly</td>
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<tr>
<td>Percentage of female-headed households</td>
<td>33.7%</td>
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<tr>
<td>Percentage of urban population living in slums</td>
<td>70.3%</td>
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<td>Percentage of households with basic sanitation services</td>
<td>19.8%</td>
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<td>Percentage of households with electricity</td>
<td>23.9%</td>
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<tr>
<td>Cumulative number of COVID deaths per 100,000 as of 1 Oct</td>
<td>5.65</td>
</tr>
<tr>
<td>Percent of population fully vaccinated against COVID-19 as of 1 Oct</td>
<td>n/a</td>
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</tbody>
</table>

Note: Figures are for 2021 unless stated otherwise.

Although micro financiers do not specialise in housing loans, they do disburse small loans for general livelihood purposes to customers who have savings accounts with them and to those who are excluded from the formal financial system. Liberia also has 12 Rural Community Finance Institutions (RCFIs), 17 money remittance entities, 184 registered foreign exchange bureaus, 134 credit unions and 1 Village Savings and Loan Associations. These are informal non-banking institutions that play an important role in money transfer; savings, housing construction and the purchase of household goods. Money remittance entities, for example, are involved with the transfer of money in the West African region, while Savings and Loan Associations are used by informal sector workers who save part of their earnings and receive interest-bearing loans, chiefly in rural areas.
**Affordability**

Affordability is one of the major barriers to decent housing in Liberia. Approximately 51% of the population is classified as poor. Although the unemployment rate edged down from 2.8% in 2019 to 2.7% in 2020, the number of residential mortgages outstanding was 337, with a total value of L$139.72 million (US$815,752). The maximum residential mortgage term is 10 years, maximum loan-to-value ratio on household income for residential mortgages is 70% and the value of outstanding non-performing residential mortgages is L$291.18 million (US$1.7 million).

No data exists on the impact of microfinance loans on housing but total microfinance loans increased by 51.0% from L$232.94 million (US$136 million) in December 2019 to L$351.12 million (US$205 million) in December 2020. Significant refinancing of existing loans and the disbursement of new loans to mitigate the effect of the pandemic partly explains the increase. However, while microloans increased, the total number of microfinance clients fell by 9.0% from 49,000 in December 2019 to 44,473 in December 2020. The number of active borrowers also dropped by 13.0% from 43,469 in December 2019 to 37,834 in December 2020.

Liberia is yet to expand its bond market to increase investment in housing. Although the CBL issues bonds, there is no evidence of the impact of the bond market on the housing sector. It is also evident that COVID-19 has partly contributed to an increase in non-performing loans and liquidity constraints within Liberia’s financial sector. This can be attributed to a decline of commercial activities during lockdown, which restricted loan repayments and reduced the cash-flow of households.

The CBL therefore mandated all commercial banks to restructure loans, including construction and mortgage, in support of the country’s overall economic recovery initiatives. However, the number and total value of restructured residential mortgage and construction loans are not known.

**Urban informality**

Liberia’s population growth rate in 2020 was 2.44%. The urbanisation rate edged down from 3.33% in 2019 to 3.32% in 2020. Presently, 70% of the urban population live in slums but no comprehensive study has been undertaken to establish the actual number of slum communities nationwide. Access to sanitation is 17% and every year approximately L$3.0 billion (US$17.5 million) is lost to poor sanitation.

Access to piped water in Greater Monrovia is 27%. The NHA-Slum Upgrading Unit was established in collaboration with Habitat for Humanity International in 2017 with support from Cities Alliance to improve housing for slum dwellers. However, the outbreak of COVID-19 has significantly affected resource mobilisation for this unit.

**Housing supply**

Liberia’s 2008 National Housing and Population Census is yet to be updated. Furthermore, Liberia’s draft 2014 National Housing Policy, which sets out a national plan for housing development, is yet to be finalised. Thus, little data is available to determine the number of new dwellings completed nationwide.

Formal investment in the housing sector is limited and sporadic. The state-owned National Housing Authority (NHA) and Millennium Property (MP) are constructing 5,000 housing units through a Public Private Partnership. The NHA functions as a housing development agency of the state and since its inception in 1960 has constructed 2,180 houses at an annual rate of 36 housing units. The NHA’s recommended annual build rate is 30,105 if Liberia is to meet its housing requirement of 512,000 by 2030.

Housing construction under the government’s pro-poor housing program is also under way. Out of the projected 1,500 units to be constructed nationwide by the Liberia Agency for Community Empowerment, 500 have already been built in Siss Town, Monrovia and Zwedru Cities in Grand Kru, Montserrado and Grand Gedeh Counties. Moreover, the construction of the Atlantic Estate in Margibi County near the capital, Monrovia, is currently under way as a partnership between the NHA and MP. The estate will consist of 5,000 housing units in three categories: 3,000 affordable housing units, 1,500 economy housing units and 500 executive housing units.

The Government of Liberia is focused on building partnerships with groups such as the Cities Alliance (CA) to fill critical infrastructure gaps in informal urban zones, especially within greater Monrovia. Major areas of focus under the partnership include training 80 local government officials in solid waste management and the expansion of Community-Based Enterprises (CBEs) into composting and recycling of waste. This has provided substantial support to CBEs and created some 459 jobs. To increase access to safe drinking water, CA has also constructed 58 water kiosks in 35 urban informal communities for nearly 300,000 beneficiaries. Only 12% of Liberians have access to power – 3% of rural inhabitants and 16% urban - but this rate is expected to increase to 35% by 2030. In 2021, the country received a loan of L$30.83 billion (US$180 million) from the World Bank to expand the electricity grid to an additional 632,500 beneficiaries.

Liberia’s public transport sector is dominated by private transport service providers and is made up of shared taxis, minibuses, commercial tricycles, and motorcycles. Commercial tricycling and motorcycling, appears to be owned chiefly by young adults. One such owner of a tricycle taxi, Francis M. James, says that he constructed a three-bedroom house in Monrovia with proceeds generated from his business since 2017. Another informant, Joseph Kollie, related that his monthly rent of L$5,138 (US$30) was paid with proceeds generated from his motorcycle taxi.
The government-owned National Transit Authority (NTA) is the cheapest public transport entity with a monthly ridership of 224,000 passengers. 45

No nationwide data is available on the use of local building materials and methods in the housing sector. However, during 2020, the CA supported three local firms, namely Clawikee Enterprises, Nationwide Bricks Company, and Evergreen Recycling Institute, to conduct laboratory testing on local construction materials – specifically including stabilised soil blocks, recycled blocks, paving tiles, and roofing sheets. 46

Property markets
Liberia’s property market is unregulated and tenure is largely informal. The country has only a manual registry and has no digital land information system. 47 Property market data has not been updated since 2014. Most housing units (70%) are individually owned and obtained through construction, inheritance or purchase. Ownership of housing on freehold tenure makes up 53% of housing in urban zones and 84.50% in rural areas. Another 21% of houses in Liberia are rented from the Government of Liberia, NHA, private companies and private individuals. 48 The remainder of housing (24%) is made up of informal housing in slums, and there many people rent their houses. In the capital Monrovia, 64% of formal housing and 53% of informal units are rented.

Liberia’s efficiency in registering properties ranks as one of the lowest in the world, (180/190 countries) with 10 procedures, a timeframe of 44 days and at a cost of 13.3% of property value. 49 The NHA and MP are major actors in Liberia’s housing market and build and sell housing units. The cheapest newly constructed two-bedroom house under NHA-MP public private partnership is being sold at LL5.48 million (US$32,000).

Availability of data on housing finance
The Central Bank of Liberia (CBL) provides data on housing finance, published annually and quarterly in its Financial and Economic Bulletins. CBL data concerns microfinance, average mortgage rates and construction finance. CBL data does not always distinguish residential mortgages from commercial mortgages. It also does not specify how much construction finance goes towards residential housing construction, and how microloans are used for housing.

The Liberian Bank for Development and Investment (LBDI) provides more detailed and specific housing finance data such as residential mortgages, interest rates on mortgages, the number and value of mortgages outstanding, maximum residential mortgage terms, maximum loan-to-value ratios, and minimum income requirements for residential mortgages. However, LBDI data is unpublished and can be accessed only upon request.

Policy and legislation
Liberia’s overall regulatory framework for adequate housing delivery and urban management is made up of national, local government and community role-players. Nationally, ministries and agencies such as Internal Affairs, Public Works, NHA, Liberia Water and Sewer Corporation, Liberia Electricity Corporation, and the Liberia Land Authority operate. Locally, role-players include city governments and township leadership structures, as well as community-based leadership structures.

In 2021, the CA funded the formulation of a Diagnosis Note for Liberia and findings are expected to feed into the design of the National Urban Policy (NUP). Proposed key thematic areas of the NUP are land governance, socio-economic development, municipal finance, decentralisation, environment, resilience, and climate change. 54 At municipal level, the Greater Monrovia Urban Development Strategy (GMUDS) was also developed with funding from CA. The GMUDS will serve as a 21-year tool to harness the potential of urbanisation through strategic planning to promote growth and improve the quality of life for residents of Greater Monrovia. Key areas for focus include governance, economy, environment, service, and citizenship. 55

Opportunities
The housing sector of Liberia presents excellent opportunities for growth since the economy attracts significant revenue from Liberia’s diasporic population. Net personal inward remittances increased from LL20.47 billion (US$119.5 million) in December 2019 to LL36.31 billion (US$212.0 million) in December 2020. 56 Some of these remittances often end up in the housing sector to finance housing construction, rent and leases. Moreover, housing in urban Liberia is crowded and usually poorly maintained, and there are few affordable housing providers. Not much is being done to explore the effective use of locally abundant and available alternative building materials. These conditions present good opportunities to attract investment into the housing sector.

One opportunity is the extension of the current 10-year residential mortgage period, which is out of reach of many civil servants. Another is that 87% of all employment in Liberia is informal 57 and the informal housing sector is fast expanding. Therefore, affordable housing solutions targeted at informal employees are likely to generate a major impact.
Additional sources


Websites

Central Bank of Liberia https://www.cbl.org.lr/
Liberian Bank for Development and Investment https://lbdi.net/
Cities Alliance. https://www.citiesalliance.org/

20 Interview with Senjou Andrew, Cities Alliance, 19 August 2021, Monrovia, Liberia.
24 Interview with Francis P. James, taxi driver taxi owner 3 September 2021, Monrovia, Liberia.
27 Interview with Joseph Koke, motorcycle taxi owner 3 September 2021, Monrovia, Liberia.
31 Interview with Elizabeth D. Howe, National Housing Authority 24 August 2021, Monrovia, Liberia.
34 Interview with Elizabeth D. Howe, National Housing Authority 24 August 2021, Monrovia, Liberia.
Overview
A decade of political instability and recurring wars in Libya has created a major humanitarian crisis including internal displacement and lack of access to basic needs and adequate housing. With a population of around 6.9 million, including 585,000 migrants and refugees and more than 447,000 internally displaced persons (IDPs). Informal settlements have multiplied, straining the public utility network and basic service provision. Libya’s population is predominantly urban (80.6%) with an urbanisation rate of 1.7% in 2021. There is no recent official data on the housing deficit. However, even before 2011 there was a large housing deficit and this has been aggravated by the war. The effects of COVID-19 is compounded by the fact that Libya has a higher risk factor of infection due to widespread population displacement and the increase in informal settlements. With the absence of adequate housing, water and health facilities, the country remains vulnerable to COVID-19.

On 23 October 2020, Libya celebrated a ceasefire agreement which halted hostilities between the competing governments and military forces and paved the way for new executive authorities facilitated by United Nations Support Mission in Libya). In March 2021, the new Government of National Unity (GNU) was established and replaced the Government of National Accord (GNA) and the parallel eastern cabinet. The government is designed to last until December 2021 when Libyans are meant to freely elect the next administration. All the key domestic actors, including General Khalifa Haftar, have endorsed the Libya Political Dialogue Forum, the process through which the new authorities were selected. The role of the GNU is to launch a national reconciliation programme and prepare the elections. There is hope for reconciliation as, for the first time since 2011, the political dialogues have been inclusive, and have included women, youth, tribes, ethnic groups, and even the supporters of former regime of Muammar Gaddafi. The so called “greens” are also included.

The conflict has severely disrupted the production and export of oil in the country, thereby destroying the country’s main revenue source. The outbreak of COVID-19 has further damaged the fragile economy and the national health system. Prior to COVID-19, oil prices were trading at LD81.14 (US$18) a barrel but by mid-April the value had dropped to LD 171.29 (US$38), the first time crude oil price had fallen below zero. The fall in oil prices, coupled with the ongoing armed conflict, has definitely had a negative impact on Libya’s revenue and the overall living conditions of the population. Libya used to be one of the highest rank countries in the Human Development Index (HDI), however in 2020 the country ranks 105 out of 189 countries.

Libya’s gross domestic product (GDP) shrank by 60.3% in 2020 due to the civil war, low production and the decrease of oil prices. Very high fiscal deficits have plagued the country since the beginning of the political crisis in 2011. The fiscal and current account balances dramatically deteriorated to deficits equivalent to 73.8% and 59.8% of GDP, wiping out the fiscal and current account surpluses of 2019. Tax revenue represented only 5% of the total budget in 2020, a small share of total fiscal revenue. On the expenditure side, the government continues to prioritise public salaries, operating expenses and subsidies while resources allocations for investment are small. According to

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<td>0.48 Libyan Dinar (LYD)</td>
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<td>4.51 Libyan Dinar (LYD)</td>
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<tr>
<td>6 871 287</td>
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<td>5 544 510</td>
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<td>US$3 699</td>
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<td>4.7%</td>
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<tr>
<td><strong>GDP growth rate (2020) [b]</strong></td>
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<td><strong>Inflation rate (2019) [d]</strong></td>
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<td><strong>Number of residential mortgages outstanding</strong></td>
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<tr>
<td><strong>Value of residential mortgages outstanding (USD)</strong></td>
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<td>**Prevaling residential mortgage rate</td>
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<td>86%</td>
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<tr>
<td><strong>Number of formal dwellings completed annually</strong></td>
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<td>69 000 LYD</td>
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<td><strong>Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2019)</strong></td>
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<td>723 LYD</td>
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<td><strong>Size of cheapest, newly built house by a formal developer or contractor in an urban area</strong></td>
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<td>14.06 LYD (US$10.12)</td>
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<tr>
<td><strong>Cost to register property</strong></td>
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<tr>
<td><strong>World Bank DBI Quality of Land Administration index score (0-30)</strong></td>
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<tr>
<td>14.06 LYD (US$10.12)</td>
</tr>
<tr>
<td><strong>Per cent of population fully vaccinated against COVID-19 as of 1 Oct (f)</strong></td>
</tr>
<tr>
<td>n/a</td>
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<tr>
<td><strong>Cumulative number of COVID deaths per 100 000 as of 1 Oct (f)</strong></td>
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<tr>
<td>n/a</td>
</tr>
<tr>
<td><strong>Number of formal dwellings completed annually</strong></td>
</tr>
<tr>
<td>69 000 LYD</td>
</tr>
<tr>
<td><strong>Price of the cheapest, newly built house by a formal developer or contractor in an urban area</strong></td>
</tr>
<tr>
<td>723 LYD</td>
</tr>
<tr>
<td><strong>Time to register property (days)</strong></td>
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<tr>
<td>14.06 LYD (US$10.12)</td>
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<tr>
<td><strong>Cost to register property</strong></td>
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<tr>
<td>n/a</td>
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<tr>
<td><strong>World Bank Ease of Doing Business Index rank (2020) [f]</strong></td>
</tr>
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<td>186</td>
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<tr>
<td><strong>Number of procedures to register property</strong></td>
</tr>
<tr>
<td>n/a</td>
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<tr>
<td><strong>Time to register property (days)</strong></td>
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<tr>
<td><strong>Cost to register property</strong></td>
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<tr>
<td>n/a</td>
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<tr>
<td><strong>World Bank DBI Quality of Land Administration index score (0-30)</strong></td>
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<tr>
<td>n/a</td>
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<tr>
<td><strong>Per cent of population fully vaccinated against COVID-19 as of 1 Oct (f)</strong></td>
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<td>n/a</td>
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<tr>
<td><strong>Cumulative number of COVID deaths per 100 000 as of 1 Oct (f)</strong></td>
</tr>
<tr>
<td>n/a</td>
</tr>
</tbody>
</table>

NB: Figures are for 2021 unless stated otherwise.

[a] Xe.com  
[b] World Bank World Development Indicators  
[c] Xe.com  
[d] National Commercial Bank  
[e] Xe.com  
[f] World Bank World Development Indicators  
[g] Xe.com  
[h] World Bank World Development Indicators  
[i] Xe.com  
[j] World Bank World Development Indicators  
[k] Xe.com  
[l] World Bank World Development Indicators  
[m] Xe.com  
[n] World Bank World Development Indicators  
[o] Xe.com  
[p] World Bank World Development Indicators  
[q] Xe.com  
[r] World Bank World Development Indicators  
[s] Xe.com  
[t] World Bank World Development Indicators  
[u] Xe.com  
[v] World Bank World Development Indicators  
[w] Xe.com  
[x] World Bank World Development Indicators  
[y] Xe.com  
[z] World Bank World Development Indicators

Africa Housing Finance Yearbook 2021
to Central Bank of Libya (CBL), in 2020, 1.4% of the total expenditures were allocated to investment expenses while 62.3% were allocated to salaries and 16.4% to subsidies, mainly fuel, health, electricity, and water and sanitation. In June 2020 foreign reserve exchange also decreased from LD347 billion (US$77 billion) to LD283.98 billion (US$63 billion), the lowest level since 2016.14 Libya is endowed with natural resources but the current political environment hampers development, however economic prospects for 2021 look more promising than in 2020.15 The resumption of oil production in November 2020 could mitigate the effect of low prices, hence the economy is projected to grow by 37.5% in 2021 and 54.9% a year later.16

Despite the ceasefire, the country is still fragile and vulnerable to low international prices and demand for oil should the COVID-19 persist.

Access to finance
The financial sector remains divided between Tripoli and Tabruk, in spite of the national ceasefire, the GNU and an audit unification recommendation. The UN representative warned on 15 July 2021 that the Libyan banking system “will likely collapse” if the two parallel central branches do not unify.17 The sector is plagued with corruption,18 and suffers from a low level of trust from global banks. For the first time in five years, the CBL held a full board meeting in 2020. The divided institution agreed to a devalued exchange rate across the country of LD4.48 to a US dollar from 3 January 2021.19 This sharp depreciation of the Libyan dinar from LDI: 4.5 per US dollar is expected to increase prices.20

There are 19 banks dominated by four large state-owned banks, Jumhouriya Bank, National Commercial Bank, Sahara Bank and Wahda Bank. These four held 90% of deposits in 2017 and nearly as many of the loans.21 The two largest, Jumhouriya and National Commercial, together controlled 72% of risk-weighted assets (mainly loans) in 2017, down from 75% in 2010 but still representing overwhelming dominance mainly due to financing large state firms. The credit risk environment remains weak as a result a high rate of non-performance loans (NPLs). The provision of information is also weak. There is no official information on mortgage activities. The benchmark interest rate is 3%.22 Libya ranks 186 out of 190 economies on the getting credit indicator in Doing Business in 2020 and scores zero on legal rights, getting credit, and depth of getting credit information.23

Although commercial banks make up most formal commercial activity in Libya, informal financial activities and alternative exchange rates are nevertheless in operation. This information, however, is limited, as it is difficult to access data on financial activity in Libya.

Prior to Libya’s conflict, there were no microfinance institutions. Namaa Tamweel,24 the first microfinance institution in Libya, was created in October 2019. The institution’s mission is to finance micro and small enterprises and other potential clients with a project according to Islamic principles. The first financial product is Murabaha. A client can borrow up to LD25 000 (US$5 546)25 reimbursable between six months and two years. Namaa Tamweel also offers non-financial services, advice, business development services and financial planning.

Affordability
Up to 2011 there was a deficit of housing in Libya, but affordability was certainly not an issue. The country was considered an upper middle income country with the highest GDP in Africa. It had one of the highest HDI rankings in the world and housing was available to all, as a human right.26 Living conditions and access to safe housing have deteriorated significantly since the revolution and exacerbated since 2014 as a result of the civil war. The gains made by housing programmes in the past have been eroded. In 2013 the transitional government made an effort to relaunch a state housing programme27 with no results. Efforts made by the United Nations-based GNA government since 2017 to address housing shortages have yielded no tangible results. In fact, the situation has worsened since the resurgence of armed conflict in 2019 and 2020.

In 2020 the, unemployment rate in Libya was 19.39%.28 Owing to the political state of affairs, a disrupted business environment and COVID-19, the unemployment rate has remained high and poverty is on the rise. These factors, added to the on-going armed conflict, have definitely eroded the purchasing power of average Libyans. According to France 24 the minimum salaries range between LD450 and LD600 (US$99 and US$133) a month. Civil servants often go months without pay. A small apartment costs around LD400 000 (US$88 738.5) in the city. 29 Libya’s minimum wage in 2020 was LD450 (US$99). 30

Urban informality
One of the biggest challenges in Libya today is the proliferation of informal settlements in Tripoli and other big cities. This is the consequence of persistent wars and insecurity. Libya is faced with complex displacement challenges, with more than 300 000 IDPs of whom 28 000 have been newly displaced, and there are more than 447 000 IDP returnees. The different post-2011 governments have tried to provide a solution to these challenges, however attempts to complete suspended housing projects were never successful. Compensation was offered against damaged properties. New reconstruction plans were developed, and a reconstruction fund (Benghazi) was created. Various committees were created and LD100 million (US$22.18 million) was provided for quick solutions for infrastructure and basic needs and to create plans to provide accommodation and payments for one year to help returnees.

There is no data on the number of informal settlements in Libya, or the percentage of the urban population living in slums. Although the World Bank indicates that 99.89% of the population has access to clean water, it must be noted that some of the installations for water were destroyed and, as a result, access to potable water remains a challenge. There is no data for the percentage of the urban population with access to sanitation.

Prices of rentals are accelerating well beyond the affordability of an average household. Although there are no official statistics on rental property, the statistics given by Numbeo (an online source for living expenses) indicates that the average monthly rent for a one-bedroom unit in the city centre of Tripoli costs LD1 835.49 (US$407.20), while rentals outside the city are on average LD1 114 (US$247.15) a month. Rentals for three-bedroom units in the city centre are estimated at LD3 620 (US$803) a month and LD2 237.39 (US$496.36) a month outside the city. Libya’s minimum wage in 2020 was LD540 (US$99). 30

Housing supply
Due to the civil war, housing projects were suspended. Among the housing projects suspended is an ambitious infrastructure and housing project of 200 000 units estimated at LD182.4 billion (US$40 billion), with contracts awarded to renowned foreign companies such as AECOM.31 The programme under implementation was halted in 2011 by the new Libyan authorities.

The AECOM programme was re-evaluated in 2013 at LD150.76 billion (US$310 billion) and was to be relaunched by the transitional government. However, the entire programme has been on hold since then and the housing deficit has been aggravated by the political conflict and insecurity. According to Mahmoud Bazlir Ajaj, the chairman of the Housing and Infrastructure Board, the total deficit was projected to be 500 00032 units in 2020.

Property markets
Before 2011, Gaddafi’s regime introduced reforms in the real estate sector and initiated various programmes to promote the private sector. The post-Gaddafi era witnessed insecurity that hindered the evolution of the reforms. The GNA in Tripoli also tried, without success, to attract foreign investors in real estate development and reconstruction of Libya. Two international forums were held to promote the housing sector one in 2017 and the latest in Tunisia on 5-6 February 2020.33

The property market is underdeveloped in Libya as a result of the civil war, and Law No. 4 of 1978 which prevented housing construction and development for
The armed conflict makes running a business in Libya a high risk and this is extremely unfavourable for property development. Libya is ranked 186 out of 190 economies in the World Bank Doing Business 2020 report. There are currently no procedures in place for obtaining a construction permit, registering a property, or resolving insolvency, giving Libya a ranking of 186 for dealing with construction permits and 187 out of 190 countries for efficiency in registering property.

The conflict has also stopped development and hindered growth. Property developments have failed owing to insecurity and conflict. Infrastructure and business development in Libya is still characterised by uncertainty due to wars, insecurity, inadequate banking system, corruption, and COVID-19. There is no special legislation for the pandemic. Once the rule of law is restored, infrastructure and housing should be top priorities, in addition to putting in place policies and regulation that encourage the creation of wealth.

### Opportunities

The Libya economy is projected to grow by 37.5% in 2021 and 54.9% a year later with the resumption of the production of oil. Fiscal and current account balances are also expected to improve at 8.9% of GDP in 2021 and 31.2% of GDP in 2022 because of the projected increase in oil revenues and exports, the new GNU and the national ceasefire. The GNU can pave the way for the reconciliation of Libyans and the reconstruction of the country. Social infrastructures such as schools, hospitals, markets and government buildings destroyed during the war, including the abandoned housing projects, could be reassessed. The new political order coupled with the economic growth could boost the interest of direct foreign investors and expatriate skilled construction workers. This will have a positive impact on housing industry.

Libya is endowed with enormous resources, a young population, good geographical location, a rich historical heritage and abundant oil and gas reserves. Libya offers great opportunities in the real estate and hospitality industries including the reconstruction of cities affected by successive wars. New housing development is envisaged and so is the completion of pending housing projects suspended since 2011. Other sectors of property development are also of interest, particularly hospitality outlets such as hotels, chalets, and inns for the (yet to be developed) tourist industry. A land of multiple civilisations, Libya hosts five United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage sites, which are favourable for the development of educational and cultural tourism. Libya enjoys a wealth of archaeological sites, a diversified desert, mountains and coastal nature, as well as several old cities, which are conducive to a successful tourism sector.

### Availability of data on housing finance

The main organisations that collect and share data on housing finance are:

- Central Bank of Libya, the Ministries of Finance, Economy and Industry and Planning, Housing and Infrastructure Board, HB; the land registry, the Real Estate Savings and Development Bank and the Bureau of Census and Statistics (BCS).
- Data made available through these organisations include CBL Annual Reports, CBL Economic Bulletin, BSC Libyan socioeconomic indicators, census, national statistics and regional statistics.

It is a challenge to obtain data on mortgage activities, loans, interest rates and maturity, and NPLs, due to the political crisis, confused legislation on property ownership and inadequate legislation on Islamic finance. It is also a challenge to obtain accurate data on all socioeconomic sectors except for the BCS and CBL.
Websites
Banque Sahel-Saharan pour l’Investissement et le Commerce
www.bscbank.com

Bureau of Census and Statistics
https://www.bcs.ly/

Displacement Tracking Matrix
https://www.globaldtm.info

Central Bank of Libya

Bureau of Census and Statistics
http://www.bcs.ly/

www.bsicbank.com

Real Estate Libya
https://www.realestatelbya.com

Tripoli Properties
https://www.tripolipropertiesonline.com

Overview

Madagascar is an island country located in the Indian Ocean off the coast of southern Africa. It is the fifth largest island in the world, with a land mass of 587,000 km² and has a population of approximately 27.8 million inhabitants. In 2020, it was estimated that up to 85% of the total population in 2020 lived in informal settlements, and in the capital – Antananarivo – informal settlements house up to 72% of the urban population. Unchecked urban growth has generated a host of social problems, from sub-standard housing to inadequate sanitation systems. Housing demand is estimated to be almost 1.8 million units, which has not been met, leading to huge price increases in available housing stock. This is likely to continue unless the housing sector is more rigorously regulated to address scarcity of land, as well as scarcity of housing and basic services. This should include close monitoring of construction permit agencies against corruption, as well as the development of innovative financial instruments – including housing subsidies, informal settlement upgrade, pro-poor grants or longer loan terms – to enable poor households to access decent housing.

Madagascar has been greatly affected by decades of climate change, resource degradation and political instability. In these conditions, food insecurity in Madagascar is at 80%, and greater numbers of people are moving to cities in the hope of accessing food, shelter and income. Madagascar has a rapidly growing population that is set to increase from 24.2 million in 2015 to 36 million by 2030, according to United Nations (UN) figures. The population is still mainly rural (65%), with great disparities between rural and urban areas, as well as different regions – southern regions are generally much poorer. According to the National Development Plan (2020), the urban population stands at around 35% and is estimated to grow to 50% by 2036. Furthermore, Madagascar has a precarious labour market, with 86% of employees holding informal jobs in 2012. Up to 65% of the population are directly or indirectly dependent on agriculture and forestry, most of them working in subsistence agriculture, with crops of rice, maize, and manioc. Despite having considerable natural resources, Madagascar has been classified as one of the poorest countries in Africa by the World Bank, with an extreme poverty rate of 75.2%.

Before the COVID-19, Madagascar was on an upward growth trajectory of approximately 5%. This was particularly encouraging after political stability had been achieved after the election of 2013, but the pandemic halted Madagascar’s years of economic growth. Madagascar’s real GDP growth was estimated to be 4.4% in 2019, and declined in 2020 by 4%. Manufacturing, mining, and services were hardest hit because of containment measures, while agriculture performed well. The crisis also put pressure on the financial sector, prompting the central bank to inject liquidity into the system, while prices were generally contained. Inflation was 4.2% in 2020, compared with 5.6% in 2019. The current account deficit deteriorated to 3.5% of GDP in 2020, compared with 2.3% in 2019, because of a drop in exports and an abrupt halt in tourism. The pandemic impacted public finance the hardest: tax revenues declined, GDP growth was estimated to be 4.4% in 2019, and declined in 2020 by 4%. Manufacturing, mining, and services were hardest hit because of containment measures, while agriculture performed well. The crisis also put pressure on the financial sector, prompting the central bank to inject liquidity into the system, while prices were generally contained. Inflation was 4.2% in 2020, compared with 5.6% in 2019. The current account deficit deteriorated to 3.5% of GDP in 2020, compared with 2.3% in 2019, because of a drop in exports and an abrupt halt in tourism. The pandemic impacted public finance the hardest: tax revenues declined, while spending surged as the government took steps to mitigate the COVID-19 crisis. As a result, the budget deficit deteriorated to 6.3% of GDP in 2020 from 1.4% in 2019.12

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KEY FIGURES

| Main urban centres | Antananarivo |
| Exchange rate [1 July 2021]: 1 USD = [a] | 3 787.70 Malagasy Ariary (MGA) |
| 1 PPPS = (2020) [b] | 1 178.10 Malagasy Ariary (MGA) |
| Total population [b] | 27 691 019 |
| Urban population [b] | 10 670 457 |
| Population growth rate [b] | 2.64% |
| Urbanisation rate [b] | 4.40% |
| GDP per capita (Current US$) [b] | US$495 |
| Percentage of population below national poverty line | n/a |
| Unemployment rate (% of total labour force, national estimate) [b] | 1.8% |
| (2017) [b] | 3.6% |
| Proportion of adult population that borrowed formally [2017] [b] | 44.3 |
| Gini coefficient [2017] [b] | 164 |
| Ratio of mortgages to GDP | 0.53 |
| Number of residential mortgage providers (2020) [e] | US$13 721 million |
| Value of residential mortgages outstanding (USD) (2020) [g] | -4.20% |
| Prevaling residential mortgage rate | 5.63% |
| Term [d] | 49% |
| Maximum LTV on a residential mortgage | n/a |
| Ratio of mortgages to GDP | 17.18% |
| Number of residential mortgage providers (2020) [e] | 20 years |
| Value of residential mortgages outstanding (2019) [f] | n/a |
| Number of microfinance loans outstanding (2019) [f] | 0.97% |
| Number of microfinance providers (2020) [e] | 5 |
| Number of residential mortgages outstanding | 261 002 |
| Value of microfinance loans (USD) (2020) [g] | US$235 million |
| Total number of residential properties with a title deed (2019) [h] | 25 |
| Number of formal dwellings completed annually (2019) [h] | 142 000 |
| Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2019) [i] | 792 |
| Size of cheapest, newly built house by a formal developer or contractor in an urban area (2019) [i] | 90 000 000 MGA |
| Typical rental for the cheapest, newly built house (2019) [i] | 70s² |
| Cost of standard 50kg bag of cement in local currency units (2014) [k] | 632 927 MGA |
| Type of deeds registry: digital, scanned or paper (2020) [l] | 24 000 MGA (US$6.22) |
| Number of procedures to register property (2020) [l] | Paper |
| Time to register property (2020) [l] | 140 |
| Cost to register property as share of property price (2020) [l] | 6 |
| World Bank SIB Quality of Land Administration Index score (2019) [l] | 100 days |
| 0.0 |
| Percentage of women who own a house alone and/or jointly | 9.0,0 |
| Percentage of female-headed households (2016) [m] | n/a |
| Percentage of urban population living in slums (2018) [n] | 28.5% |
| Percentage of households with basic sanitation services (2016) [n] | 61.2% |
| Percentage of households with electricity (2016) [n] | 5.2% |
| Cumulative number of COVID deaths per 100 000 as of 1 Oct [o] | 22.9% |
| Percent of population fully vaccinated against COVID-19 as of 1 Oct [o] | 3.47 |
| Number of residential properties with a title deed (2019) [h] | n/a |

References:
[a] Xe.com
[b] World Bank World Development Indicators
[c] Human Development Reports, United Nations Development Programme
[d] Société Générale S.A
[e] Central Bank of Madagascar
[f] Bank of Africa Madagascar
[g] Public Treasury Madagascar
[h] Ministry of Land, Planning and Public Works
[i] Jevendsmonterrain
[j] Un-HABITAT
[k] EquityGroup.com
[l] Urban Housing Finance
db
[m] Bank of America
[n] World Bank Ease of Doing Business Indicators
[o] Urban Housing Finance
db
[p] Demographic and Health Surveys, USAID
[q] United Nations Human Settlements Programme
[r] Aktoz
[s] World Health Organization (WHO)
[t] United Nations Human Settlements Programme
[u] Demographic and Health Surveys, USAID
[v] Globalpropertyguide.com
[w] World Health Organization (WHO)
[x] United Nations Human Settlements Programme
[y] World Health Organization (WHO)
[z] World Health Organization (WHO)
Since 2014 reforms had resulted in economic growth rising from 2.3% in 2013 to 5% in 2018. In 2018, a political crisis was averted when a new prime minister took office, and a consensus government appointed to calm the political situation and to conduct elections in a peaceful climate. More recently, growth has largely been driven by public and private investments in infrastructure (roads, airports, and energy, and port development in Toamasina). External demand for textiles, vanilla and essential oils also contributed to growth. The central bank of Madagascar reduced the economic growth forecast for 2020 to an estimated 1.2%.

As of 2020, the Madagascan government invested an estimated Ar1 011 billion (US$267 million) into a national recovery plan. During 2020, the Central Bank also provided Ar55.5 billion (US$120 million) at a rate of 5.47% to support small and medium enterprises and has set up credit facilities for banks. The government also took measures to assist rent payers and to prevent eviction from homes and commercial buildings.

Access to finance

The Madagascan financial and banking sector grew by an estimated 4.2% in 2019. From 2018 to 2019, real estate credit increased by Ar80.9 billion (US$ 21 million) to reach Ar506.5 billion (US$134 million). The National Strategy of the Madagascan government in 2019 aimed to increase access to affordable housing through improving banking and financial services, at a planned rate of 29% to 45%

One of the biggest banking lenders in Madagascar, Société Générale, offers three types of mortgages to clients that range from eight to 17 years. Société Générale’s average mortgage rate is approximately 18%, and requires a deposit of 20% of the selling price for the land only. Other financial institutions such as Bank Negara Indonesia (BNI) Madagascar; Bank of Africa Madagascar and Access Bank are involved in the same market segment.

The microfinance sector is an alternative to conventional banking and attracts more clients. According to the Public Treasury, between 2008 and 2018 the microfinance penetration rate increased by 21 basis points to reach 35.2%. It was further estimated that the level of savings increased to Ar832.9 billion (US$220 million) and the total value of credit to clients in 2018 was Ar963.9 billion (US$239 million).

Affordability

An estimated 75% of the population in Madagascar earn less than the minimum poverty line of Ar7 575 (US$2) per day. The monthly earnings of formal sector employees in 2020 were on average approximately Ar784 326 (US$200), which is one of the lowest levels of remuneration on the African continent. Few Madagascans are formally employed. Low salaries mean that most people cannot afford formal housing. Great gender disparities also mean that women are disproportionately affected by poverty, lack of access to land and unemployment.

A typical household (outside of the city centre) in Madagascar spends approximately 39% of its income on rent. The monthly rent for a one-bedroom apartment in the city centre is estimated to be Ar922 390 (US$244) while a one-bedroom apartment outside the city centre is Ar327 302 (US$86). The rental for a three-bedroom apartment in the city centre is approximately Ar3 million (US$792) while a three-bedroom apartment outside the city centre is Ar 215 824 (US$528). The purchase price for an apartment in the city centre is Ar4 million/m² (US$1 056/m²) while outside the city centre it costs Ar2 million/m² (US$528/m²). This is unaffordable for the average household in Madagascar and as a result, most people – specifically female-headed households – opt to rent houses in informal settlements in urban and rural areas.

The total value of real estate credit was approximately Ar506 billion (US$134 million) in 2019 compared to Ar425 billion (US$112 million) in 2017. Interest rates vary from 10% to 18.5% a year depending on the mortgage duration, which is usually set between 10 and 20 years. What is considered affordable housing in Madagascar costs between Ar40.6 million (US$10 719) and Ar50.8 million (US$13 412).

Urban informality

Currently, 61% of the population in Madagascar is found in the rural areas. No updated data is available on what percentage of the population live in the slums. In 2013, the slum population was estimated at approximately 72%. Forty-one percent of the urban population have access to clean water (piped source) and only 6% have access to sanitation.

City populations in Madagascar more than doubled from 2.8 million in 1993 to some 7 million in 2018. The urbanisation rate is 4.4% per annum with a population growth rate of 2.6%

The AFD has made urban development a priority in Madagascar and has three projects focused on key urbanisation issues such as sanitation, climate change and improving living conditions in secondary cities. AFD’s project that looks at housing is called PADEVE (the Support Program for Balanced City Development in Madagascar).

At a national level, the National Policy for Land Planning was adopted in 2006. Therewith, activities for improving life skills of slums population were initiated through the Participatory Slum Upgrading Program or PSUP by UN Habitat.

Housing supply

The government of Madagascar funds a programme called Trano Mora or “affordable housing”. Through a series of partnerships with local stakeholders including banks, the government eases loan terms for low-income households through this programme. Thus the National Housing Development Plan or Plan National de Logement (PNL) aims to build 50 000 houses a year for the next five years. The Société d’Equipement Immobilier de Madagascar and the Agence National d’Appui au Logement et à l’Habitat (ANALOGH) also aims to develop social housing in Madagascar, but have not always met their goals due to rapid urbanisation and the lack of involvement from strategic stakeholders in the private sector, including banks. ANALOGH launched a construction programme of 762 houses in four regions in Madagascar in 2018. Between 2013 and 2017, there was an average growth of 2.7% of companies producing construction materials located in Special Economic Zones (SEZ).

These zones have been in existence in Madagascar since 2004, the latest set up in the southern town of Taolagnaro in 2016. The recent growth in construction has remained steady due to exemptions in custom duties and import taxes for materials and equipment used in the construction industry.

Property markets

There are two main bodies responsible for land security in Madagascar: the first is known as communas whose main responsibility is to issue land certificates; the second body is a sub-division of the communes, known as fokontany (clans). This second body is a more customary way of land distribution and inheritance, and they may also issue land titles, but in a less formal manner. The fokontany use what is known as petit papiers (small papers) to transfer land property to buyers. These informal titles are sometimes not formally registered in the deeds registry. It has been estimated that 75% of households use petit papiers to invoke their land rights.

Habitat III estimates that in urban areas between 50% and 70% of private properties are registered. The central deeds registry still uses paper for records and there is no electronic database. The same paper-based system is used for the land tenure and title records. There have been attempts to digitalise the deed registry system over the past 15 years, with little success.

The data for home ownership since June 2020 indicates that between 60% and 70% of houses are still rented with tenants unable to afford home ownership. Due to the informal nature of land holding, landlords can fix prices regardless of quality or regulations and prices are mainly based on location of homes. High demand for renting has led to land scarcity in cities such as Antananarivo, and this also influences the price of houses. Most land sales (95%) are between relatives or friends and a minority between official agents.
Due to inadequate land information, 1.7% of households which occupy land are tenure insecure, and face eviction if the owners die or sell their properties.40

A World Bank survey in 2013 showed that more than 10 firms had to give bribes in the form of “gifts” to authorities to get a construction permit.40 According to the World Bank: Doing Business rankings, Madagascar is among the toughest places in the world to construct a building or get a construction permit and record a property title, ranking respectively at 177 and 153 out of 190 countries in these two categories.47 The country’s overall index for obtaining a construction permit is six, which is lower than the Sub-Saharan average score 8.5.48 For the city of Antananarivo, the overall process for transferring a property requires six official steps, which can take up to 120 days at an average cost of Ar6 060 320 (US$1 600).49 This cost represents approximately 9% of the value of the land compared to an average of 7.6% in Sub-Saharan Africa.50 The average delay to obtain these documents is twice as long as the average of any other African country (54 days).51

Policy and legislation
The constitution of Madagascar states that all citizens must have access to decent housing, and the government has attempted to build affordable housing between 1970 and 2000.52 Rapid urbanisation has made it difficult for public authorities to keep up with demand, however; and Madagascar has chosen to set up a conducive environment to enable investments by the private sector, specifically real estate developers, to build houses. This strategy is supported by international institutions such as the World Bank and the International Monetary Fund.

Three key policies have been implemented to provide decent housing to citizens. The first is the Urban Land Governance Reform Policy of 2005,53 which focuses on the decentralisation of land management and security procedures for land tenure. The second policy is the Politique Nationale de l’Habitat of 2006,54 a national policy to promote access to social housing for the low-income sector. The last policy implemented is the Reform of the Housing and Urbanisation Code of 2015,55 which has led to planning and urbanisation laws. These laws impose a minimum area of 150m² to increase the small size of current land parcels in cities.56

To-date, these policies have failed to meet expectations and the housing sector remains disorganised. To address this, the World Bank conducted a study in 2020 which led to the following proposals to.57

- Update land information via a systematic assessment and the development of urban Local Land Occupancy Plans.58
- Formalise and secure occupancy on a large scale using innovative tools.59
- Create a dedicated agency responsible for co-ordinating and implementing urban land operations.60

The Madagascar National Development Plan’s (PNL) recommendations include further regulation of the housing sector through the creation of regulatory bodies, legal frameworks, and research technologies, but these have not yet been realised.61

The key to achieving the country’s PNL is the continued promotion of private sector cooperation as well as promoting leasing systems and offering tax incentives to real estate developers.

Opportunities
Madagascar is heavily affected by rising urbanisation and climate change and thus has particular housing needs. Synergies between the financial sector and the government, real estate developers and investors must be identified and strengthened to create financial instruments with fewer barriers so that most households can access decent housing. Microfinance institutions can help achieve this because they are more flexible than banks in their operations.

Attention needs to be paid to climate change and methods of natural building. There is an opportunity for companies to undertake mapping or land management to help the government achieve its goal of collecting information about land occupancy, as well as providing better services for land tenure and deed delivery, and land transactions for property owners and buyers.

Availability of data on housing finance
The Central Bank produces an annual report on the economic outlook. The International Monetary Fund (IMF), the World Bank Group, and the African Development Bank (AfDB) produce strategies about land management, reports about the general housing sector, and reports evaluating the success of housing sector projects.

The Ministère du Logement produces policies and strategies to improve the land management system and ease access to housing for all. The National Institute of Statistics (INSTAT), UN-Habitat, the Ministry of Economics, Finance and Budget, and the National Treasury produce various statistics, including the national census, and key figures about social and economic challenges in Madagascar.

The Numbeo website provides insights about the cost of living in different countries including details about rent costs, land, and the level of monthly income.

Data on housing finance is collected infrequently and is outdated. There is also no central database for land or housing data in Madagascar.

Websites
The Central Bank https://www.banky-foibe.mg
National Treasury of Madagascar http://www.tresorpublic.mg
African Development Bank https://www.afdb.org/
National Institute of Statistics https://www.instat.mg
Numbeo https://www.numbeo.com/
Overview

Malawi is located in the southern part of Africa. The country had an estimated gross domestic product (GDP) per capita of MK501 514.67 (US$625.29) in 2020, up from MK467 684.15 (US$583.11) in 2019.¹ With an estimated population of 19.1 million in 2020,² the country is predominantly rural as 84% of the total population lives in rural areas,³ and mainly depends on subsistence rain-fed agricultural activities. Of the 16% of the population in the urban areas, 12% live in the four major cities of Blantyre, Lilongwe, Mzuzu, and Zomba.⁴ The housing market is characterised by insufficient supply due to high poverty levels and increased demand caused by a rapid rate of urbanisation of 4.12%.⁵ Organizations such as the Center for Community Organization and Development (CCCODE) report a huge demand for low and middle income homes in the cities.⁶

Major challenges affecting sustainable urbanisation in Malawi, exacerbated by COVID-19, include: limited opportunities for revenue collection and planning; weak governance structures; poor land-use planning; the threat of climate change and disasters; a high level of informal settlement and unregulated developments.⁷ As a result, 65.1% of the urban population live in slums, informal settlements or have inadequate housing.⁸ The number of households living in informal settlements is estimated at 480 799.⁹ The government is trying to solve the challenge of insecure tenure, especially in traditional housing and slum areas. First, the government is preparing a legal framework sectional titling bill to improve regularisation and issuing of titles for flats and other compound households. Second, the government is formalising informal settlements which have met minimum standards in the major cities through rezoning and issuing of titles.

As a result of the slowdown in local and cross-border economic activity due to COVID-19, Malawi’s economy weakened in 2020 and real GDP registered growth of 0.9% against the 5.1% growth recorded in 2019. The economy is, however, expected to rebound by 3.8% in 2021.¹² The projected recovery in 2021 is premised on availability of the COVID-19 vaccine, which has allowed gradual resumption of economic activity. Further; the positive spillover effects from economies across the world opening up is expected to aid the domestic recovery. However, the outlook remains cloudy due to uncertainty about the evolution of the pandemic. Meanwhile, annual average headline inflation stood at 8.6% in 2020, down from 9.4% in 2019, mainly driven by a gradual drop in food prices following an above-average harvest in 2020 and low non-food inflation.¹³

Access to finance

The financial sector comprises eight banks, one less than in 2019, due to acquisition of one bank by another. In terms of assets, the National Bank of Malawi (NBM) and Standard Bank continue to dominate the sector; accounting for 48.0% and 48.2% respectively. Following the revision of policy rate downwards by monetary authorities from 13.5% to
12% the commercial banks’ base lending rate marginally declined to 12.3% from 12.5% recorded in December 2019.14 Despite the changes in interest rates, the minimum mortgage rate remained at 21.0% throughout 2020.15 Out of the eight commercial banks, five banks, namely New Building Society (NBS) Bank, Standard Bank, NBM, First Discount House (FDH) Bank, and Continental Discount House (CDH) Bank offer mortgages. The number of mortgages of the five commercial banks stood at 1 616 in 2020 and the average loan size was MK15 million (US$18 702) to be paid back in 240 months.16 Non-Performing Loans (NPL) of commercial banks increased by 16.3% to MK46.9 billion (US$58.5 million) during 2020.17

COVID-19 caused credit losses among banks due to defaults. As one way of mitigating the anticipated impact of COVID-19 risk in the banking sector, commercial banks were allowed to restructure and grant moratoria on loans to clients on case-by-case basis. As of December 2020, a total of 350 facilities amounting to MK20.4 billion (US$30.4 million) were still under moratorium.18

NBM wrote off loans amounting to approximately MK4.5 billion (US$5.6 million) during 2020.19 To guard against further loan losses, some banks such as the NBM introduced measures such as loan repayment deferrals, and during 2020 loans valued at approximately MK32.9 billion (US$41.0 million) were restructured. Out of these, those restructured due to Covid-19 accounted for approximately MK28.4 billion (US$35.4 million).20 Some microfinance institutions (MFIs) such as CCODE trained their beneficiaries in income-generating skills so that they can diversify sources of income and some also extended loan repayment periods. CCODE also offers mortgages to low income home buyers and the average loan size for this low income group is MK5 million (US$6 234), to be paid back in three years.

At least 61 MFIs and non-bank financial institutions operate in Malawi.21 The leading MFIs that offer housing finance include CCODE, Select Financial Services (SFS), People Development Fund (PDF), Epik Finances and Enterprise Development Holdings.

**Affordability**

The government is implementing the New Urban Agenda, which calls on countries to implement their urban policies. To respond to staff housing needs, in

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<th>Urban informality</th>
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<td>The government has not yet established a comprehensive programme to deal with urbanisation and slum upgrading, except for the land regularisation project. However, the government has prepared a project to improve the living standards of people living in slums through provision of good quality houses. The project, called the National Slum Upgrading Project, is to be piloted in Lilongwe City. The government has already identified a site to construct 500 housing units.23</td>
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The World Bank estimates the population growth rate in Malawi at 2.7%, while the urbanisation rate stands at 4.1%.24 The proportion of urban population living in slums, informal settlements, and inadequate housing is at 65.1%.25 Malawi has a better track record in the urban water supply sector and access to sanitation services than many other developing countries. The proportion of urban population with access to clean water (piped source) is at 64.9%26 while the proportion of urban population with access to sanitation stands at 65.5%.27

December 2020 the government embarked on a project to construct staff houses for security institutions such as the Malawi Police, Malawi Defence Force (MDF), the Immigration Department, and Prison Services. This is a five-year project and the first phase will see the construction of 1 000 houses with 2 500 houses planned for the second phase.28 Construction has started at Changanale MDF Support battalion in Zomba district, Area 30 police station in Lilongwe, Karonga Support Battalion, and Mvera Support Battalion in Dowa district. Malawi Housing Corporation (MHC), a government agency, is also building 254 housing units across the country for rental and sale.29

Furthermore, in the national budget for 2021/22 the Malawi government has set aside around K400 million (US$498 721.2) for construction of houses of persons with albinism.30 The impact of these housing initiatives, however, is minimal compared to demand.

Besides these government initiatives, private sector organisations are initiating projects to increase the supply of houses in cities and districts across Malawi, Sustainable Urban land and Shelter Development Consultants (SULSDEC) is constructing affordable houses in the cities of Blantyre, Mzuzu, Zomba, and Lilongwe. The company plans to construct approximately 1 000 affordable houses by 2030.31

In November 2020 the Ministry of Lands, Housing and Urban Development (MalHUd) initiated the Land Rent Roll System (LRSS) which will produce accurate ground rent notices and deliver notices to leaseholders, improving the ability to collect revenues. The LRSS is a component of the Land Information System that the Ministry will soon develop. The ministry is also expected to implement its National Land Titling to Promote Tenure Security and Sustainable Development programme when funds are available. This is one of the flagship projects that has been developed with support from the World Bank under the agriculture commercialisation project.32

Different cities have developed their own urban strategies to supply houses. For instance, Lilongwe city has the Lilongwe City Development Strategy and the Lilongwe City Master Plan. Neither local building methods nor materials are used to meet supply of affordable housing. Rather, city councils are promoting the use of cement bricks and iron poles, which are more expensive than traditional materials.33 Most housing initiatives are private sector-driven and the private sector is generally interested in profit not job creation.34

The government is implementing several road infrastructure projects, some of which have been completed, such as the modern interchange in Area 18 in Lilongwe city. However, the public transport system is not well coordinated and does not support affordable housing development. Authorities have given less attention to waste management, especially in slums and low income areas such as Chinsapo in Lilongwe city.35

**Housing supply**

The Malawi government is committed to both achieving Sustainable Development Goal 11 (SDG11), especially target number one, to ensure access for all to adequate, safe and affordable housing and basic services, and to upgrading slums. The government is also implementing the New Urban Agenda, which calls on countries to implement their urban policies. To respond to staff housing needs, in
Property markets

The impact of COVID-19 on the property market has been mixed. Formal real estate agents reported that house and land transactions slowed. City councils also stated that there were fewer change-of-ownership transactions than before the pandemic. Approximately 350 property-transfer transactions took place in Lilongwe, while in Blantyre, change-of-ownership transactions ranged between 40-52.34 A residential resale market exists in both urban and semi-urban areas. The resale transactions are handled by city councils.

Over the past year, there has been a mushrooming of formal real estate companies such as Summer Holdings and Innnobule. These companies have brought speculation into the land market in urban and semi-urban areas and this has contributed to increasing prices of land in cities and districts that were once customary. CCODE officials have suggested that the government should formalise the process of buying and selling land. Companies buying customary land and reselling it are neither paying ground rents nor development charges and hence the government is losing revenue.45

Fully 70% of the urban population operate in both land46 and housing informal markets.47 In these markets households trade and hold properties, both on an ownership and rental basis, but their properties are unsecured. The lands and deeds registries in the MoLHUD are paper-based48 though with support from the World Bank the government has successfully implemented the digitisation of land cadastral mapping and attendant land transactions across major cities, which will expand to targeting land in rural areas.49

According to national statistics, 74.3% of houses are owner-occupied and 12.4% are rented.50 Due to the pandemic, rental prices of approximately 70% to 85% of both residential and commercial properties remained unchanged between January and December 2020.64 It takes 47 days to register a property in Malawi with a registration cost of approximately 1.6% of the total value of the property.65

Constant cost increases in construction materials jeopardise housing affordability. Moreover, Malawi lacks an umbrella body for institutions in the housing and property markets.

Policy and legislation

Malawi launched its national development vision, the Malawi 2063 (MW2063) Agenda, in February 2021. The MW2063 recognises that land-related laws are key factors in realising the vision.63 The country enacted 10 land-related laws in 2016.64 The MoLHUD has, however, embarked on an overhaul of land laws and policies, as directed by the president. The process began in February 2021 and involved the MoLHUD consulting various stakeholders for their input on the review. Following these consultations, the MoLHUD developed a Land Law Review report and draft amendment bills. These were given to the Ministry of Justice to finalise. MoLHUD is expected to present the draft bills to parliament during the November 2021 sitting.

In addition, the MoLHUD’s flagship project, the National Land Titling to Promote Tenure Security and Sustainable Development programme, will establish district physical development plans and land use plans, district land registries and the Land Reform Implementation Unit.46

The government intervenes in the market on both the supply and demand sides. Through its agencies the Malawi Housing Corporation (MHC) and MoLHUD, the state builds houses and provides land for house construction through public private partnership arrangements. MHC in partnership with a Chinese real estate company, Henan Gouji, has constructed 104 houses for sale and for rent in Area 49 of Lilongwe in the first phase of a project called Gouji Dream Town. One hundred and fourteen houses are expected to be built in the second phase of the project and this phase is expected to be completed in 2021.46

Although there has been an influx of private sector players in the land and housing markets in the past two years, this does not signal that the government has created a conducive environment for the private sector. However, these private companies are filling a gap in the land market that the government was supposed to fill. It takes at least two years for a client to be allocated land to buy by the government and even longer to find a government house to buy or rent.67 In the private sector, the client can complete these transactions within a month.

Opportunities

The Malawi housing sector presents a number of opportunities for investors. The first is investing in houses for the low income segment of population. CCODE, which constructs houses for low income citizens, reports a backlog of approximately 5 000 low income residents across Malawi looking for houses to rent.48

The second opportunity is in investing in 3D printing house construction. In Malawi the Joint Venture named 14 Trees is producing 3D-printed houses and schools. In July 2021 it was reported that the company constructed an environmentally friendly and affordable house in 12 hours using 3D printing technologies. The venture is now taking orders for houses at just under MK8 020 513 (US$10 000).49

The affordability approaches adopted by CCODE can be adopted and scaled up to serve more people in the informal sector. This involves providing loans and mortgages to members of community savings groups who are trustworthy when it comes to loan repayment. In addition, these beneficiaries must be empowered with income-generating skills to diversify their sources of income. Some private companies are also planning to implement housing projects specifically targeting civil servants. For instance, the People Development Fund in collaboration with Raymika developers is introducing the Civil Servants Housing Project. The project aims to sell plots to civil servants so that they can build their own houses.50
Availability of data on housing finance

The main organisations that collect and share data on housing finance are the Central Bank of Malawi, and commercial banks such as NBM and NSO of Malawi. These institutions publish data on investments in real estate, loans extended to the real estate sector, mortgage interest rates, mortgage loans and NPLs of both MFIs and banks in Malawi, outstanding loans, and number of housing units. The data is publicly shared through online and printed reports on a quarterly and annual basis. Other institutions that provide data on the housing sector include the National Construction Industry Council of Malawi, Department of Lands, MH, private developers, city councils, and the Surveyors Institute of Malawi.

Other institutions, such as city councils and microfinance institutions, do not publish their data. Data such as construction labour costs, the number of properties with title deeds, taxable properties in the city and resale transactions are not publicly available.

Additional sources


Websites

Blantyre City Council http://bocmw.com/
Center for Community Organization and Development (CCODE) http://www.ccocode.com/
Habitat for Humanity https://www.habitat.org/where-we-build/malawi
Malawi Housing Corporation https://www.mhcm.org/
Microfinance Network of Malawi https://www.mnm.org/
Reserve Bank of Malawi https://www.rbm.mw/
Suiddec http://www.suiddec-mw.com/
Standard Bank of Malawi https://www.standardbank.co.mw/
New Building Society (NBS) Bank https://nbs.mw/
Continental Discount Bank (CDM) Bank https://www.cdf-malawi.com/
14 Trees Ltd https://www.14trees.com/
Mali covers an area of 1,241,238 km² and has an estimated 20,920,568 inhabitants in 2021. Its population is growing annually by 2.97%. Mali is undergoing rapid urbanisation with an urbanisation rate of 4.75% and an urban population growth rate of 2.97% in 2021. This rapid urbanisation continues to create an imbalance between the supply of, and demand for housing, which has led to the growth of slums with many households building their own homes.

Gross Domestic Product (GDP) growth was projected at 4.9% in 2020 and has reduced by 0.9% in 2021, with Mali’s economic growth rate projected at 3.3% in 2022. The average lending rate has declined from 10.49% in 2006 to 5.10% in 2021.

The Central Bank of West African States (BCEAO) has taken measures to contain the impact of COVID-19 by increasing the banks’ liquidity and to support the economy. The Triennial Investment Programme (PTI) has enabled the construction of 8,891,939 square meters of floor space for low-income housing between 2017 and 2020, with the lowest unit price at 550,000 CFA francs and the highest at 3,500,000 CFA francs. The highest unit price for medium-income housing between 2017 and 2020 was 8,067,500 CFA francs and the lowest was 5,500,000 CFA francs.

The number of residential mortgages outstanding in Mali is estimated at 129,000, with a maximum interest rate on residential mortgages pegged between 12.5% and 15%. For a client to be eligible, he or she must have a mortgage guarantee, take out insurance, have a salary or credible income during the repayment period, hold a contract, have an interest rate fixed over 15 years. The World Bank offers mortgage loans to clients with a title deed and a formal property registration. The average monthly rental for the cheapest, newly built house in an urban area is 133,000 CFA francs, and the price of the cheapest newly built house by a formal developer or contractor is 13,300,000 CFA francs. The cost of a standard 50 kg bag of cement in local currency units is 5,500,000 CFA francs.

The BDM SA offers mortgage loans to its customers over a period ranging from three to 15 years. The Bank of Africa (BOA) and the Banque Atlantique du Mali also offer medium- and long-term mortgages (20 years). The amount of the loan is determined according to the client’s transferable portion. This amount can reach 80% to 100% of the value of the property or of the overall construction cost.
Affordability

It is becoming increasingly important to be able to raise resources on the financial market, particularly in the case of housing. Recourse to the Caisse Régionale de Refinancement Hypothécaire (CRRH-UEMOA) is necessary. Indeed, the long-term resources available in the banking system take the form of term deposits and equity. The mission of the CRRH-UEMOA is to provide credit institutions with resources for refinancing mortgage loans, by mobilizing these resources on the WAEMU financial market or from development partners.¹¹

From 1 January to 10 June 2020, Mali carried out 11 issues of public securities by auction for a total amount of CFA330 billion (US$596.5 million). In November 2020, the government launched a bond issue for CFA100 billion (US$180.7 million) with an interest rate of 6.5%.¹²

In 2021, the number of microfinance institutions (MFIs) is 86, excluding network-affiliated banks. A sample of 25 MFIs has 824 service points and 1,282,349 clients. Registered deposits amount to CFA122.05 billion (US$221.4 million) in March 2021, compared to CFA110.26 billion (US$199.3 million) in September 2020. Outstanding loans are estimated at CFA42.37 billion (US$257.3 million) compared to CFA43.71 billion (US$243.5 million) in September 2020, an increase of 5.38%. The amount of overdue loans fell from CFA11.03 billion (US$19.3 million) in 2020 to CFA5.58 billion (US$20.9 million) in 2021.¹³

The microfinance network Njesigio, offers housing microfinance solutions and mortgages. The maximum amount of these mortgages is CFA200 million (US$36151) for 15 years. It also offers construction loans of up to CFA3 million (US$423) for three years. To apply for a mortgage, one must be employed for at least six months with the same employer and the conditions of the land must be accepted by Njesigio and the Mal Mortgage Guarantee Fund (FGHM). The FGHM covers potential losses to financial institutions in the event of default, but also supports access to property for low-income households.¹⁴

Affordability

A major challenge is to make up the shortfall in the construction of affordable housing. According to the Ministry of Land Affairs, Urban Planning and Housing, 95% of the population of Bamako need access to housing. The supply of affordable housing from the government and the private sector remains insufficient and self-build represents 75% of the Malian housing stock.

The poverty rate, i.e. the proportion of the population that is unable to spend CFA179 327 (US$357) annually to meet its basic needs, is 41.9% in 2020 compared with 42.3% in 2019. The City of Bamako has the lowest incidence of poverty (3.5%) compared to 24.8% in other cities and 50.6% in rural areas. The Gini coefficient index measured at 38% shows an inequality in the distribution of expenditure or income among the different strata of the population. A household in Bamako meets its basic needs with an average expenditure of CFA34.4 million (US$54.16), while a household in other cities spends CFA22.2 million (US$3797) and in rural areas CFA1.7 million (US$278).¹⁵ In 2020, the GDP per capita is CFA475 173 (US$7859), yet the purchase of affordable housing requires an annual salary of CFA1.7 million (US$280). In 2013, 452 credit applications were approved for an average amount of CFA13.3 million (US$24 040) per file.

To access housing through a mortgage loan, a ratio of the monthly payment to the household income is applied on a case-by-case basis according to their income. The Banque Péliéenne de Solidarité (BMS) sets the transferable portion at 33.3% of the salary, while the current Labour Code specifies a transferable portion of 25% for the lowest incomes and 75% for the highest incomes. The commercial bank Ecobank offers up to 50% of income. These variable loan conditions make affordable housing inaccessible to a large proportion of households. Thus, the FGHM guarantee is important as well as the government’s social housing construction project.

Urban informality

The rapid urbanisation rate of 4.75% with an annual population growth rate of 2.97% and the lack of urban development have resulted in very large housing deficits, which hampers Mali’s efforts to achieve its development objectives. The government is pursuing a programme to build 50 000 social housing units. However, the demand for affordable housing by low and middle income households remains high, and housing supplies are not filling the gap.

The proportion of informal employment in the non-agricultural sectors is 98.3%. In urban areas, 23.3% of the population live in slums, informal settlements or inadequate housing. One of Mali’s goals is to achieve the Sustainable Development Goal “Make cities and human settlements inclusive, safe, resilient and sustainable” (SDG 11). With regard to access to basic services, 85.2% of households have access to drinking water and 70.8% have electricity. The proportion of households with access to drinking water improved over the period 2006/20 from 78.7% in 2006 to 85.2% in 2020. Depending on their area of residence, 81.9% of poor urban households have access to water in 2020 compared to 76.8% in rural areas. Handwashing with soap and water is one of the recommended barrier measures to control COVID-19. In Mali, 43.3% of the population use safely managed sanitation services, including handwashing facilities with soap and water. In terms of hygiene, 92.5% of households use “flush/pit/latrine” types of toilets in 2020 compared to 76.7% in 2001.²² There has therefore been improvement in sanitation services.

Housing supply

In 2015, the housing need was estimated at about 440 000. To fill this gap, the total annual housing requirement is 82 500, of which 51 100 should be delivered in urban areas and 31 400 in rural areas.¹⁶

The Ministry of Land Affairs, Urban Planning and Housing has initiated an impressive housing development programme, the PTI. The PTI has enabled the construction of 5 928 social housing units over the period 2019/21. In 2019, the West African Development Bank (BOAD) made an amount of CFA25 billion (US$45.2 million) available to the State, for the partial financing of the project. This allowed for the development of 1 085 site and service stands and social and economic housing units.¹⁷

The available social housing units of 2-rooms (F2), three-rooms (F3) and four rooms (F4) are intended for households (salaried or not) with a low or average income. Non-salaried persons wishing to access F3 units must pay a deposit of CFA132 660 (US$240) and a deposit of CFA234 000 (US$423). For the bigger F4 economic housing units, the applicants must pay a deposit of CFA282 000 (US$510) and CFA556 000 (US$452) as personal contribution. The housing units are allocated without interest over a period of 25 years.¹⁸

Within the framework of the PTI, the infrastructure sector mobilised CFA772.3 billion (US$1.4 billion), i.e. 45.4% of the overall budget. The majority of the infrastructure budget was allocated to roads with an allocation of CFA347.4 billion (US$542 million), or 63.87% of the budget. The "Buildings and Equipment" item represents a budget of CFA169 998 million (US$307.3 million), or 31.24% of infrastructure expenditure by government. Urban Planning and Housing and "Transport and Storage" were allocated 2.1% and 0.2% of the budget. However, "Urban Planning and Housing" represents only 0.98% of the ITP!¹⁹

In response to COVID-19, BCEAO met the liquidity needs of the banks and lowered the interest rate from 2.5% to 2%. This enabled the banks to maintain and increase client lending. BCEAO authorised microfinance institutions to grant deferrals to their clients affected by the pandemic, for a renewable period of three months, without interest charges, fees, or penalties for late payment.¹⁰

The rapid urbanisation rate of 4.75% with an annual population growth rate of 2.97% and the lack of urban development have resulted in very large housing deficits, which hampers Mali’s efforts to achieve its development objectives. The government is pursuing a programme to build 50 000 social housing units. However, the demand for affordable housing by low and middle income households remains high, and housing supplies are not filling the gap.

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The provision of basic infrastructure by developers increases the cost of housing construction. In addition, the price of a 50kg cement bag has increased to CFA5 500 (US$10) in 2021 from CFA4 500 (US$8) in 2020. Supply is constrained by the need to fund and provide infrastructure and by the increased costs of building materials.

**Property markets**

The property market is marked by a social housing financing context that is weakened by the State’s inability to mobilise the necessary funds and by the financial market’s reluctance to participate in financing for affordable housing. COVID-19 has exacerbated this problem. The health crisis linked to COVID-19 has undermined economic activity, and the building sector has not been spared.

Land tenure is divided into two main systems: the formal system, based on written law, established by the State, and then the customary systems. Ordinance No. 00-027/P-RM of 22 March 2000 on the Land Tenure Code (CDF) is the main law on land tenure, making land tenure a fundamental principle of land management.

A comprehensive land register does not currently exist. Disputes over ownership are frequent and take several years to resolve in the courts. In terms of access to land, women face a precarious status under customary law, which does not recognise their right to own the land they cultivate. Moreover, 20.5% of individuals living in a female-headed household are poor. This means that access to housing is particularly difficult for women headed households.

In April 2019, a programme for the physical and digital archiving of land documents and the development of a cadastre system resulted in 217,000 land titles being inventoried and 185,000 digitised. It should be noted that only 36% of the population in Bamako have a property title. The Land Law strengthens security of tenure by facilitating the registration process. The regulatory framework for the housing sector has led to an increase in the number of local property developers and the number of cooperatives.

The transfer prices and royalties for urban and rural land in the State’s private real estate domain for residential use are set by the State. Prices are currently higher in central Bamako. The cost per square metre of unserviced land for residential use in Bamako is an average of CFA62,500 (US$113) per square metre, with some disparities.

Rent is the largest expenditure among non-food items. Total expenditure on rents amounts to CFA1,347 billion (US$234.5 million) in Bamako, or 33% of national expenditure on rents, and CFA55 billion (US$99.4 million) in other cities. The cost of renting a 100 m² apartment is CFA50,000 to 100,000 (US$88 to US$179) per month and that of a four to five room villa of 200 m² is on average CFA200,000 to 300,000 (US$357 to US$536). The construction labour cost per square metre for the cheapest house is CFA130,000 (US$232).

The World Bank’s Doing Business 2020 report ranks Mali 140th for property registration, which takes five procedures and 29 days to complete at a cost of 11.1% of the property value. The land administration quality index of 8 out of 30 is still low. The same report ranks Mali 137th for the ease of obtaining building permits with 14 procedures in 124 days. The cost of building permits represents 9.35% of property value.

**Policy and legislation**

In 2015, Mali adopted its national housing strategy. The main objective of the strategy is to improve living conditions throughout the country by promoting access to decent housing for the low and middle-income population. To achieve this objective, the government created the Office Malien de l’habitat (OMH) in 1996. The OMH is the main mediator between the various stakeholders in the housing sector. It is also responsible for providing serviced land promoting the use of local building materials, and participates in the technical and financial arrangements of government social housing programmes as a shareholder in the BMH and the FGHM. In March 2015, the government signed a framework agreement with 19 national and international real estate operators through the Association of Real Estate Developers of Mali (APIM) and the Professional Association of Banks and Financial Institutions of Mali (APBEF). OMH subsidies interest rates on mortgage loans for eligible applicants, mostly members of housing cooperatives.

The regulatory framework for Mali’s housing sector includes a condominium law, a property development law and a housing finance law. Mali’s constitution and legislation ensure that the right to housing is respected. In terms of legislation, constraints have been overcome with the drafting of the land and property code, laws on the rehabilitation of informal settlements, laws on real estate and land development, laws on the advantages granted to real estate developers, laws on the urban planning code and the construction code.

The provisions of Decree No. 130 PGRM of 27 August 1967 on the terms and conditions for setting rents for built-up buildings and Decree No. 146/P-G-RM of 27 September 1967 on the regulation of rents for residential premises are intended to govern relations between lessors and lessees.

**Opportunities**

The demand for housing, which was estimated at 440,000 in 2015, including 240,000 housing units in Bamako, is becoming increasingly pressing. The volume of housing loans has increased and the average lending rates on loans have continuously decreased. The government is demonstrating its commitment to improving the housing sector through a national strategy for access to decent housing. The regulatory framework for housing is the clearest in the WAEMU and has led to an increase in the number of real estate developers and housing cooperatives operating in the country. The Doing Business report ranks Mali 148 in 2020, in terms of the ease of doing business. To support the Government’s efforts and fill the housing need, the private sector has a role to play in affordable housing. With better organisation, the Malian diaspora could also mobilise funds for housing.
The Malian cement market is mostly supplied by imports (71%), mostly from Senegal. Faced with the growing demand for cement and the local production deficit, Ciments et Matériaux du Mali (CMM) built a grinding centre in 2019, with an annual capacity of 800,000 tonnes on the Diagon site, 35km from Bamako.26

The housing deficit in Africa can be seen as both a challenge and an opportunity for developing economic activity and creating millions of jobs. Studies show that the development of affordable housing generates employment, both through construction and through spending on amenities linked to housing. Despite COVID-19 and the security and political instability in Mali, there is resilience in the housing sector and it's financing. More investment in the affordable housing sector would allow Malians to improve their living conditions.

Availability of data on housing finance
The National Institute of Statistics (INSTAT) collects, produces, analyses and disseminates information on the Malian economy and society. INSTAT has conducted four General Population and Housing Censuses (RGPH) in 1976, 1987, 1998 and 2009. The fifth RGPH is scheduled for the end of 2021. The Modular and Permanent Household Survey (EMOP) implemented by INSTAT provides information on housing but not on its financing. The EMOP is conducted annually in four rounds. These EMOP reports are available online. The BCEAO provides information on bank financing conditions for housing in WAEMU countries.

Data should however be collected more regularly on housing to be used by the housing finance market as a basis for sound policy formulation. The lack of reliable, detailed and up-to-date data on the housing market is a constraint for financing.

Websites
Caisse Régionale de Refinancement Hypothécaire (CRRH-UEMOA) http://orrh.ueomo.org/
Mali Mortgage Guarantee Fund (FGHM SA) http://www.fghm-sa.com/
Banque Malienne de Solidarité (BMS SA) https://bms-sa/ml/
Banque du Mali (BDM SA) https://www.bdm-sa.com/
Office Malien de l’Habitat (OMH) https://omh.mali.net/omh/vn/
National Institute of Statistics (INSTAT) https://instit-mali.org/fr/
Orabank, Mali https://www.orabank.net/fr/filiale/mali
Lodging in Mali https://seloger-uemoa.com/
Bamako Real Estate https://www.bamako-immobilier.com/

Mauritania

Benita Ngoy

Overview

Mauritania’s estimated population was 4 649 660 in 2020, with the population density of 4.5 people per km².1 The urban population increased from 9.1% in 1965 to 53.3% in 2020, corresponding to a total of 2 572 517 inhabitants.2

Urban growth is most pronounced in urban centres such as Nouakchott, Nouadhibou and Zouérat. These areas are home to almost one-third of Mauritania’s population.3 Although the Mauritanian authorities have supervised the planning and urban rehabilitation of informal housing and slums since 2010,4 there is still significant pressure on available infrastructure and services. This leads to various social, economic and environmental problems, including problems of housing quality and affordability in these urban areas.5

In 2019, the government presented6 a strategy for the eradication of precarious neighbourhoods and a policy for restructuring informal housing in urban areas. This is aimed at implementing urban development projects that will enable households to own land and will provide adequate infrastructure and facilities.7

The lockdown and social distancing measures implemented in response to COVID-19 have slowed economic activity of Mauritania. In 2020, the country’s GDP declined by 1.9%. The inflation rate rose to 2.9% along with the annual construction cost index (CCI) which increased by 12.8% in 2020. The CCI increase is mainly the result of the increase in the cost of basic construction materials (19.6%) and labour (11.4%).8

The economic recession could become more severe if the pandemic continues. The Mauritanian authorities have, however, reacted quickly and taken strong measures to contain the pandemic at the local level and mitigate its impact on the country’s economy.9 In March 2020, the Central Bank of Mauritania (BCM) reduced the repo rate from 6.5% to 5%.10

Access to finance

Mauritanian banks and foreign banks operating in Mauritania offer loans and financing for housing. The number of licensed banks remained at 18 in 2020, of which seven are Islamic banks and five are predominantly foreign-owned.11 However, banks seldom grant loans for the purchase of a newly-built home. More than 90% of newly-built residential units are self-built. Households use mortgage loans to finance the construction of a house or the purchase of a plot of land. These are usually short-term loans.12

Most banks offer Islamic financing options such as the Murabaha contract (cost-plus financing). Households can use the Murabaha to finance the purchase of a plot of land and/or construction materials. The bank buys the land and resells it to its client at a profit (margin agreed between the two parties). This may be a fixed amount or a percentage of the original land acquisition cost.13 Any Mauritanian resident with the legal and financial capacity to make a financial commitment is eligible for a Murabaha contract, provided that he or she is able to provide a payslip. The profit margin fixed by the bank ranges between

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KEY FIGURES

- Access to finance: Benita Ngoy
- Exchange rate (1 July 2021): 1 USD = 6.125 Ouguiya (MRO)
- Total population (2020): 4 649 660
- GDP per capita (Current US$): 1 760
- Unemployment rate (% of total labour force, national estimate): 11.3%
13.5% and 14.5%. Repayment is usually in instalments ranging between six and 60 months. Self-financing of 20% is required and the value of the loan ranges between UM600 000 (US$14,056) and UM10 000 000 (US$234,275). If the value of the plot of land exceeds UM1 000 000 (US$93,710), the land is used as collateral.14

The Mauritanian Bank for International Trade offers a housing saving plan (Plan EPARGNE Logement). The mortgage loan is granted to finance the construction or acquisition of a house for residential use. At a preferential rate, the bank finances up to 60% of the mortgage loan and the remaining 40% is financed by the accumulated savings. The repayment period is up to 12 years and the customer can choose the payment frequency: monthly, quarterly, or half-yearly.15

Conventional banks offer mortgage loans to individuals to finance the purchase or renovation of a residential property. The mortgage loans are for a maximum period of 10 years, at interest rates between 5.9% and 12%. To qualify, the applicant is required to have an employment contract for an open-ended period, a copy of the land deed, and a land title or a permit of occupation.16 However, this form of financing is not popular because most Mauritanians do not have bank accounts.17

Microfinance is an alternative for those who do not meet the requirements for bank financing. In 2020, the microfinance sector comprised 27 institutions, three networks (PROCAFE/CAPEC, Caisse d’Epargne and the Crédit Djiké-Mutuelle (CECD-M)), and the Union Nationale des Mutuelles d’Investissement du Crédit Oasien.18 CECD-M offers exclusively Islamic loans, including loans for social housing with maturities of up to 24 months.19

The microfinance sector, however, is underdeveloped and not properly regulated. Most microfinance institutions are small with limited outreach. Factors that hamper the sector include the Mauritanian culture of using the informal sector for finance, conditions related to the collateral, and the lack of diversity of microfinance products.20

Alternatively, households and individuals use alternative financing solutions such as the tontines21 to finance the purchase of a property. Nawali is a real estate agency that offers this kind of financing in West Africa and has recently entered the Mauritanian market.22

Affordability
Overall, 50% of households have seen their incomes fall significantly since the beginning of COVID-19 in 2020.23 In 2019, housing expenditure was the second largest item of household expenditure (18.8%) across the country. Urban households spend about one-fifth (20.4%) of their resources on housing. Expenditure on housing consists of electricity, gas and other fuels (6.8%), rent (5.9%), water supply and other housing-related services (5.3%), and maintenance and repair of dwellings (0.8%).24

Compared to the average monthly net salary of UM6 000 (US$141) the price of renting in the urban area is exorbitant. A three-bedroom residential costs UM18 210 (US$427) in the city centre and UM9 220 (US$216) in the periphery.25 A house for sale of 180m² costs UM2 000 000 (US$51,540).26 Real estate advertisements in urban areas often target expatriates because they have a higher purchasing power.

Furthermore, access to land ownership in urban areas is a long and difficult process, especially for the most impoverished segments of the population. The persistence of an informal land market sustains rampant speculation around land prices.27 A square metre of land serviced for residential development costs UM28 571 (US$669) in urban areas. Because of the high cost of living in residential areas, low income households live in irregular and illegal settlements on the outskirts of major urban centres. Approximately 34% of households are living in informal housing (huts and baracks).28

To promote fair and equal access to land ownership, the government launched its Strategy for Accelerated Growth and Shared Prosperity (SCAPP), as a pilot project, with the construction of 50 social housing units made of local materials in a new extension zone in the city of Sellaby.29

Urban informality
Because of rural migration and the rapid development of the cities, the most difficult task for Mauritanian authorities is to lay out the streets and make the neighbourhoods viable.40 The government constantly looks for solutions to solve the problem of populations crammed into slums in neighbourhoods around the urban centres and to provide the population with adequate basic services. The measures implemented since the 1990s include the resettlement of people in better serviced areas.30

The phenomenon of informal settlements, “kebba”, started in the 1970s with rural migration. A kebba is a local slum, housing the most socially and economically marginalised section of the population. The kebba El Mina, the largest slum in Nouakchott, was restructured as part of the Urban Development Plan implemented by the World Bank. Seventy percent of slum dwellers were relocated in the south of the city while the remaining 30% were granted the land they lived on.51

People living in informal settlements do not have access to water, electricity or waste collection. Public transport is almost non-existent.52 Furthermore, the areas where these informal settlements are built suffer from underground water leakage in the rainy season because of the lack of a sewage network.33

Housing supply
Social housing is a challenge for the Mauritanian state and the city of Nouakchott. However, despite the lack of housing financing options, land ownership is being given priority.20

Housing is also not resilient as the construction materials used are often not adapted to the climatic environment. The use of local (or adapted) building materials such as compressed earth blocks is being recommended.31

The legal and regulatory frameworks for owning land seem to be poorly adapted to the needs of the changing society. Moreover, the absence of a proper system of land data leads to confusion and a considerable loss of resources for the state and local authorities. Land has also become a source of income for the poorest segment of the population. Many live from the sale and resale of land, taking advantage of the fact that urban land is still under construction and of the complexity and imprecision of regulating access to property.34 This has led to the development of garza. Garza is a form of illegal squatting on publicly and privately-owned land. This form of occupation started in the 1980s after an initiative to distribute plots. It is common practice for the government to make the land ownership of squatters official. Thus, the people living in garzas are not necessarily poor. People occupy the land while waiting to benefit from a prospective distribution of parcels to resell them.35

The Urban Development Agency had granted 700 plots of land to vulnerable households by 2021. The land was granted on the condition that the beneficiaries lived in the area for a considerable period of time. Furthermore, only those who have not benefited from any other land distribution were granted a plot of land. These plots are part of the project to restructure the slum areas (garzas) of Nouakchott, namely Topin, Dar Al-Naim and Arafat. Arafat is the biggest garza, located in the centre of the city. However, many families do not have title for the land they live on because of the lack of registration records at the General Directorate for State Property and Heritage (DGDOPE), or because they have not registered their plot of land.36 They are vulnerable and can be evacuated at any time and without compensation.

The new Director General of the Maimouna Mint Ahmed Salem agency has decided to permanently stop the granting of land registration licences and referred the centralising of land title registration and claims to the Ministry of Finance.35 A new plan of the city of Nouakchott was created using the latest technology to prevent forgery and simulation. The plan was developed by the General Department of Urbanism and Land Reclamation in cooperation with the Ministry...
of National Defence. After purchasing a plot of land citizens can obtain, from the DGDPE, a PDF or hard-copy of the plan that includes the geographical coordinates of the plot. Conditions for obtaining the plan is a hard copy of the title and a copy of an identification card.46

Property markets
The 2013 population census shows that 80% of households own their homes at the national level. This can be attributed, among other things, to the housing policies pursued by the state for several years. The aim of these policies is to ensure that every Mauritanian citizen has a roof over their head by making it easier to acquire land for housing, sometimes free of charge. While the proportion of households that own their own home is significant in both urban and rural areas, it is higher in rural areas (96%) than in urban areas (65%).27

Overall, 13.7% of households are tenants. However, the notion of renting is not widespread in rural areas, where only 1% of households are renters compared to 26% of households in urban areas.28 Nouadhibou and Nouakchott have the highest concentration of home renters, 35% and 38% respectively.29

There are three types of housing: modern, semi-modern, and informal housing. At the national level, the proportion of housing of a modern standard is only 1.3%. The proportion of semi-modern housing is the most prevalent (79.6%).30

The formal real estate market in urban areas, and most notably in Nouakchott, is mainly focused on developing modern housing solutions for the most affluent and expatriates. Local real estate agencies assist in finding high-end flats and accommodation in the city centre and residential areas surrounding embassies and offices of international organisations.31

In contrast, those who cannot afford the prices of formal real estate agencies resort to the informal market, which can be risky. A number of “brokers”, who have mastered various techniques of property scamming, are taking advantage of the failure of the administration of the property services to conclude property transactions on the fringe of the law.42

After the slowdown of the economy, many landowners anticipated the possible reduction or loss of income when the first lockdown measures were implemented and significantly reduced the prices of their properties. This resulted in the sales of properties in the north of Nouakchott, more specifically in the area of Tahrih Zina and its surroundings.43

Policy and legislation
The Mauritanian state has a monopoly on land tenure and the current land legislation is modelled on the French model. Ordinance 83-127 of 5 June 1983 gives the state the power to protect its domain and dispose of vacant and unowned land according to the conditions defined by Shariah law.44

The urban sector is regulated by Decree N° 90-020 of 31 January 1990, revised in 2010. It defines the powers to grant urban concessions. This power falls under the Council of Ministers and the Minister of Finance. These two bodies place orders with the Ministry of Urban Planning, Housing and Regional Development for the design of subdivision plans. The Council or the Ministry then issues the buyer with an occupation permit, after the latter has paid the price of the land and the demarcation costs. The beneficiary must then exploit the land within a period of five years. Only at the end of this period will the land title be issued by the DGDPE. However, this rule is only rarely used. The occupation permit is generally sufficient to establish ownership.45

Opportunities
To promote sustainability in the cities, Mauritania is turning to renewable energies such as wind, water and solar energy.46 The Mauritanian government is working to expand its electricity supply by encouraging investment in the renewable energy sector to boost the economy.47 This is a good investment opportunity for independent power producers not yet involved in the production of electricity in Mauritania. SOMELEC, the Mauritanian electricity company, is the sole provider of electricity in the country and most of its existing capacity comes from heavy fuel oil generation. As Mauritania is endowed with substantial renewable energy resources such as solar, wind and hydro, as well as natural gas reserves, it has a high resource potential and is capable of producing enough electricity for cross-border export.48

Availability of data on housing finance
Most housing data are obtained from statistical reports of the National Office of Statistics (ONS) and international organisations such as the World Bank. ONS publishes, quarterly, an index of the cost of construction, including the price of construction materials and labour while the BCM publishes data about the performance of financial institutions and the value of outstanding loans.

Mauritania has improved the quality of transparency of information on property transfers through publication on the DGDPE website. The public has access to information (texts and laws) on land ownership; the list of documents required for any type of land transaction; all transaction costs; as well as statistics of transactions. However, the website is currently defunct or still under construction.

The National Company for Land Development, Housing Development and Real Estate Management (ISKAN) publishes land tenure data available to the public. However, the ISKAN website cannot be accessed since 10 September. Archive versions of the websites are available online, but some information is missing.
Mauritius

Sireena Ramparsad and Manitha Nadasan

Overview

The Republic of Mauritius is situated on the south eastern coast of the African continent and consists of three islands: Mauritius, Rodrigues, and Agalega. Port Louis is the capital and is situated on the main island of Mauritius. It is 2,040 km² in extent and had an estimated population of 1,265,030 in 2020, with a 0.02% population growth, and a negative urbanisation rate of -0.01%. The low income, middle income and working population in Mauritius face challenges in accessing affordable housing units to either purchase or rent, with limited stock being produced to meet the existing demand for housing. The National Housing Development Corporation Ltd. (NHDC) and the National Empowerment Fund (NEF) has 18,000 applicants on its waiting list for social housing.

The Gross Value Added (GVA) of Mauritius contracted by 8.4% in the first quarter of 2021, which is largely because of the impact of COVID-19 on the accommodation and food services sectors and transportation and storage sectors. In July 2020, Mauritius was classified as a high-income country, making it one of a few African countries eligible for International Bank for Reconstruction and Development (IBRD) assistance. Mauritius' Gross National Income (GNI) per capita for 2020 was Rs344,622 (US$8,071), indicating a 14.5% decrease from 2019. Inflation at the end of 2020 was 2.5%, increasing three-fold since 2019. Inflation was fuelled by increased imports and the depreciation of the rupee.

An investment programme referred to as the COVID-19 Projects Development Fund was set up in April 2020 to address the impact of the global pandemic on the Mauritian economy.

The 2021/22 Budget Speech notes the construction of 12,000 social housing units, delivered over the next three years. Social housing makes up 38% of the budget at Rs1.2 billion followed by the National Flood Management Programme (37%) and Economic Recovery Programme (10%). Social housing delivery is administered by the Housing Division of the Ministry of Housing and Land Use Planning. The Housing Division is responsible for the formulation of strategies and policies for the social housing sector and for the implementation of social housing programmes through the NHDC. Progress has been noted with the governments Roof Slab Grant Scheme which was initiated to financially assist self-construction to either subsidize start up building costs or the casting of roof slabs to complete construction Rs32 million (US$749,476) was distributed to 420 families in July 2021. In addition, 1,050 housing units have been provided through the Scheme since 2019.

Access to finance

The country’s central bank is the Bank of Mauritius and it derives its mandate from the Bank of Mauritius Act, 2004. The financial sector in Mauritius remains well-developed with 37 licences, consisting of 19 banks, six foreign exchange dealers, six money changers and six non-bank deposit taking institutions. Commercial banks in Mauritius offer a wide range of services, from traditional banking to the non-bank financial services sector and global business mandated under the Financial Services Act 2007. There is a credit bureau called the Mauritius Credit Information Bureau to the non-bank financial services sector and global business mandated under the Financial Services Act.
and utility bodies. Overall, the banking system employed 8,266 persons and had a spread of 171 branches in the country, nine counters, 447 ATMs and one mobile van as at June 2020. Fourteen banks offered card-based payment services such as credit cards and debit cards and 16 banks offered internet banking facilities. Seven banks provided mobile banking services, including payment facilities to their customers.

Household indebtedness in Mauritius stood at 36.6% as at June 2020, increasing by 2.9% from June 2019. Housing loans accounted for almost two-thirds of loans to households as at June 2020, increasing by 7% or Rs4.8 billion (US$11.25 million) over the year ended June 2020, compared to 5.8% in the previous financial period. COVID-19 has increased risks to the banking sector as the amount of non-performing loans to total loans was 5.9% in June 2020, increasing from 4.5% in March 2020. However, non-performing loans showed an overall decrease from 6% in June 2019 indicating that risks have been mitigated in the short term.

There are nine mortgage providers, one of them being the Mauritius Housing Company which offers a number of loans for housing purposes. These include home loans, renovation loans, construction loans and refinancing loans. The general terms include a loan-to-value of 95% or 100% of construction cost over 25 years for salaried clients and for self-employed the loan term is 20 years with an LTV of up to 75%. Interest rates vary from 2.9%.

As at June 2020 MCB Microfinance Limited, the only licensed micro financier in Mauritius, disbursed 3,440 loans (Rs667.6 million, US$15.6 million) to 2,229 clients. As at June 2020 there were 1,893 loans (Rs286.9 million, US$67.7 million) outstanding and 1,689 active clients. Twenty loans were written off to the value of Rs5 million (US$117,137) and arrears greater than 90 days makes up 12.8% of the portfolio. Business sectors that were provided to include: trading, manufacturing, services, transport and agriculture.

The Monetary Policy Committee of the Bank of Mauritius reduced the key repo rate by 100 basis points to 1.85% per annum in April 2020. The Bank of Mauritius also introduced a Support Programme to further assist Mauritian businesses across all economic sectors that felt the impact of COVID-19 in April 2020, with five key measures being introduced in the Support Programme. A special relief amount of Rs five billion (US$124 million) was introduced through commercial banks to meet cash flow and working capital requirements of economic operators in all economic sectors directly impacted by COVID-19, including Small to Medium Enterprises. A reduction of the cash reserve ratio applicable to commercial banks was introduced with immediate effect and until further notice (the cash reserve ratio applicable to commercial banks was reduced from 9% to 8%). A moratorium on capital repayment for loans of six months for existing loans for economic operators being affected by COVID-19 was issued. Banking guidelines were eased, including the Guidelines on Credit Impairment Measurement and Income Recognition, which have been effective since January 2020, but have been put on hold. Lastly a two-year bank of Mauritius 2020 savings bond was issued as at 23 March 2020. The Bank of Mauritius will issue a bond for an amount of Rs5 billion (US$124 million). This bond will be issued at par in multiples of Rs25 000 (US$620) to individuals who are residents of Mauritius and up to a maximum cumulative investment amount of Rs1 million (US$24,797) per investor, whether singly or jointly. It will also be issued to locally registered non-governmental organisations running on a non-profit making basis for the same maximum investment amount of Rs1 million (US$24,797).

Affordability

When it comes to accessing home loans in Mauritius, banks use their own discretion to profile applicants but some of the general criteria used to assess applications for home loans include the interest rate pricing the term or period over which the loan will be repaid; security for the loan which may include mortgage of the property; insurance cover; debt-service reserve; the Loan to Value Ratio (LTV) to determine the equity contribution required from the applicant; and the repayment type and frequency i.e. amortised, moratorium period, monthly repayments, quarterly or yearly repayments.

Mortgage interest rates can range from as little as 1.8% up to 18.25%. Interest rates can vary, based on the age and income of the borrower, as well as the mortgage repayment period which can extend up to maximum 35-year repayment period. Other criteria can include evidence of income (salaried individuals with payslips for salaried individuals) or bank statements for last 12 months. Recent amendments to the debt-to-income (DTI) ratio for residential property loans in 2021 indicates that financial institutions must ensure that the DTI ratio for single or joint borrowers applying for the grant of credit facilities for the purchase/construction of residential property must not exceed 50%.

Housing supply

Mauritius experienced a 59.5% growth in the number of residential housing units between 1990 and 2011. The 2011 Housing and Population Report indicated that 84.8% of all buildings in Mauritius were for residential use and made up of 358,930 units of which 58% (209,025) was rural based and 45% (149,905) urban based. These housing units have good in-home access to both water (94%) and electricity (99%). The majority of the housing units were constructed with concrete walls and roofs with only four percent of units with iron or tin walls or roof. Approximately six percent of housing units were substandard due to the lack of electricity, lack of piped water or lack of a toilet facilities. It is further reported that more housing units were under private ownership increasing from 76% in 1990 to 89% in 2011. Eight percent of residential housing units were rented, down from 15% in 1990. Only 12% of these houses were mortgaged with the remaining 78% being non-mortgaged houses. The average household size dropped from 4.4 in 1990 to 3.7 in 2011.

The demand for affordable, decent housing in Mauritius has increased substantially sitting at 18,000 units in 2020, spurring the response from Government to construct subsidised units. While Government is committed, the pace at which housing is built is not yet at the pace it should be to respond to the inherent need for housing by the middle income population. For example, only 2,221 units were constructed by NHDC between 2015-2020. In addition, houses are constructed at substandard quality which require top up subsidies to correct this.

Between 2015 and 2020, 2,357 social housing units were built, of which 94% (2,357 units) was by the NHDC and 6% (136 units) by the NEF. As part of on-going projects, an additional 278 houses were to be delivered in Caledasses, Montagne Longue, Camp Fouquererues and Baie de tombeaux. Before the end of 2020, 678 homes were anticipated to be handed over to beneficiaries, 1,717 in 2021 and 1,427 in 2022.

Between 2015 and 2020, 357 social housing units were built, of which 94% (335 units) was by the NHDC and 6% (136 units) by the NEF. As part of on-going projects, an additional 278 houses were to be delivered in Caledasses, Montagne Longue, Camp Fouquererues and Baie de tombeaux. Before the end of 2020, 678 homes were anticipated to be handed over to beneficiaries, 1,717 in 2021 and 1,427 in 2022. Although efforts are being made by the government to accelerate social housing delivery; there are still many applicants (18,000 in total) waiting for social housing at the NHDC and the NEF, indicating that demand for housing is not being adequately met.

The 2021/22 Budget speech indicated that government has earmarked Rs 65 billion (US$1.5 billion) in priority projects over the next three years. For the short to medium term growth, Rs12 billion (US$281 million) will be focused on the development of 12,000 social housing units over the next 3 years. Under the NHDC, there are currently 1,285 social housing units that are being completed at Mare D’Albert, Gros Cailloux, Dagotiere and Mare Tabac; and new construction of 2,025 social housing units at Wooton, Cascavelle, Baie du Tombeau, La Valette, Plein Bois, Argy, Mon Gout, Bassin, Petit Bel Air and Agalega for the 2021/2022 financial year. Also, construction of homes for the elderly has been earmarked for
Property markets

Property markets in Mauritius have been negatively impacted during the pandemic resulting in a slowdown of activity generally from locals with changing priorities. Prices are negotiable and on a decline, indicating a buyers’ market. The outlook looks positive with the introduction of vaccine programmes and demand from foreigners looking to invest in property in Mauritius. In 2020, 5,853 residential building permits were issued as compared to 384 non-residential permits. This number declined from 6,278 residential permits and 457 non-residential permits in 2019. Growth in the Value Added of the construction sector at current basic prices declined by 25% in 2020 from 2019, however, a 0.6% increase in Q1 2021 was recorded. Gross Fixed Capital Formation which is the net addition of physical assets in a given year decreased by 24% in 2020 compared to 2019, however, the growth in 2021 Q1 is positive at +6.4% indicating a slight recovery in Q1 2021.21

Statistics Mauritius publishes a Residential Property Price Index which provides key economic indicators for the country. The Mauritian government encourages and supports investment in the property market through its Property Development Scheme incentive which allows the development of a mix of residences for sale to non-citizens; citizens and members of the Mauritian Diaspora. According to Pam Golding Real Estate, the Mauritian real estate market has proven attractive to foreign investment for purposes of retirement, relocating and investing, while still to come into effect. The Act seeks to provide for the establishment of a Real Estate Agent Authority (REAA) which would assist in offering enhanced protection to the interests and regulate real estate transactions in Mauritius. All agents, land promoters and property developers will be required to register under REAA.

A number of local property websites exist such as Orpi Real Estate, Barnes International Realty, Park Lane Real Estate, Mauritius Property and Real Estate. Real estate agents in Mauritius are now governed by the Real Estate Agent Authority Act 2020, which is yet to be implemented. The Act intends to establish the Real Estate Agent Authority (REAA) which will act as a mechanism to protect the interests and regulate real estate transactions in Mauritius. All agents, land promoters and property developers will be required to register under REAA.

While there is a land registry in place which is overseen by the Registrar General’s Department, there is no publicly available data on this. The percentage of households owning homes is significant at 88.9% in 2011 with only 8% renting their households. Of this, 77.7% of households indicated that they are mortgage free in 2011.23

The time it takes to register a property in Mauritius is 17 days (2019), significantly lower than the Sub-Saharan Africa average of 56 days. The cost is 0.6% of the property value, significantly lower than the Sub-Saharan Africa average of 7.3% of the property value. There are only five procedures to register property, lower than the Sub-Saharan Africa average of six procedures.24

Property tax exemptions exist in Mauritius.25 The exemption from registration duty on acquisition of newly-built dwellings for Mauritians was extended by two years and for a threshold value of Rs seven million (US$173,576); the exemption from land transfer tax to a promoter undertaking construction of projects under the house estate scheme was extended to exempt residential units of up to Rs7 million (US$173,576); and the first-time buyer registration duty exemption was extended to cover inherited land area of less than 20 perches.

According to the Numbeo website,26 to rent a one-bedroom apartment in the city centre of Port Louis is approximately Rs17,287.51 (US$404.96) and Rs8,932.29 (US$209.26) outside of the city centre. In addition, the price per square metre to buy an apartment in the city centre is Rs33,576.44 (US$786.61) and Rs47,287.12 (US$1,072.82) outside the city centre.

Policy and legislation

The Government is the lead driver for social housing delivery and is headed by the Housing Division under the Ministry of Housing and Land Use Planning (MH-LUP). This division is responsible mainly for the formulation of strategies and policies in the social housing sector and the implementation of its social housing programmes through the NHDC.27

The Government has prepared legislation that guides and controls the physical planning and development for more effective management and use of state land which directly influences the housing sector. Key legislation that guides the development of the housing sector includes the Cadastre Survey Act which makes better provision for the maintenance and updating of a digital cadastral database; the conduct of land surveying and related matters; the Land Acquisition Act provides for the compulsory acquisition of land and the compensation of losses resulting from such acquisition; the Land (Duties and Taxes) Act imposes levies and duties in respect of immovable property and provides for matters relating to taxation of land such as valuation and registration; the Landlord and Tenant Act provides rules relative to the relationship and contractual agreement between landlord and tenant and makes provision for other matters relating to such relationship including resolution of disputes, the control of rent and prescribes offences.28

Efforts are also being made to transform and regularise the robust Mauritian real estate sector. In 2020, the Real Estate Agent Authority Act was approved (but is still to come into effect). The Act seeks to provide for the establishment of a Real Estate Agent Authority (REAA) which would assist in offering enhanced protection to all parties involved in real estate transactions in Mauritius, and at the same time maintain the good reputation of Mauritius’s real estate industry.29

The Government also encourages private sector participation in housing delivery through Public Private Partnership projects. The Finance Act of 2009 makes it mandatory for companies to devote two percent of their book profits to corporate social responsibility activities, funds of which can be used for approved programmes which can include social or subsidised housing.30
Opportunities

Progress has been made on the digitization of records pertaining to cadastral information and title deeds for properties in Mauritius, which includes housing. However, opportunity lies in accompanying such progress with the adoption and implementation of block chain technology that will support the development of a solid, secure land registry and enhance resistance to duplication, forged documents and even the loss of documentation. Opportunity also lies in supporting public-private partnerships that encourages the involvement of impact investors and initiate impact investment initiatives that can support, facilitate and increase the delivery of social housing.

Availibility of data on housing finance

The availability of housing and housing finance related data in Mauritius is limited and needs to be regularly updated. The Bank of Mauritius is responsible for financial sector data which includes banking and balance of payment statistics. Statistics Mauritius is the national statistics agency of the country and is the central statistical authority and depository of statistics that is produced related to the country’s social, economic, demographic and financial activities. The Ministry of Housing and Land Use provides data on housing and national surveys when they are conducted, as and when available.

Websites

Bank of Mauritius https://www.bom.mu
Construction Industry Development Board https://www.cidb.mu
Estate Agents Association https://www.eaa-mauritius.com
Financial Services Commission https://www.fsmauritius.mu
Government of Mauritius http://gosmauritius.mu
Mauritius Banking Association http://www.mba.mmu
Mauritius Housing Company Ltd http://www.mhc.mu
Ministry Housing and Lands http://www.housing.govmu.mt
Ministry of Finance and Economic Development http://mofgovmu.mt
National Empowerment Fund http://www.nef.mu
National Housing Development Company Ltd https://www.nhhdcmauritius.com
Statistics Mauritius http://statsmauritius.govmu.mt/

6 A State-owned company
7 Note that the numbers have been counted from the BOM website and differ in the 2020 BOPM Annual Report.
Overview

Morocco, with its capital Rabat, is a North African country with an estimated 36 910 558 inhabitants. Its currency is the Dirham. This country is stable and hosts many international companies. It is 53rd in the world for the ease of doing business. Although it is very advanced compared to many other African countries, with an average interest rate of 4.41%, the Moroccan housing market has many problems such as the lack of social housing or low-value housing. In 2020, the number of beneficiaries of housing loans rose from 67 332 to 63 456 and the gross outstanding amount of financing by banks reached MAD237.7 billion (US$26.6 billion). In 2020, the growth rate fell by 7% and inflation was 0.7%, achieving its lowest level since 1968 of 0.2%. The country, which had opted for a more flexible exchange rate regime in 2018, began a new stage of its transition on 9 March 2020 with increased ownership of the reform by economic operators and a growing recourse to hedging instruments. Despite a decline of 21.8% in 2020, GDP per capita (Current US$) [b] achieved a net result of MAD15.4 billion (US$1.7 billion).4

In 2020, the volume of employment fell by 432 000 jobs to 10.5 million, with 67 332 to 63 456 and the gross outstanding amount of financing by banks reached MAD237.7 billion (US$26.6 billion). In 2020, the growth rate fell by 7% and inflation was 0.7%, achieving its lowest level since 1968 of 0.2%. The country, which had opted for a more flexible exchange rate regime in 2018, began a new stage of its transition on 9 March 2020 with increased ownership of the reform by economic operators and a growing recourse to hedging instruments. Despite a decline of 21.8% in 2020, GDP per capita (Current US$) [b] achieved a net result of MAD15.4 billion (US$1.7 billion). In 2020, the growth rate fell by 7% and inflation was 0.7%, achieving its lowest level since 1968 of 0.2%. The country, which had opted for a more flexible exchange rate regime in 2018, began a new stage of its transition on 9 March 2020 with increased ownership of the reform by economic operators and a growing recourse to hedging instruments. Despite a decline of 21.8% in 2020, GDP per capita (Current US$) [b] achieved a net result of MAD15.4 billion (US$1.7 billion).

In 2020, the volume of employment fell by 432 000 jobs to 10.5 million, with 295 000 jobs being lost in rural areas and 137 000 in cities. These job losses, which resulted in the loss of income for many households, exacerbated the housing problems that the country was already facing including the lack of affordable housing and the difficulties associated with self-build.

To limit the impact of the crisis on the labour market, the government provided monthly allowances to private sector employees affiliated to the National Social Security Fund (CNSS) and made transfers to households with incomes from informal activities under an operation called Tadamon. The fixed monthly allowance was MAD2 000 (US$224) for private sector workers and MAD600 to 1 200 (US$90 to US$134) for households working in the informal sector. The amounts varied depending on household size.

Access to finance

The banking system in Morocco had 91 institutions in 2020, divided between 19 conventional banks, participative banks, 27 financing companies, six offshore banks, 12 micro-credit associations, 20 payment institutions, the Caisse de Dépôt et de Gestion (CDG) and the Caisse Centrale de Garantie (CCG). Abroad, there are 51 subsidiaries and 22 branches with 1 710 points of sale. All the Moroccan banks have the capacity and MAD600 to 1 200 (US$90 to US$134) for households working in the informal sector. The amounts varied depending on household size.
to grant credit. Despite the pandemic, the structure of the banking system remained broadly stable, with the exception of the payment institutions sector, which saw the entry of a new operator authorised to offer services backed by services linked to payment accounts.

The growth rate of household credit slowed in 2020 as a result of the general containment measures put in place during the second quarter of the year and the impact of health restrictions on their consumption. At the end of 2020, household bank debt totalled MAD369 billion (US$41.3 billion), up by 2.9% compared to 5% in 2019.\(^{12}\)

To finance a property in Morocco, you have to go to a bank branch with the relevant documentation. Tough competition forces each bank to have different products with rates ranging from 0 to over 10%. However, the average interest rate applied, which was established at 4.41%, is down 5 basis points compared to 2019 but the share of loans with a rate below 6% has continued and strengthened by one point in 2020.\(^{13}\)

The Morocco Bank of Commerce and Industry (BMCI) bank offers a housing loan with financing up to 100% of the purchase price of a main or secondary residence. It also offers the possibility of choosing between a fixed or variable rate for a repayment period of 25 years. It allows you to defer repayment for up to six months and to increase or decrease the monthly payments once a year.\(^{14}\)

After a decline in 2019, housing credit production contracted in 2020 by 4% to nearly MAD252.2 billion (US$28.0 billion). The average loan amount increased by MAD6 000 (US$672) compared to the previous year to stand at MAD396 000 (US$44 336). The gross outstanding housing loans amounted to MAD237.7 billion (US$26.6 billion), up by 4.6% against 4.2% a year earlier. The average interest rate was 4.41%. This increase was mainly recorded in the second half of 2020, following the lifting of the general containment.\(^{15}\)

The government, in partnership with private real estate developers, established the Guarantee Fund for Irregular and Modest Incomes (FOGARIM) to alleviate the housing deficit in the country. The outstanding amount of Guarantees amounted to MAD16.2 billion (US$1.8 billion) in 2020.\(^{16}\)

The Casablanca Stock Exchange underperformed in 2020. Its benchmark index lost 7.3% after a 7.1% rise in 2019. The most impacted sector was real estate, with the index falling by 44.1%.\(^{17}\)

The government has taken a series of measures to deal with COVID-19. These include establishing a special fund for the management of COVID-19, moratoriums on credits and cash loans guaranteed by the State, direct financial aid to targeted populations through the network of banks, payment institutions and micro-credit associations under the aegis of Bank Al-Maghrib.

**Affordability**

Morocco is an unequal society and COVID-19 has exacerbated this. The unemployment rate rose from 9.2% in 2019 to 11.9% in 2020.\(^{18}\) On the other hand, there were wage increases. The average wage increased in the private sector by 3.1% in nominal terms, after 1% in 2019, and by 2.4% in real terms, compared with 0.8%. In the public sector, it rose by 1.6% in nominal terms and 1.1% in real terms.\(^{19}\)

However, despite the increases, it is difficult to find affordable housing, especially in urban areas. There are several reasons for these difficulties. These include the lack of materials or, when they are available, the high cost of them. Indeed, the decline in economic activity, particularly the consumption of cement, which fell from 13 628 000 tonnes to 12 264 000 tonnes,\(^{20}\) has accentuated this shortage, making it more difficult for households to obtain materials.

In Morocco, in a city like Casablanca, the price of land varies between MAD 3 000 (336€/US$) and MAD4 500 000 MAD (US$53 038) per m\(^2\) depending on the area, the type and the condition of the property (apartment, small house, or newly developed). In view of the average salary of MAD4 107.54\(^{21}\) (US$460), it is impossible for most households to acquire a property at the market price. Faced with this situation, many households opt to rent. It is possible to rent a property from MAD2 000 (US$224) monthly for a 60m\(^2\) apartment.\(^{22}\) Renting is a more affordable housing option.

The government, through the implementation of programmes such as low-cost housing and social housing, wishes to enable the entire population to have adequate housing. However, these programmes suffer from a lack of availability or insufficient delivery to meet demand. For example, in 2020, only 85 556 dwellings were built,\(^{23}\) which is low when compared to the estimated housing needs of 2.1 million dwellings by 2025.\(^{24}\)

**Housing supply**

In 2019, 66.4% of urban households owned their homes, three times the proportion of renters (20.9%). In rural areas, these percentages are 91.3% and 1.0% respectively.\(^{25}\)

There are three types of housing in Morocco; buildings, villas and Moroccan-style dwellings. In 2020, 23 942 building permits for all types of property were issued compared to 46 995 a year earlier. The consumption of cement for the same period confirms in part this decline in the issuing of building permits. Cement consumption dropped to 12 264 tonnes in 2020 against 13 628 tonnes in 2019.\(^{26}\)

The supply of affordable housing is low compared to the ever-increasing demand. In order to reduce this demand, the government has created several housing programmes including the social housing programme for households with a budget of MAD250 000 (US$27 990). The Low Total Property Value (FVIT) for households with a budget of MAD140 000 (US$15 674). The middle-class housing programme, which aims to facilitate access to home ownership for middle-class households. Lastly government has introduced an urban upgrading programme that consists of generalizing access to basic equipment and infrastructure for the benefit of under-equipped districts. These programmes are implemented with private developers through the signing of agreements. From 2010 to March 2021, 1 507 agreements have been signed for social housing, 82 agreements for housing with low real estate values for a total production of 2 147 253 housing units.\(^{27}\)

Moreover, an eco-city named Zenata located near Casablanca covering about 1 860 hectares (30% of which will be reserved for green spaces) is under construction. It aims to accommodate about 300 000 households.\(^{28}\)
Property markets

In 2019, 73.4% of the population were property owners and 14.6% tenants. These figures remained relatively the same when compared to the previous year. Although it has many problems, the real estate sector in Morocco is more advanced than in other African countries. It has an agency (Agence Nationale de la Conservation Foncière, du Cadastre et de la Cartographie – ANCFCC) which is in charge of different tasks including the registration of land ownership, establishing and maintaining the National Land Register and implementing basic infrastructure works, related to geodetic and levelling networks. This agency is committed to the digitalisation of its activities and services. To date, it has been able to process 722,473 registrations including 139,114 mortgages. It establishes an average of 305,290 real estate transactions per year, including 57,422 in the city of Casablanca and 278,069 other listings. According to the Doing Business 2020 report, it takes 16 days to obtain a building permit, 81 days to transfer ownership and 60 days to execute contracts. This costs about 3.3% of the value of the property to be built.

The Moroccan real estate sector includes two types of agents: formal and informal. However, the informal real estate sector has always had a larger share than the formal sector, which is trying to become more professional. Unfortunately, this professionalization is encountering many difficulties, to such an extent that the Moroccan Association of Real Estate Agents has been dissolved.

The lack of social property, or property with low real estate value, coupled with the high price of land per m² in certain areas, does not allow the majority of households to own a property. They therefore opt to rent. Renting a property is possible from MAD2,000 (US$224) per month for an apartment of between 50 and 70m², which consists of a living room, a kitchen, a bedroom and a bathroom. The rental price varies upwards taking into account parameters such as the location, the nature or the condition of the property.

COVID-19 has had and continues to have a negative impact on the economy. As far as the real estate sector is concerned, the supply of properties has fallen but the demand is increasing. However, in the majority of cases, there is stability in apartment prices in certain cities such as Casablanca, Rabat or Agadir. With regard to villas, it is the cities of Rabat, Témara and Bouskoura which show stability in their apartment prices in certain cities such as Casablanca, Rabat or Agadir. With regard to villas, it is the cities of Rabat, Témara and Bouskoura which show stability in their apartment prices.

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With regard to banks, the central bank lowered the key rate twice by a total of 75 basis points, bringing it to 1.50%, its lowest level ever. It has set up specific refinancing lines for micro-credit associations and participatory banks.

In response to the pandemic, the government created a special fund for pandemic management and the outpouring of solidarity from businesses and the public. This provided support to households and businesses. Thus, 5.5 million households received direct cash transfers and more than 66,000 businesses benefited from guaranteed credits amounting to more than MAD55 billion (US$5 157 770 575) by the end of 2020.

Several other decisions were taken to benefit households and businesses, including the suspension of the payment of social security contributions until 30 June 2020. Government established a zero interest credit rate for self-entrepreneurs impacted by the COVID-19 crisis, up to an amount of MAD15,000 (US$1,679) and introduced the payment of allowances under the “Tadamon” operation to workers in the informal sector ranging, depending on the size of the household, from MAD800 to MAD1,200 per month (US$90 to US$134). Government provided for the exemption of lease fees for the tenants of the premises of the Habous area intended for trade, professions, services and housing and postponed the maturity of consumer, car or property loans for individuals whose income had been affected by COVID-19.

With regard to the legislative aspect, the government has introduced, within the framework of the rectifying finance law, incentive measures consisting in particular of a temporary reduction of 50% of the registration fees for transactions relating to housing or land for residential use, the price of which does not exceed MAD2.5 million (US$279,899).

Opportunities

Despite COVID-19, the Moroccan real estate sector is full of opportunities. The demand for property, particularly affordable property, is considerable and still growing. This deficit alone represents a huge market for any investor wishing to operate in this country. With an active population of 41,690,000 people aged between 18 and 24, the demand for housing is only increasing.

With regard to the legislative aspect, the government has introduced, within the framework of the rectifying finance law, incentive measures consisting in particular of a temporary reduction of 50% of the registration fees for transactions relating to housing or land for residential use, the price of which does not exceed MAD2.5 million (US$279,899).

Real estate agents, in addition to becoming more professional, must also think differently about their profession. Technology offers new working methods such as virtual visits via augmented reality or the implementation of online communication platforms to organise virtual open days. The crisis has highlighted the need to dematerialise as much as possible in order to be fluid and responsive.

The government must continue to play its role not only as a regulator but also as a player by creating the conditions for a reorganisation and revitalisation of the sector. This requires a reform of the housing tax system, the establishment of an independent regulator responsible for identifying needs in a rigorous manner, and for ensuring that the supply of and demand for social housing are matched both in terms of number and type of products.
Availability of data on housing finance
Data on housing finance in Morocco are available. Most of the data are updated annually and are publicly available.

The Central Bank of Morocco (AL-MAGHRIB) publishes an annual report on banking supervision and the annual report presented to His Majesty the King. These reports are on the economy in general. (www.bkam.ma)

The High Commission for Planning is the body responsible for the production, analysis and publication of official statistics in Morocco. It collects data at regular intervals and varies according to the type of data. They are available on their website. (www.hcpc.ma)

The Ministry of National Land Management, Urban Planning, Housing and Rural Policy is responsible for implementing the government’s policy on housing and urban development. Data collection is not as frequent as that of the central bank, but it is also freely available. (www.mnhpm.gov.ma)

Websites
Overview

Mozambique’s soaring urban population has been accompanied by limited affordability of decent housing and an infrastructure deficit for low income households. To accommodate population growth, approximately two million new housing units are required, with the need increasing at a rate of 2.8% a year. The scale of the need has been exacerbated by recurring cyclones and severe flooding in coastal areas. Destruction of housing by tropical cyclones Idai and Kenneth has led to an increasing focus on climate-proofing existing and new housing stock, including the use of quality building materials, enhancing roof structures, elevating land in low lying areas and deepening storm water drainage canals. More than 70% of households have no access to basic sanitation or electricity, and approximately one quarter are without running water. The demand for housing is especially growing in resource-extracting cities where economic activities are concentrated. Approximately 80% of the urban population or 1.8 million urban households live in overcrowded informal settlements with poor living conditions.

The Northern Province of Cabo Delgado has been conflict-ridden since 2017. Militant attacks have put massive foreign investment and natural gas exploration, which the country depends on, at risk. Southern African Development Community (SADC) states and Rwandan troops have been deployed in an attempt to stabilise the country. Approximately 1.3 million people, including 635 000 internally displaced persons (IDPs), need of assistance. Tens of thousands of IDPs are living in “structurally damaged homes” or overcrowded emergency resettlement shelters with little sanitation services. A Humanitarian Response Plan identified that the bulk of financing needs are required for food, at a cost of MT8.6 billion (US$136 million), and shelter (new or reconstructed) MT1.7 billion (US$28 million). Displaced persons are expected to be resettled into new villages, which requires government to effectively allocate new land for housing.

Mozambique was among the least economic resilient countries in 2020 and this is directly linked to high resource-dependency and lack of economic diversification. In addition to fiscal stimulus packages, a COVID-19 Social Protection Response Plan with a budget of MT15.045 billion (US$237 million) was introduced by government and development partners, to offer social support and cushion the country’s most vulnerable households. An estimated 1.5 million households are expected to receive cash transfers of MT1 500 (US$24). The country’s debt distress, combined with a fiscal deficit amounting to 7% of GDP, continues to constrain the public budget. Mozambique’s 2019 GDP growth rate of 2.3% contracted to half a percent in 2020. The economic contraction is expected to put an additional 850 000 Mozambicans below the international poverty line.

Access to finance

While interest rates were initially reduced at the onset of the pandemic, the country’s Central Bank (Bank of Mozambique) subsequently increased its monetary policy interest rate (MIMO) by 300 percentage points (from 10.3% to 13.3%) for the first time since the MIMO was introduced in 2017. This raised the prime rate to 18.9%, increasing mortgage
interest rates and making housing less affordable. The basis for the MIMO increase was inflationary pressures because of a weakening metical – year-on-year inflation increased from 2.7% in June 2020 to 5.5% in June 2021.16 However, between January and April 2021, despite the negative economic climate, the metical appreciated by 21% against the US dollar.

The financial system is made up of 20 commercial banks dominated by Commercial and Investment Bank (BCI), International Bank of Mozambique (IBM) and Standard Bank, which together hold two thirds of total banking assets and 61% of total banking credit.17 Mozambique has nine microfinance providers supervised by the Central Bank. Data on microfinance institutions is sparse, and the extent to which they lend to housing activities generally appears low. Most Mozambicans finance their housing construction activities with personal savings. The Housing Promotion Fund (FFH) programme includes finance for incremental self-construction.

There are 17 mortgage providers and, as of July 2021, MT1.36 billion (US$21.42 million) credit had been extended to the housing sector; accounting for 5% of total banking credit.18 This is a 2% increase compared to December 2020. Only one in 10 adults reportedly had credit in the first quarter of 2021.19 In 2021, Banco Unico was officially acquired by one of South Africa’s four major banks to become Nedbank Mozambique.20 Commercial banks that form the Bankers Association of Mozambique (ANB) typically set their interest rates on housing loans between 20% and 25%.21 The typical mortgage term, according to the Bank of Mozambique, is 20 years, but banks such as Absa and MozaBanco offer mortgages up to 25 years. MozaBanco offers the maximum loan-to-value ratio on residential mortgages at 90%. Central Bank regulation requires that the amount financed does not exceed 30% of a borrower’s net monthly income. Average wage incomes in Mozambique are under MT7 000 (US$110).22 This means monthly payments cannot exceed MT2 100 or US$33 – which is insufficient to access formal affordable housing products.

Consumer loans, which overall bear high interest rates, are often diverted to house construction or rehabilitation, contributing to household indebtedness. The pandemic has undoubtedly affected the quality of the banking system’s credit portfolio, and household indebtedness poses a risk for commercial banks exposed to household credit. The ratio of non-performing loans to total loans was 12.6% in June 2020, compared to 10.6% in June 2019.23 This is above the international benchmark of five percent.

The government recognises the need to overcome banks’ liquidity challenges and mitigate risks for lending down market, through new risk management frameworks and guarantees.24 The FFH is increasingly looking at unlocking affordable credit to young people and civil servants and exploring blended finance models to increase accessibility of mortgages.

**Affordability**

The gap between affordability levels and housing available on the market relates to the concentration of low-income workers in the central urban areas.25 Only 2% of the adult population receive a salary or wage income26 and those with informal incomes are far less likely to access finance and banking credit.27 More than half of the population earn an income less than MT5 000 (US$79) a month and 88% have no access to credit. This puts into perspective the affordability levels of most of the population. Absa’s website requires a minimum loan amount of MT2 million (US$31 506) for mortgages. Considering income and other exclusionary lending terms, a loan of this value excludes most Mozambicans.

COVID-19 had the biggest impact on credit-constrained households.27 Low income urban households have disproportionately suffered from income losses.28 Households rely on cash savings or informal savings groups to finance and build their homes.29 The overall decline in credit extended to the private sector has also affected housing, while the insurgency in the North has increased the risk of debt default30 and hampered access to banking services, due to the destruction and closure of banking agencies in the area.31

The affordability challenge has led to the development of innovative payment schemes in the affordable housing market. Casa Real introduced a rent-to-buy model that allows clients to rent their homes for MT4 443 (US$70) monthly, for a period of three to five years. This gives prospective homeowners the opportunity to build up a credit history and save for a down payment, increasing the possibility of securing mortgage finance on a one-bedroom starter-home with an inside bathroom that can be extended incrementally. Casa Real, through its agreement with Absa, has brought the minimum income requirement for a mortgage down from MT43 800 or US$690 (far above what most households earn) to just MT14 678 (US$228).32

The FFH’s Habita Mozambique programme explicitly caters for the income capacity of different market segments. Houses for low, lower middle and middle income households are priced at MT634 800 to MT1.2 million (US$10 000 to US$20 000), MT1.5 million to MT2.8 million (US$25 000 to US$45 000) and MT3.1 million to MT4.4 million (US$50 000 to US$70 000), respectively.33 These values would buy a studio, one, two or three-bedroom home on plots of between 300m² and 800m² connected to the requisite infrastructure. Eligibility and income ranges consider the country’s minimum wage levels. For example, low income households would earn no more than five times the minimum wage (between MT4 443 or US$704 and MT1.3 million or US$220 000). FFH’s cheapest house is 18m², priced at MT667 000 (US$10 507). Buyers have the option of paying monthly installments of MT2 800 (US$44), interest free, over 20 years.34

High construction costs and a lack of financing often lead to construction of substandard dwellings, due to the use of poor-quality building materials and lack of compliance to safe building practices. Finding contractors that can offer a competitive cost is often a challenge for housing projects.35 In some urban centres, total construction costs average MT20 345 (US$320) per m², with labour costs averaging MT8 138 (US$128). A 50kg bag of cement now costs between MT220 (US$3.5) and MT255 (US$4). The reduction in the price of cement, which came on the back of Chinese investments in a new factory (Dungo Cimentos) in Maputo province, is encouraging for households building their homes incrementally.36

**Urban informality**

Mozambique’s population of 31.2 million is expanding at an annual growth rate of 3%, with over a third residing in urban areas. An estimated 77% of urban residents live in slums, informal settlements or inadequate housing – equivalent to 1.8 million urban households. The country’s urbanisation rate (4.4%) is higher than that of the Southern African region. This has affected the delivery of basic municipal services.

In Beira, 70% of households live in informal, poorly built, dwellings. It takes 60 days and six procedures to register a residential property, and with a land administration system that is limited in its cover of urban areas. Owner-occupied homes are often built on land without the consent of city regulators.

Over half (63%) of urban households have access to piped water, while only 29% of all households have access to basic sanitation services. As Habita Mozambique is progressively implemented, service delivery may improve significantly. The programme has specific goals to provide urban areas with accessible housing and basic infrastructure.

The FFH’s Habita Mozambique programme explicitly caters for the income capacity of different market segments. Houses for low, lower middle and middle income households are priced at MT634 800 to MT1.2 million (US$10 000 to US$20 000), MT1.5 million to MT2.8 million (US$25 000 to US$45 000) and MT3.1 million to MT4.4 million (US$50 000 to US$70 000), respectively. These values would buy a studio, one, two or three-bedroom home on plots of between 300m² and 800m² connected to the requisite infrastructure. Eligibility and income ranges consider the country’s minimum wage levels. For example, low income households would earn no more than five times the minimum wage (between MT4 443 or US$704 and MT1.3 million or US$220 000). FFH’s cheapest house is 18m², priced at MT667 000 (US$10 507). Buyers have the option of paying monthly installments of MT2 800 (US$44), interest free, over 20 years.32

High construction costs and a lack of financing often lead to construction of substandard dwellings, due to the use of poor-quality building materials and lack of compliance to safe building practices. Finding contractors that can offer a competitive cost is often a challenge for housing projects.35 In some urban centres, total construction costs average MT20 345 (US$320) per m², with labour costs averaging MT8 138 (US$128). A 50kg bag of cement now costs between MT220 (US$3.5) and MT255 (US$4). The reduction in the price of cement, which came on the back of Chinese investments in a new factory (Dungo Cimentos) in Maputo province, is encouraging for households building their homes incrementally.36

**Housing supply**

The FFH has plans to construct over 1 500 homes by 2024.37 These efforts are crucial for driving housing affordability but scaling for greater market transformation remains a challenge. The Habita Mozambique programme has created momentum for closing the housing and infrastructure gap, with a focus on informal settlements and upgrading programmes. As part of the programme, the government will provide plots of between 300m² and 800m² with access to roads, water, energy and sanitation, to qualifying households, as well as offer financing and technical assistance to improve self-construction techniques. The programme has delivered an 18m² studio home on a 300m² plot worth MT667 000 (US$10 500).38 The units are constructed with bricks and metal roof sheets39 and the target market is low income households which cannot access decent housing through the formal market. However, it appears the FFH is owed MT177 million (US$2.8 million) of accumulated debt from housing beneficiaries.40

The first affordable mortgage in Mozambique has been developed by Casa Real and Absa Ban and serves as a model for unlocking housing finance opportunities in other markets.41 Casa Real is a pioneer of affordable and resilient homes in
Mozambique and delivered its first 10 pilot houses as part of Inhaimoza phase one. Phase two was approved in 2020 and is expected to deliver 80 homes supplied with bulk infrastructure services. The project has created 245 jobs and will deliver a combination of starter and cross-subsidy homes, targeted at low to middle income markets. Furthermore, SDU Beira put out a tender for the construction of 25 000 affordable houses in Marara, with the intention to develop 500 of serviced plots by the end of 2021.43

Casa Mirha has also been active in enhancing the urban transformation landscape for middle to upper middle income markets. Its model is fundamentally based on upgrading settlements with quality modular and incremental homes in Maputo. However, the developer had to halt its activities in 2020/21 due to ongoing challenges with the local municipality.

Although most rental housing in Maputo is constructed with durable building materials, some “makeshift” rental dwellings are in deplorable condition, with almost no connection to basic services.44 Maputo’s rental market is 80% informal, characterised by informal estate agents, unregistered landlords and the absence of formal, written leases.45 In the port city of Beira (Mozambique’s third largest city), dwellings are largely located in areas prone to flooding and severe weather. In Beira, an estimated MT27.6 billion (US$435 million) of investment is needed for housing, MT1.2 billion (US$225 million) for transport infrastructure, and MT38 million (US$599 000), for solid waste management.46

African Union for Housing Finance member, Genius Investments, signed a Memorandum of Understanding with FFH to develop affordable housing on 25 acres of land belonging to Aeroporto de Mozambique (ADPM), in Maputo. The houses will be built for employees and the public in the medium and medium to low market segment. It is also involved in the construction of affordable housing in Manica Province.

The Ministry of Public Works, Housing and Water Resources (MOPHRH), through the National Urban Development and Decentralization Project is being supported with MT17.4 billion (US$117 million) through the World Bank fund, to develop urban infrastructure, mobility and basic services across municipalities.47 Beira has spearheaded the development of a 2035 masterplan that consists of urban development projects and expansion strategies, including flood-proof residential areas.

Property markets

The 2017 census shows that there are 4.8 million formal residential dwellings, nationally—94% of households own their residences and 6% live in rental housing. The proportion of rental occupants is much higher in the capital city (23%; or 54 000 households), largely owned by small-scale landlords. In recent years, and there are growing gentrification pressures in Maputo’s urban spaces.

All land in Mozambique is owned by the government. The MozLand project was established to regularise land use-right titles (Land Use and Benefit Rights – DUAT), as well as strengthen institutional capacity, across the country.48 This programme is ongoing and is expected to hand out a total of 5 million DUATs, with an explicit emphasis on women-headed households.49 However, the capacity of the Ministry of Land and Environment to effectively implement this programme and maintain and upgrade the Land Information Management System is limited. Access to land and locating land for large-scale housing projects is a key obstacle in urban areas.

Informal estate agents and informal rental agreements are common in rental markets. The high informality often results in precarious contracts and no legal framework protecting tenants. Rental prices are strongly linked to location and proximity to services and infrastructure. In the capital, a conventional house (with an inside bathroom and toilet) could cost between MT300 (US$55) and MT350 000 (US$788) a month.50 Casa Minha’s lowest rental is MT25 000 (US$394) for a 65m² house. The same house will cost at least MT41 000 (US$665) to purchase in 2022.51 The cheapest newly built house on the market was a 26m² MT10 000 or MT163 800 incremental house built by Casa Real in Beira.

Policy and legislation

Mozambique’s housing policy was approved in 2011 and focuses on the delivery of adequate housing and the required financial support to low income families, land use planning and provision of basic infrastructure. The 2030 National Housing Strategy builds on the housing policy with explicit emphasis to contribute to achieving sustainable development goal (SDG) 11, and a focus on improving institutional coordination, housing promotion and inclusive financing. It also integrates housing into the country’s broader development agenda. Although a strategy for rental housing exists, a regulatory framework governing and supporting the rental market is absent. The state, through the FFH, is responsible for implementing the Habita programme, through the delivery of new housing, support for self-construction, provision of serviced plots, and affordable credit to targeted income segments.

The National Financial Inclusion Strategy (2016–2022) sets out the country’s plans to expand financial services, digitise payment systems, and reduce service delivery costs in rural and peri-urban areas. The strategy also has an explicit focus on housing finance. A new Land Policy and Law will replace the country’s framework governing the land administration system in 202252 and is expected to improve the efficiency of land administration institutions as well as support the land information management system. The General Regulation for Urban Buildings (REGEU) is also under review.

Opportunities

The affordable housing shortage in Mozambique is an opportunity to fill a critical market gap. Current challenges include access to affordable finance, land and infrastructure management, construction costs, unsustainable self-construction techniques, and climate change risks. The government’s active implementation of the Habita programme could create an attractive environment for investment across the housing ecosystem. The frequency of extreme weather events and associated financial risks means there is a growing investment need for resilient housing. The integration of green building technologies and materials is also an untapped market opportunity that can revolutionise housing construction in Mozambique. Lack of affordable end-user finance products provides room for developers such as Casa Real, which is seeking funding to support rent-to-own schemes,53 to scale
delivery. Scope exists to provide more low-cost options for buying housing and
supporting incremental construction activities, which includes affordable mortgages
and housing microfinance products. Importantly, replicating Casa Real’s model
beyond Beira would require an enabling environment and strong partnerships
between affordable housing developers and local governments. The new land
laws will be vital for providing households with tenure security and improved
access to secured loans (mortgages). The review of REGEU could support
government’s efforts to adopt more widespread sustainable building practices,
particularly for self-construction.

Availability of data on housing finance
The National Institute of Statistics publishes regular macroeconomic data,
population, and housing census data, as well as sectoral reports. The
Bank of Mozambique disseminates economic and financial indicators,
including interest rates and credit statistics by sector. Information shared
by the MOPHRH includes legislation and national plans, as well as
updates on average prices of civil infrastructure projects, while the FFH
publishes its ongoing and completed housing construction projects.

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be sourced directly from these institutions. FSD Mozambique publishes
the latest financial inclusion data. Private housing developers are a useful
part of the data ecosystem, providing housing construction data, at a
project level.
Some key reports are outdated or not disseminated regularly, and data
is generally not disaggregated enough to capture trends in the residential
property market or housing construction sector. Mozambique’s data
landscape could benefit from a centralised database which collectively
draws from the MOPHRH and private housing and construction
activities.

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Overview

The key affordable housing issues in Namibia are high urbanisation rates, the lack of access to affordable housing and finance, the lack of serviced land, the poor production of housing stock and the increasing number of informal settlements across the country. There are 285 informal settlements in towns across Namibia, meaning 40% of its urban inhabitants or 216,000 urban households have access to clean water and sanitation (63% of the urban population have access to sanitation and 99.4% have access to clean water). The subdued growth of the economy was responded to with the relaxation of credit interest that was then eroded by increased inflation caused by COVID-19. The economy is expected to grow by 2.7% in 2021, the same as in 2019. The Bank of Namibia (BON) reduced its prime lending rate from 9% to 7.5% in Q3 2020 in response to the repo rate being cut to 3.75%.

The four main commercial banks reduced their prime lending rate from 9% to 7.5% in Q3 2020 in response to the repo rate being cut to 3.75%.

The subdue growth of the economy was responded to with the relaxation of credit interest that was then eroded by increased inflation caused by COVID-19. The economy is expected to grow by 2.7% in 2021, indicating that housing prices and rental rates will remain depressed for some time due to reduced business and household demand. Suppressed demand influenced the retention of the repo rate at 3.75% for the second year in a row as the financial sector studiously monitors the debt-to-income ratio to protect national liquidity. Key affordable housing developments occurring in the country’s urban areas are the Ongos Housing Development in northern Windhoek, the Development Workshop (DW) and the Shack Dweller Federation (SDFN) land acquisition and development activities in towns across the country. Such developments are critical as four of every 10 urban Namibians live in an informal settlement.

Access to finance

Access to finance in Namibia is the biggest challenge for market entry and the scalable growth of businesses in the country. Only 20% of businesses in Namibia have access to credit, a situation exacerbated by the economic contractions in the primary, secondary and tertiary sectors in 2020. The ratio of non-performing loans (NPLs) to total loans reached 6.5% in the first quarter of 2021.

The four main commercial banks reduced their prime lending rate from 9% to 7.5% in Q3 2020 in response to the repo rate being cut to 3.75%. This reduction in interest rates provided households with much needed debt-servicing relief and it has also encouraged investment in distressed sales. A devaluation of up to 20% observed on medium-to-luxury properties has also encouraged repeat buyer sales, as these buyers have access to large cash reserves required for the down payments required by loan-to-value (LTV) regulations, though the high LTV ratio regulations favour first time homebuyers. The LTV for first time home buyers is 100%, 90% for second time buyers and 80% for third and subsequent buyers.

In the same breath, the reduced mortgage rates did not reduce the number of Non-Performing Loans. NPLs in the mortgage category increased by 24.2% and in the overdraft category by 59.7% in the first quarter of 2021. The Bank of Namibia (BON) implemented monthly regulatory reporting to monitor the increased credit risk with the banking institutions to mitigate the impact of the NPLs on the sector.
Seven commercial banking institutions (Bank BIC, Barco Atlantico, Bank Windhoek, First National Bank, Nedbank, Standard Bank and Trustco Bank) and one non-banking entity (First Capital) offer mortgages.

In the depressed economic climate, the non-bank financial sector in Namibia was reportedly stable and has managed to grow its assets. During the 2021 first quarter, the sector recorded an improved performance in the equity markets, resulting in an increase of assets to N$1356.7 billion (US$24.7 billion).1

At present, 377 microfinancing institutions (MFIs) across the country offer non-mortgage housing loans. The MFI loan book value stood at N$6.8 billion (US$471 million) in the first quarter of 2021, an increase of 12.9% from 2020 Q4 and yet a year-on-year decrease of 21.9%. Approximately 96% of the MFI loan book that is N$6.6 billion (US$457 million) comprised term loans. The number of new pay day loans and term loans (134 391) increased and the average value of credit extended decreased to N$27 250.2 (US$1 887) for term-lenders and N$2 281.7 (US$158) for pay day lenders.14

COVID-19 reduced disposable income, forcing households to seek credit to cover the shortfall. As such the household debt-to-disposable-income ratio increased by 1.7% relative to the 89.1% growth in credit.15 However, because most of the debt is collateralised mortgage lending banks can recover much, if not the entire, portion of the credit extended.

TransUnion and Compuscan are the only two credit bureaus in the country that assess the risk and determine the credit worthiness of borrowers.16 Commercial banks also require eligible clients to take out mandatory life, funeral, and loss-of-employment cover with the mortgage. This is to ensure the asset can be retained in the case of a sudden death or loss of employment as had been witnessed during the pandemic.17

Affordability

Housing affordability in Namibia is a profound challenge. In 2019 and 2020, the real estate market saw an upsurge of first-time buyers acquiring property valued between N$498 215 (US$34 500) and N$1.5 million (US$103 870).19 Seventy percent of the workforce can only afford a small house (i.e., priced below N$1.5 million).16 Though the reduced interest on credit has provided some financial relief on household income, the amount of disposable income is still eroded by the high inflation induced by the outbreak of the pandemic.20 Additionally, to qualify for credit in the small housing segment, an individual or household needs to earn from N$14 960.9 (US$1 036) to N$44 911.5 (US$3 110) per month and must be permanently employed.21 Furthermore, bank mortgage credit processes discriminate against self-employed and lower income earning individuals. The slow production of housing has inflated housing prices, making them unaffordable to the lower mass market segment.22

A symptom of this is the number of informal settlements in major urban centres, which is indicative of the high urbanisation rate in the country.23 This market is one where the vast majority is employed in the unskilled blue-collar industry, domestic work, and agricultural sector, and are also active employers and employees in the informal retail sector or unemployed. As such, this housing market, comprising those who migrate to urban centres in search of employment opportunities to send remittances to their rural-based families, is the least served.24 They also form part of the 40% of the urban inhabitants living in shack.25

Despite intentions to serve this market, the National Housing Enterprise (NHE) business model has pushed the pricing beyond affordable levels.26 Property developers target civil servants, as they have housing allowances and security of employment, making them preferable as tenants or buyers to private sector employees and the lower mass market. At present, the SDFN and the DW are some of the few community-based organisations actively servicing the informally settled lower mass market.27 Where the members of informal settlements actively contribute to a single body, expediting planning procedures.

Housing supply

SDG 11 focuses on making the urban environment inclusive, safe, resilient, and sustainable.28 Targets 11.1 and 11.3 are most relevant to Namibia, where 11.1 aims to ensure access to safe, affordable, and adequate housing, utilities, and the upgrading of informal settlements. Target 11.3 looks at enhancing inclusive and sustainable urbanisation and the capacity for integrated participatory human settlement planning in the country by 2030.

In hindsight, the implementation of the Urban and Regional Planning Act 5 of 2018 (URP) and the Flexible Land Tenure Act of 2012 (FLT) are steps towards realising target 11.1. The acts stipulate the various functions and responsibilities of the different stakeholder and the government has developed policies (Mass Housing Initiative, Built Together Programme) to supply such housing. The acts, however, still focus on administering property development rather than improving the socio-economic condition of the urban poor.20 The bureaucratic nature of the land development process at local and central government level is cumbersome and a key contributor to the delayed delivery of housing stock in the country.

Bottom-up approaches have taken advantage of the opportunities presented by targets 11.1 and 11.3 as there are more effective channels for in-situ land acquisition and development. Grassroots movement initiatives like the SDFN have achieved this, where the entity acquires and develops land in full partnership with members, their stakeholders.21

The URP enables decentralisation of the land development function to local authorities.22 It amalgamates the two planning boards at central government level into a single body, expediting planning procedures.

An Institute for Public Policy Research (IPPR) report recommended that state funding be focused on land development as opposed to housing production, to make serviced land available for development.23 This increases the housing stock production rate and reduces housing cost inflation. This is aligned to the FLT Act, as it accommodates people-led acquisition and development as a valid approach to property ownership. The people-led approach uses the sweat labour (i.e. the free and voluntary labour of unemployed individuals in the community) to construct their own homes and actively contribute towards a revolving fund in the hope of property ownership to create buy-in.24 What encourages commitment is people’s involvement in the participatory planning, design, and development process of their living. The approach has seen the creation of partnerships between the state and private sector (Standard Bank Buy-a-brick campaign, First National Bank (FNB) Happiness Store are examples), resulting in donations of millions of Namibian dollars towards their effort.25

In Namibia, the bulk of construction materials are imported, making the cost of housing construction unaffordable. The response is the growing number of informal settlements across urban areas in Namibia.26 These informal settlements come with flourishing economies that largely remain untapped as they only use basic saving facilities offered by commercial banks.27

Public transport is largely driven by privately owned taxis (sedans), buses that travel between the Central Business District (CBD) and suburbs, and privately owned buses and radio taxis.28 Provision of public transport systems should be included in planning and developing affordable housing. Living environments are designed with a heavy emphasis on housing, with no provision for bus or taxi ranks, leading to congested peak-hour road traffic in towns.29

Urban informality

Namibia has an urbanisation rate of 4.2% and a population of growth rate of 2% p.a. where 63% of the urban population have access to sanitation and 99.4% to clean water. There are 285 informal settlements in towns across Namibia, meaning 40% of the country’s urban inhabitants on 216 000 urban households are informally settled. Grassroots movements such as the SDFN receive an annual grant from the Ministry of Urban and Rural Development that is added to their revolving Fund. The SDFN has also clinched additional partnerships with several local authorities to facilitate informal settlement upgrades. In 2020, the MURD launched the Informal Settlement Upgrading Affordable Housing Pilot Project in partnership with the City of Windhoek and the NHE that saw the completion of 194 incrementally developed houses by July 2021. This partnership aims to deliver 1 200 units between July 2020 and June 2022, valued at below N$204 052 (US$13 826).
All property developed via the top-down approach has 100% access to refuse removal services.\textsuperscript{40} The same cannot be said about property developed in the informal settlements. This is largely due to varying issues such as lack of title deeds, and bureaucratic planning procedures. A study by Shoonga et al showed that people living in informal settlements either have access to communal sanitation and/or water, or none at all.

**Property markets**

Namibia scored an overall ranking of 104 on the World Bank’s Doing Business index, where the registration of property ranked at 40.6.\textsuperscript{41} It takes 44 days to register a property in Namibia and that registration costs 13.8% of the property value. The most popular form of tenure is freehold, but the FLT Act has made leeway for the acquisition and in-situ upgrading of informal settlements through starter and land hold titles.\textsuperscript{42}

In Namibia 63.2% of the population owns the property they live in, while 36.4% are renting.\textsuperscript{43} The real estate industry is governed by a real estate board to ensure the conduct of real estate professionals remains legally compliant in the formal market.

Sluggish rental demand induced by the pandemic has put pressure on rents.\textsuperscript{44} An overall monthly rental price reduction of 3.1% (at end of March 2021) from 0.0% (at end of March 2020) was recorded, and the national average monthly rental price demand was readjusted to N$6 671.7 (US$462) from N$7 451.6 (US$516). Rental price contractions were also observed in the annual rentals of the 1, 2 and 3-bedroom market segments while the 4-and-more-bedroom segment grew by 0.3%. The current national average rental price for this segment is N$17 141 (US$1 187). All this shows the growing demand for multi-family rental accommodation to cope with economic headwinds.

On the other hand, FNB’s House Price Index surged 7.2% in the first quarter of 2021 from -5.6% in the first quarter of 2020, with Northern Namibia recording a 23% index growth, thanks to easier monetary policy.\textsuperscript{45} Limited stock availability and serviced land put a damper on price growth in the small housing segment, however. Also, despite pronouncements, digitising and centralising the Deeds Registry office has yet to happen.

**Policy and legislation**

From a legislative and policy perspective, the URP Act of 2018, the amended Local Authorities Act of 2018, the National Housing Enterprise Act of 2000 and the Flexible Land Tenure Act of 2012 cohesively work together to expedite and enable dual-land development processes in Namibia.\textsuperscript{46} The state continues to act as an enabler by contributing to people-driven initiatives, facilitating the funding efforts of initiatives such as the Ongos Housing Development Programme alongside private investors.\textsuperscript{47} Government intervenes more on the demand side, by passing laws and facilitating initiatives that encourage foreign investment in housing development. Also, amended LTV regulations enabled buying opportunities for first-time buyers. Still in its early stages, the amended LTV regulations also gave commercial banks an opportunity to develop mortgage credit facilities for the urban ultra-low mass market, which has been excluded from homeownership despite the high demand it represents.

**Opportunities**

From an investor’s perspective, opportunities lie in the lower mass market, where the need for affordable housing is great. The urban poor comprise two distinct markets, one with low income earning individuals who migrate to urban centres in search of employment and with no intent to invest in or acquire property; and individuals who want to live and own property in town, but do not qualify for mortgage credit. Various opportunities such as gap market financing, for example the Rent-to-Own model introduced by the Ongos Property development group, present themselves.\textsuperscript{48} Here, the focus is on giving previously unqualified tenants the necessary literacy skills to become mortgage-qualifying individuals with local banks within a set period of time.\textsuperscript{49}

Another opportunity is social housing developments geared towards those in the ultra-low income market who wish to work in town. Special emphasis will have to be put on consumer education about tenancy and tenancy agreements, as this market has limited literacy and disposable income N$500 (US$34) to N$2 000 (US$138) and may best appreciate communication in the vernacular.\textsuperscript{50}

Another opportunity lies in the market for those who earn just below the criteria to access a mortgage, i.e., between N$5 000 (US$345) and N$14 500 (US$1 002). This group has most likely been renting 2- or 3-bedroom houses at a cost of between N$3 000 (US$207) and N$9 000 (US$622) per month.\textsuperscript{51}

Another rather promising opening is student accommodation complexes that can accommodate students from low-income households. This gap is guaranteed and yet overlooked population that is renewed year after year. The financial sector can also investigate alternative collateral methods the ultra-poor may be open to and have in their possession to access credit for land development. Potential property developers may leverage the sweat labour that is readily available in informal settlements to develop the said property in partnership with local authorities, and organisations such as the SDFN, DW and others in the country. Private sector expertise and engagement can make the adoption of alternative and or green building material more appealing and easier:

Smart partnerships of this nature put grassroots organisations in a better negotiating position in the bulk procurement of construction materials. These smart partnerships can also be used by financial institutions to develop special mortgage packages for these market segments.\textsuperscript{53}

Other opportunities investors and developers can consider are construction of social amenities such as schools, police stations, information centres (libraries), local economic development spaces (open markets, shopping complexes, shared workspaces), parks, clinics or health centres, sports centres etc. These add value to the living environment and help create inclusive multi-nuclei urban centres where enterprise and economic activity is not limited to one location.
Availability of data on housing finance

No organisations collect and share housing finance data. Rather, they collect either housing data, mainly from the Deeds Registry Office, Namibia Statistics Agency (NSA), or financial data on credit, mainly obtained from the Bank of Namibia (BON), and the Namibia Financial Supervisory Authority (NAMFISA). The housing finance data would be sourced from the Deeds Registry Office, as the bureau for all property data and the value of said transactions. The BON and Namibia Financial Institutions Supervisory Authority report on the overall performance of the financial and non-financial industry. First National Bank (FNB) Namibia reports on the performance of real estate sales and rentals nationwide. The NSA publishes the monthly building index, a report on the volume of approved building plans in four major urban centres that cover 70% of national building volumes.

The Deeds Registry data, however, is not available online, and the BON data does not indicate what percentage is newly acquired mortgage credit. The FNB reports exclude properties valued below N$1 000 000 (US$6 925); properties with second, third and fourth bonds; properties with bonds registered as close corporations, trusts and private companies; properties paid in cash; and properties with sectional bonds, with bonds registered as close corporations, trusts and private companies; properties paid in cash; and properties with sectional bonds, as such sufficient data is lacking.

Websites

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Integrated Land Management Institute https://ilmi.nust.na/
Namibia University of Science & Technology Urban Forum https://urbanforumnust.na/
Shack Dweller Federation of Namibia https://www.shackdwellernamibia.com
Ateneo Developments http://ateneodevelopments.com/

1 Email Correspondence with Melkisedek Namupolo, Namibia Housing Action Group on 8 September 2021. 
24 Email Correspondence with Melkisedek Namupolo, Namibia Housing Action Group on 8 September 2021.
Overview

Niger remains a predominantly rural Sahelian country in 2020 with only 17% of the population urbanised, a third of whom live in the capital city of Niamey. Considered one of the poorest countries in the world, it is “facing a triple crisis: security, humanitarian and, more recently, health (COVID-19)”. The World Bank estimates that more than 10 million people will be living in extreme poverty in 2020, including 685 000 more than in 2019, or 42.9% of the population. With 59% of its population already living in slums, three out of four jobs in the informal non-agricultural sector, an annual urbanisation rate of 4.4% and 500 000 new city dwellers expected each year by 2050, Niger’s cities are and will be particularly affected by informality. In addition, for the past few years, the country has been hosting 241 321 refugees and 300 320 displaced persons, according to the United Nations High Commissioner for Refugees (UNHCR), fleeing conflicts in the region, particularly in Nigeria and Mali.

The West African Economic and Monetary Union (WAEMU), of which Niger is a member state, has not been spared the international economic and financial situation linked to the health crisis. Niger’s gross domestic product (GDP) grew, in real terms, by only 1.2% in 2020 whereas it had grown by 5.9% in 2019, in line with regional dynamics. This is due to a sharp decline in the contribution of the tertiary sector to economic growth. Meanwhile, Niger’s inflation rate reached 2.9% in 2020. On a regional level, the Central Bank of West African States (BCEAO) explains the average rate of 2.1% by the pressure on food prices — a drop in cereal production in 2019/20 correlated with the disruption of distribution channels linked to the pandemic. The prices of imported food products continue to rise (up 2.6% in 2020) and lowering its key rates.

Despite this, the economic gloom should ease. The second quarter of 2021 shows signs of economic recovery for WAEMU and Niger; and an improvement in growth prospects, notably through an upward trend in export prices.

“The reopening of the border with Nigeria, the resumption of major investment projects and a normalisation of supply chains give hope for a rebound of the economy and growth at 4.7%,” according to the World Bank.

Niger has maintained strict measures to protect itself from the spread of COVID-19. Restrictions on movement – curfew, ban on intercity, quarantine, closure of air borders – were lifted in May 2021, except for land borders. These measures have dealt a blow to the most precarious households, especially in the informal sector. To cope with the crisis, Niger obtained emergency financing from the International Monetary Fund (IMF) for CFA63.3 billion (US$114 million) in 2020 and debt service relief from the IMF. The government has mobilised an immediate health response and economic and social mitigation plan estimated at 18.4% of GDP.

Since March 2020, the Central Bank has taken measures to mitigate the impact of the pandemic on the banking system and the financing of economic activity. These were: promoting electronic payments, refinancing banks (COVID-19 Bonds), postponing maturities for small and medium enterprises (SMEs) and lowering its key rates.
April 2021, WAEMU declared “a temporary suspension of the WAEMU Growth and Stability Pact, which sets six convergence criteria, to help member countries cope with the fallout from COVID-19.”

At the beginning of 2021, a new President of the Republic, Mohamed Bazoum, was elected. He took office on 2 April 2021, for a period of five years.

Production of social housing is one of the priorities of the Renaissance III Programme presented by the new government. Despite this, the difficulties of the housing sector and its financing are only reinforced in this context of economic crisis and rapid urbanisation: demographic pressure intensifies each year, access to basic services remains a challenge, urban informality remains prevalent, and the low solvency of households hinders their access to the housing market and to sources of finance.

Access to finance
Niger’s banking sector is relatively immature with less than 10 years of operation and its penetration is still low, with a demographic penetration rate of banking services at 0.42 in Niger compared to 0.9 for the WAEMU. Niger’s banking landscape is covered by 14 banks and four financial institutions and the formal financial sector is regulated by the WAEMU.

Four major banks (Sonibank, Bank of Africa, Ecobank and Banque Atlantique) dominate the Nigerian market. Eleven commercial banks offer mortgage loans.

For the past three years, the Banque de l’Habitat du Niger (BHN) has offered a financial service dedicated to the housing sector through the financing of “real estate development and social housing improvement” and is part of the National Housing Policy. The BHN manages the National Housing Fund (FNH). To address the low capacity of households to access mortgage loans, the banks allow the financing of the real estate project up to 100% of its amount, with monthly payments of at least 50% of monthly salary. The interest rates charged are among the lowest in the region (6%) and the term can be up to 30 years.

Banks finance mortgages through their own funds, term deposits and the Caisse Régionale de Refinancement Hypothécaire (CRRH-UEMOA). The Niger economy is strongly based on informal sector and only 6.8% of the population have bank accounts. The 39 approved decentralised financial systems also participate in the financial inclusion of nearly 300,000 members (deposits and credits) for a total amount of outstanding credits of CFA 21.9 billion (US$39.7 million).

Affordability
Most Nigerians do not have sufficient resources to acquire property or access a mortgage. Niger has the highest number of poor people in the region: three out of four live on less than CFA 1 660 (US$3) a day and the average annual expenditure per capita is about CFA 259 000 (US$468). As a result, the supply of affordable housing is beyond the financial capacities of the majority of the population. In Niamey, more than 90% of the inhabitants do not have their own housing.

Civil servants or employees in the formal private sector with an income of between CFA 50,000 (US$77) and CFA 250,000 (US$452) tend to have access to mortgages. “Only 22% of salaried workers (less than 1% of the total population) have access to this type of housing finance.”

The economic downturn linked to the pandemic made it harder for households to access housing. For households excluded from the housing market, including refugees, non-governmental organisations are building houses through their development projects.

Housing supply
In Niger, housing supply is mostly self-built informal houses. The average size of Nigerien households is 6.5 individuals. The housing stock represents more than 2,400,000 dwellings, 17.9% of which are in urban areas. Traditional constructions, known as terracotta or banco houses (materials that are abundant and financially and technically accessible) are in the majority and represent 54.7% of the buildings in the cities. In addition, 15.7% of housing is in the form of villas and 14.5% in the form of “célibatariens” (one or two-room dwellings). Apartment buildings accounted for only 0.5% of construction in 2012.

Urban informality
Niger’s cities will be under pressure from informality, given present trends. While the country has expanded access to basic urban services since 2000, “more than 70% of the urban population lives in overcrowded and poorly built neighbourhoods and lacks access to basic services, such as improved water and sanitation.”

Moreover, “several cities in Niger located in the middle of the desert have also become more vulnerable to flooding.” In the absence of planning for urban expansion zones, the spontaneous development of informal settlements will only increase disaster victims, who numbered more than 350,000 in August 2020.

The health crisis has revealed and exacerbated the vulnerability of cities and their inhabitants: access to housing ensures hygiene practices, and social distancing in a context where movements are limited; economic activities suspended, and supplies uncertain.

Property markets
In recent years, “foreign investors, wealthy Nigeriens and the diaspora are buying properties and upgrading the commercial and residential stock. However, the real estate market is still dominated by the plot: households buy a plot and build their own house gradually.”

An unserved plot of land in the extension zones of Niamey costs, CFA 3,000/m² (US$5/m²) in 2021. In contrast, in dense, habitable areas with urban services, the price per m² can be multiplied four or even five times. It takes four procedures and 13 days to register a property, at a cost of 7.4% of the value of the property. Obtaining a building permit requires, on average, 98 days and 19 procedures for a cost of 32.4% of the value of the construction. In the end, procedures and costs remain unaffordable for most of the population.

A few formal private or public developers are proposing a new housing offer. The cheapest option is to buy a 400m² plot on the outskirts of Niamey, at CFA 7,311,000 (US$13,215), including a 45m² house with a bedroom, a living room, a kitchen and a bathroom, and at about CFA 9,679,000 (US$16,268) for a 57m² house with an additional bedroom.
Annual income profile for rural and urban households based on consumption (PPPS)

<table>
<thead>
<tr>
<th>Income Range (PP$:000 to PP$:000)</th>
<th>No. of Households (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPP$0000 - PPP$4000</td>
<td>121</td>
</tr>
<tr>
<td>PPP$4001 - PPP$8000</td>
<td>446</td>
</tr>
<tr>
<td>PPP$8001 - PPP$12 000</td>
<td>180</td>
</tr>
<tr>
<td>PPP$12 001 - PPP$16 000</td>
<td>70</td>
</tr>
<tr>
<td>PPP$16 001 - PPP$20 000</td>
<td>45</td>
</tr>
<tr>
<td>PPP$20 001 - PPP$24 000</td>
<td>25</td>
</tr>
<tr>
<td>PPP$24 001 - PPP$30 000</td>
<td>15</td>
</tr>
<tr>
<td>PPP$30 001 - PPP$40 000</td>
<td>6</td>
</tr>
<tr>
<td>PPP$40 001 - PPP$10 000 000</td>
<td>2</td>
</tr>
</tbody>
</table>

Average annual household income needed for the cheapest newly built house by a formal developer, 2020 (PPP$): 
- Average annual household income needed for the cheapest newly built house by a formal developer, 2020 (PPP$): 1 PPP$ = 257.60 CFA franc
- Average annual household income used for expenditure, 2020 (PPP$): 1 PPP$ = 257.60 CFA franc

NIGER

Policy and legislation

Housing legislation is based on Law 98-54: the National Housing Policy includes the establishment of the FNH, the BHN, a mortgage guarantee fund and housing cooperatives.

From the 2000s onwards, a series of laws have been passed to improve the country’s legal and regulatory framework:

- Law 2008-03 on urban planning and land development, which sets out rules and procedures for urban planning, operational urban planning and control of urban land use, and aims to facilitate the registration of property titles in rural areas. It clarifies responsibilities for decentralisation and customary land rights.
- The Constitution of the Seventh Republic promulgated in 2010 specifying the determination of the fundamental principles of housing policy and the building code.
- The Public-Private Partnership Act, 2012, promoting private interest in the development of housing and other urban infrastructure (long-term financing).
- Law 2013-28 reforming urban regulation to facilitate slum upgrading projects and contribute to making urbanisation an instrument of economic and social development.
- Laws 2017-20 updating the conditions for obtaining building permits; 2017-27 dealing with long leasing; and Ordinance 2017-05 on leasing.
- Law 2018-25 laying down the fundamental principles of construction and housing, proposed for revision in 2020 to “remedy the shortcomings and establish a reform that would contribute to the facilitation and efficiency of the construction permit process.”

Opportunities

Since 2017, urban planning has been identified by the government as one of the opportunity sectors in Niger. Natural demographic and migratory pressure is such that demand for affordable housing, for rent or purchase, will remain strong in cities. Urban investment is expected to increase. In addition to the Malbaza cement plant, which covers 80% of the market’s needs, a new cement plant should create 314 permanent jobs in Kao.

The business climate remains difficult, but the country is on the road to recovery as a result of the implementation of business-friendly reforms and improved access to electricity and easier access to loans. Between 2019 and 2020 Niger gained 11 places in the Doing Business ranking (1324 out of 190 countries in 2020).

The African Development Bank (AfDB) forecasts growth of 6.9% in 2021 and 7.8% in 2022 for Niger. “This return to strong growth would be supported by the control of the pandemic at the local level, the continuation of major infrastructures and above all, the exploitation of new oil deposits.” These forecasts should not, however, overlook “the continuing fragility of the security situation.” The AfDB also believes that the country can contain inflationary pressures, and improve its public debt management and domestic resource mobilisation.

Availability of data on housing finance

Economic and financial data are essentially provided by national and regional organisations such as BCEAC, West African Development Bank, AfDB, WAEMU, CRRH, BHN and commercial banks. As technical and financial partners in Niger’s development, international institutions (World Bank, IMF, UN agencies, European Union) and bilateral cooperation agencies contribute, through their projects, to the production of data on the country. The 5th General Census of Population and Housing will begin in December 2022 (the last one was conducted in 2012) and will make it possible to measure demographic and socioeconomic dynamics and to study the living conditions of households.

The various government websites (Presidency, Renaissance Programme, Ministries) and the online press allow implementation of public policies and the news of the country to be followed.

The production and availability of up-to-date and recent data remains, however, a major challenge, especially on housing finance: little information is available on the Internet for either public institutions or companies in the real estate sector.

Additional sources


Websites

Overview
The continuing rapid growth of the Nigerian population, coupled with the economic downturn, has increased the housing backlog in the country. With 52% of the estimated population of 212,066,978 urbanised in 2021,1 44.5% of Nigerians live below poverty line.2 Rural-urban migration has been identified as a major force driving urbanisation growth, bringing with it opportunities and challenges for cities. The high level of poverty also affects the accessibility of the formal housing market as 42% of Nigerians live on less than a dollar a day.3 Urbanisation, unemployment and poverty create additional pressures for the housing sector.

Recovering from COVID-19, the economy grew by 5.1% in Q2 2021.4 There has been a five-month consecutive decrease in inflation from 18.72% in March 2021 to 17.38% in July 2021.5 This inflationary trend has been attributed to constraints in income and consumer resistance.6 The impact of COVID-19 is not only felt domestically but has also affected diaspora remittances. Diaspora remittances account for 6.1% of the country’s external debt uses 70% of the government revenue annually.7 Diaspora remittances account for 6.1% of the country’s external debt uses 70% of the government revenue annually.8 This is not only felt domestically but has also affected diaspora remittances. Diaspora remittances account for 6.1% of the country’s external debt uses 70% of the government revenue annually.9% of Nigerians live below poverty line.10 Urbanisation, unemployment and poverty create additional pressures for the housing sector.

With gross domestic product (GDP) growing at a higher rate than the population growth rate of 2.55% in 2021,10 the economic hardship being experienced in the country might abate in the following months. The unemployment rate in Nigeria was reported to be 32.5% in 2021 and forecast to be 33% in 2022.11 Income distribution among households is unequal, with a Gini coefficient of 35.1 points reported in 2020.12 This inflationary trend has been attributed to constraints in income and consumer resistance. Income distribution among households is unequal, with a Gini coefficient of 35.1 points reported in 2020. This inflationary trend has been attributed to constraints in income and consumer resistance. 1

1 PPP$ = (2020) [b]
Inflation rate (2019) [b]
Lending interest rate (2018) [b]
Number of residential mortgages outstanding (2018) [d]
Value of residential mortgages outstanding (USD) [e]
Prevaling residential mortgage rate [f] | Term [d]
Maximum LTV on a residential mortgage [e]
Ratio of mortgages to GDP
Number of residential mortgage providers [e]
Number of microfinance loans outstanding
Value of microfinance loans (USD) [f]
Number of microfinance providers [e]
Number of residential properties with a title deed
Number of formal dwellings completed annually
Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [g]
Size of cheapest, newly built house by a formal developer or contractor in an urban area [g]
Typical rental for the cheapest, newly built house [g]
Cost of standard 50kg bag of cement in local currency units [h]
Type of deeds registry: digital, scanned or paper (2020) [i]
Cost of standard 50kg bag of cement in local currency units [h]

**KEY FIGURES**

| Main urban centres | Lagos, Kano, Kaduna, Port-Harcourt, Benin City, Maiduguri, Zaria, Abeokuta |
| Exchange rate (1 July 2021): 1 USD = [a] | 410.89 Nigerian Naira (NGN) |
| 1 PPPS = (2020) [b] | 134.21 Nigerian Naira (NGN) |
| Total population (2020) [b] | Urban population (2020) [b] |
| Population growth rate (2020) [b] | Urbanisation rate (2020) [b] |
| GDP per capita (Current USD) (2020) [b] | Percentage of population below national poverty line (2017) [b] |
| Unemployment rate (% of total labour force, national estimate) (2020) [b] | Proportion of adult population that borrowed formally (2017) [b] |
| Gini coefficient (2017) [b] | HDI country ranking (2019) [c] |
| HDI country score (2019) [c] | GDP (Current USD) (2020) [b] |
| GDP growth rate (2020) [b] | Inflation rate (2019) [b] |
| Lending interest rate (2018) [b] | Number of residential mortgages outstanding (2018) [d] |
| Value of residential mortgages outstanding (USD) [e] | Prevaling residential mortgage rate [f] | Term [d] |
| Maximum LTV on a residential mortgage [e] | Ratio of mortgages to GDP |
| Number of residential mortgage providers [e] | Number of microfinance loans outstanding |
| Value of microfinance loans (USD) [f] | Number of microfinance providers [e] |
| Number of residential properties with a title deed | 32 280
| Number of formal dwellings completed annually | USD$2 165.5 million |
| Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [g] | 6-25% | 30 years |
| Size of cheapest, newly built house by a formal developer or contractor in an urban area [g] | 75% |
| Typical rental for the cheapest, newly built house [g] | 0.50% |
| Cost of standard 50kg bag of cement in local currency units [h] | n/a |
| Type of deeds registry: digital, scanned or paper (2020) [i] | n/a |
| World Bank Ease of Doing Business index rank (2020) [j] | 1.31 |
| Number of procedures to register property (2020) [k] | 1.2 |
| Time to register property (2020) [l] | 91 days |
| Cost to register property as share of property price (2020) [m] | 11.3% |
| World Bank DBI Quality of Land Administration Index score (0-30) (2020) [n] | 8.0 |
| Percentage of women who own a house alone and/or jointly (2018) [n] | 10.7% |
| Percentage of female-headed households (2018) [n] | 18.0% |
| Percentage of urban population living in slums (2018) [n] | 58.8% |
| Percentage of households with basic sanitation services (2018) [n] | 32.4% |
| Percentage of households with electricity (2018) [n] | 59.4% |
| Cumulative number of COVID deaths per 100 000 as of 1 Oct [k] | 138.18 |
| Percent of population fully vaccinated against COVID-19 as of 1 Oct [l] | 0.96% |

*Figures are for 2021 unless stated otherwise.

Member organisations of the African Union for Housing Finance (AUHF):
Hagai Mortgage Bank
Nigeria Mortgage Refinance Company
Member organisations of the African Union for Housing Finance (AUHF):
Hagai Mortgage Bank
Nigeria Mortgage Refinance Company

Africa Housing Finance Yearbook 2021
Access to finance

Access to finance is generally on the upward trend, albeit expensive. While access to housing development finance has progressed significantly, access to mortgage finance has marginally improved compared to the needs of the market. The country mainly operates a fixed interest rate for loans. Mortgage interest rates range from 6% to 20% per annum.16

In April 2021, CBN dropped the prime lending rate to 11.24% and maximum lending rates to 28.64%.17 Nigeria was ranked 15 in getting credit in the most recent World Bank Ease of Doing Business rankings.18 The main funding sources to service mortgage loans are deposits by subscribers across all tiers of banks including the National Housing Fund (NHF), commercial banks and bond issuances. The Federal Mortgage Bank of Nigeria (FMBN) remains the most affordable housing finance institution in the country, providing moderate level of access to housing finance. Over the past five years, the bank has gained significant traction in customers’ confidence in the organisational capability of the bank to provide housing loans. Nigerians who contribute 2.5% of their earnings monthly for six months can apply for the NHF loan.22 For loan approval, subscribers must contribute up to 10% equity for a maximum loan of N15 million (US$36 506). The interest rate is 6% per annum with a maximum loan tenor of 30 years, depending on the subscriber’s age. Despite a high loan-to-value ratio of 90%, and a subsidised interest rate of 6% per annum, the loan has proved to be unaffordable.

In the non-subsidised mortgage section of the market, the Nigeria Mortgage Refinance Company (NMRCC) issues bonds to boost mortgage liquidity. The CBN reported that there are 34 mortgage banks and 22 commercial banks are engaged in providing mortgage loans in 2021.23 At the end of March 2021, there were 876 microfinance banks in the country with state, regional, and national licences.24 The CBN has continued to push and facilitate the operations of a mortgage guarantee company (MGC). MGC’s role is to assist primary mortgage lenders through the provision of guarantees or limited guarantees against losses that might arise from non-payment of mortgage loans by consumers. MGC will also support the mortgage lenders with a framework that allows the lenders to bring down the required equity contribution for a mortgage loan. For example, instead of a 20% to 30% equity contribution for a loan, the MGC can help the consumer to pay 5% to 10%. Mortgagors who ordinarily would have been ineligible for a mortgage loan may become eligible through the support of an MGC.

Affordability

After 60 years of independence home ownership remains at 25% with an average of 5.4 members in rural households and 4.5 people in urban households.25 Nigeria has the lowest home ownership level even among its peers, with Kenya at 75% and South Africa 56%.26 Nigeria’s population pyramid shows that young people comprise 91 555 113 (43.31%), working age population at 114 016 509 (53.93%) and elderly people 5 829 082 (2.76%).27 The income pyramid shows that 75% of Nigerians earn less than N925 000 (US$2 251) while 25% are earning more than N925 000 (US$2 251), with the average monthly salary reported to be N439 000 (US$825).28

Following the difficulty subscribers have had in raising the 10% equity for NHF, FMBN has started implementing its rent-to-own scheme. This is to help deal with the perennial challenge of housing affordability among low and middle income earners. With food averaging 50% to 60% of household expenses, most families cannot deal with other expenses. The rent-to-own scheme enables NHF subscribers to own a home through rental payment by avoiding the 10% down payment. The accepted maximum amount for the product is N15 000 000 (US$36 506) per subscriber. The period for rental payment is 30 years with an interest rate of 7% of the property price. To improve the level of affordability in the market, FMBN disbursed N30 500 billion (US$74 million) across its product lines in the 2020 financial year.29 The bank also created 854 mortgages for subscribers of NHF in Nigeria.30

Family Homes Funds (FHF) also focuses on housing affordability in the country through its flagship products, namely Help to Own Fund, Affordable Housing Fund, Rental Housing Fund and Land and Infrastructure Development Fund. Help to Own contributes 40% of the purchase price of newly built homes for low and middle income earners. The loan is structured as a moratorium (principal plus interest) for five years. Thereafter, monthly repayment sets in at an interest rate of 3% per annum, rising progressively to a maximum of 15% per annum in the 20th year.31 Rent to Own is targeted at first time homebuyers who can make an equity contribution of 10% of the property price. The Affordable Housing Fund is structured to work with both public and private sector property developers. The fund provides either debt or equity at cheaper costs to the developer. The rental housing and the infrastructure funds have not taken off yet.

On the supply side, affordability has mainly been driven by both private and public sector organisations but with minimal results. According to Millard Fuller Housing Foundation (MFF Housing), the cheapest new-built, one-bedroom expandable to two-bedroom bungalow (semi-detached) is sold for N3.4 million (US$8 275). This was increased from N2.8 million (US$6 814) in 2020 due to impact of COVID-19. The size of a new-built residential apartment was 32m².34 The minimum size for a plot of land in an urban centre is 450m².36 The emergence of the proptech industry in Nigeria has significantly contributed to affordable housing through the sharing economy approach. While proptech start-ups are not increasing affordability through new supply of housing, they make it easier for young families to afford rental housing through an innovative monthly rental business model. The proptech industry is gaining attention, as seen in Spleet’s recent announcement of N10 900 000 (US$1 million) in revenue since starting operations four years ago.37

Housing supply

Projections of annual supply versus demand is at best 10%, considering that 700 000 affordable units are needed annually to keep up with the country’s population growth. In cities such as Kano, Lagos and Ibadan an annual increase of 20% in housing demand is being experienced.38 Housing construction in Nigeria is still mainly brick and mortar. No sustainable and scalable circular economy approach or zero waste processes have been adopted by property developers in the country.

However, some public private partnerships have yielded notable results. For example, FMBN and several private sector players were responsible for building 8 700 new homes between 2017 and 2020.38 By April 2021, FMBN had disbursed a total of N38 3 billion (US$92 481 078) for the construction of 9 540 units.39 As of June 2021, FHF had completed 5 408 units across eight states with 9 148 currently under construction.40 FHF also has an active pipeline of over 31 000 units and a 2022 target of 110 000 homes. To further boost affordable housing supply in the market, FHF recently issued a sukuk bond issuance of N10 billion (US$23 377 126).41 The bond issuance is a seven-year 13% Series I, due in 2028 under a N30 billion (US$73 011 377) FHF sukuk issuance programme. FHF is also executing the Federal Government's National Social Housing Programme (NSHP). Under the NSHP, 300 000 homes will be provided to low income Nigerians.

Many of the public private partnerships help in creating a land bank for development for both the private sector and governments. This is crucial as land prices are typically high in urban centres. The cost of unsecured land without an adequate title in suburban areas is estimated to be N926 m² (US$2.3 m²). This translates to N600 000 (US$1 460) for 648 m² of land.42 For land with primary infrastructure and adequate title in urban centers, prices range from N30 000/m² (US$73/m²) to N200 000/m² (US$487/m²).43

Urban informality

The urban population in Nigeria is expected to grow to 300 million inhabitants by 2050. Currently 21 cities have a population of 300 000 to 500 000; 19 cities have 500 000 to 1 000 000; nine cities have 1 000 000 to 5 000 000; and one city (Lagos) is above 10 000 000. The Lagos population is increasing by 3% annually with 14.3 million inhabitants at present. Lagos State has engaged in a few urban regeneration and renewal projects in the past decade but more needs to be done.

Urbanisation growth is 4.3% and 52% of Nigerians are urbanised in 2020. Most of the urban poor live in informal settlements and are the largest employer of labour contributing approximately 65% of GDP in 2017. Land tenure is mostly customary and tenancy. However, these informal settlements lack basic amenities and services, presenting health challenges for the inhabitants.
Building materials are a significant cost component. This is because approximately 50% to 55% of the materials are import-related. A standard 50kg bag of cement costs ₦3,900 (US$9.49) in 2021.\(^{44}\) Reinforcements of 10mm to 16mm diameter are ₦440,000 (US$1,070) a ton. Total construction cost is estimated to be ₦18.383 million (US$47.41 million).\(^{45}\) Another limiting factor is finance. Nigeria’s credit expansion reduced drastically by 33.3% from ₦1.03 trillion (US$2.5 billion) in first quarter of 2020 to ₦689.53 billion (US$1.678 million) in the corresponding period of 2021.\(^{46}\) This reduced access to loans, including housing construction loans, hindering the supply of housing units.

Under the umbrella of the Real Estate Developer Association of Nigeria (REDAN), many organisations are involved in supplying housing across low, middle and high income categories. These organisations include Urban Shelter Limited, Nedcomals Limited, Brains and Hammers, Cosgrove, Lekki Gardens, Octo 5 Holdings, Copen Group and Jedo Investment. The cheapest private supplier yet in the market is MFF Housing. MFF Housing supply one-bedroom apartments for ₦689,530 (US$1,678 million) in Q2 2022.\(^{47}\) A semi-detached three-bedroom house costs ₦7.5 million (US$18.496) with a payment option of 20% deposit and 80% amortised over a five-year period.\(^{47}\)

**Property markets**

Despite the flurry of macroeconomic activities in the country, the real estate sector grew by 3.85% in Q2 2021 from 1.77% in Q1 2021.\(^{48}\) This is encouraging compared to the contraction of 21.99% in Q2 2020. The reason for the expansion may be connected with the decline in interest rates, which has seen increased investments in the real estate sector. The effects of these variables vary across different states of the federation. For example, rents are climbing in Lagos due to high inflation and the significant cost increase of building materials.\(^{49}\) Moreover, at 3.2% the population growth is growing faster than the real GDP growth rate of 2.7%\(^{50}\) (GDP growth was 5.01% for Q2 2021). Analysts believe that, more than ever, real estate is now the most sustainable hedge against inflation, with returns averaging 15%.\(^{51}\)

The dynamism in the property market has its roots in the speculative land sales across several cities in the country. Residential land cost is as low as 50% to 55% of the materials are import-related. A standard 50kg bag of cement costs ₦3,900 (US$9.49) in 2021.\(^{44}\) Reinforcements of 10mm to 16mm diameter are ₦440,000 (US$1,070) a ton. Total construction cost is estimated to be ₦18.383 million (US$47.41 million).\(^{45}\) Another limiting factor is finance. Nigeria’s credit expansion reduced drastically by 33.3% from ₦1.03 trillion (US$2.5 billion) in first quarter of 2020 to ₦689.53 billion (US$1.678 million) in the corresponding period of 2021.\(^{46}\) This reduced access to loans, including housing construction loans, hindering the supply of housing units.

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**Property markets**

Despite the flurry of macroeconomic activities in the country, the real estate sector grew by 3.85% in Q2 2021 from 1.77% in Q1 2021.\(^{48}\) This is encouraging compared to the contraction of 21.99% in Q2 2020. The reason for the expansion may be connected with the decline in interest rates, which has seen increased investments in the real estate sector. The effects of these variables vary across different states of the federation. For example, rents are climbing in Lagos due to high inflation and the significant cost increase of building materials.\(^{49}\) Moreover, at 3.2% the population growth is growing faster than the real GDP growth rate of 2.7%\(^{50}\) (GDP growth was 5.01% for Q2 2021). Analysts believe that, more than ever, real estate is now the most sustainable hedge against inflation, with returns averaging 15%.\(^{51}\)

The Roland Igbinoba House Price Index (RI Index) shows that house prices stabilised in the second quarter of 2021.\(^{55}\) Price changes have been positive across the four cities of Port Harcourt, Kaduna, Lagos and Abuja for Q1 and Q2 2021. These indices indicate the level of back-back post COVID-19. The Q2 2021 real estate growth rate of 3.85%\(^{56}\) attests to this. Sector analysts believe that “the increase in economic activities in the property market could be confirmed from the performance of the construction sector in the second quarter of 2021.” Year-on-year, Nigeria’s construction sector grew by 3.70 percent, higher by 35.46 percentage points from the -31.77 percent recorded in the comparable quarter of 2020.\(^{57}\)

**Policy and legislation**

The country ranked 55th in the ease of getting construction permits and 183rd in registering properties. These rankings are a direct reflection of the current regime of policies and regulations in the property market. The Securities and Exchange Commission (SEC) released the regulation for crowdfunding in January 2021. Since issuing the regulation for crowdfunding, many start-ups in both the proptech and fintech space are engaging with the SEC on developing products that will help in funding the supply side of real estate.

On the demand side, the NIMR has continued to push for the Model Mortgage and Foreclosure Law (MMFL). MMFL is aimed at creating an investment climate that increases the provision of affordable housing. With MMFL, investors are confident that the underlying assets associated with mortgage defaults can be repossessed and auctioned for recovery by the lending institution. To date, six states have passed the MMFL; five states are in the process of executing Memoranda of Understanding; and seven states are in high-level conversations about adopting the MMFL.

Following the establishment of the Lagos State Real Estate Regulatory Authority (LASRERA) in 2019, many more state governments have initiated the process of creating a regulatory institution. LASRERA has continued to engage with the private sector with great success on the need to sanitise the Lagos market. Sanitising the market will boost investors’ confidence and improve the ease of doing business in the state. Ultimately, this will attract new funding for property investments.

Several real estate industry and professional associations in the market are self-regulating and ensuring some level of market organisation and credibility. These include the Nigerian Institution of Estate Surveyors and Valuers, Nigerian Institute of Building, Nigerian Institute of Architects, Council for the Regulation of Engineering in Nigeria, Association of Housing Corporations of Nigeria, Nigeria Institute of Town Planners, Estate Rent & Commission Agents Association of Nigeria, Association of Estate Agents of Nigeria, REDAN and Property Technologists Association of Nigeria (Proptech Nigeria).

**Opportunities**

To improve the housing market post COVID-19, a sum of ₦200 billion (US$467.7 million) was approved by CBN under the NSHP. This social housing programme is an outcome of the Economic Sustainability Programme of the Federal Government. It is targeted at individuals in low socioeconomic class and managed by Family Homes Fund Limited, with interest rates ranging from 5% to 9%.\(^{58}\) The structure and organisation of NSHP is such that it is providing opportunities for micro, small and medium enterprises in the real estate value chain to bid for the development of 300 000 homes under the programme. Proptech start-ups are implementing technology to improve processes in the housing market and have raised over ₦16.153 017 (US$1.5 million) in venture capital pre-seed funds in the last year. Companies like Sesop Global (a property listing and real-estate transaction company), Propercrowdy (a real estate crowdfunding platform) and Spleet Africa (a proptech enabling flexible renting) are leading the way in these pre-seed rounds. Furthermore, with the SEC releasing crowdfunding regulations earlier this year, the opportunity for real estate crowdfunding is being explored.
Foreign direct investment will continue to increase exponentially if the environment remains favourable for the proptech start-ups to launch and attain some level of interest from venture capital and private equity investors.

Availability of data on housing finance

Data collection, collation and dissemination has suffered a significant setback in the last year. Although the Housing Market Information Portal (HMIP), which has been designated to be the data repository for the industry, is still active, practitioners in the market need to fully optimise it and share data with the portal.

The following organisations publish data on housing finance:

- Roland Igbinedion Foundation for Housing and Urban Development
- Nigerian Property Centre
- Federal Mortgage Bank of Nigeria
- Nigeria Mortgage Refinance Company
- Echostone Plc

International Affordable Housing Show https://ihbujia.com

Websites

Real Estate Developers Association of Nigeria https://redonline.org.ng/1
Roland Igbinedion Foundation for Housing and Urban Development https://www.rinfd.com

Housing Market Information Portal https://hmip.nmrc.com.ng/nmrc/

Focus Economics https://www.focus-economics.com
Nigerian Property Centre https://nigeriapropertycentre.com

Haggai Mortgage Bank www.haggai.com

Federal Mortgage Bank of Nigeria www.fmbn.gov.ng

Family Homes Fund https://fhf.com.ng

Facebook Group: Nigerian Real Estate Community

Federal Mortgage Bank of Nigeria www.fmbn.gov.ng

Haggai Mortgage Bank www.haggaibank.com

Focus Economics https://www.focus-economics.com

Niger and Anambra.

Kaduna, Ogun, Lagos, Delta, and Ekiti.

Nigeria Mortgage Refinance Company (NMRC). States that have passed MMFL are Nasarawa, Kogi, Edo, Ondo, Ogun, and Lagos.

Interview with NMRC. States that have passed MMFL are Nasarawa, Kogi, Edo, Ondo, Ogun, and Lagos.

Interview with NMRC. States that have passed MMFL are Nasarawa, Kogi, Edo, Ondo, Ogun, and Lagos.

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Overview

Rwanda is one of the most densely populated but least urbanised countries in Africa. According to the 2016/17 Integrated Household Living Conditions Survey (IECV 5), 38.2% of Rwandans were living below the national poverty line, and 18.4% of Rwanda’s population lives in urban areas. This is projected to rise to 35% by 2024 in line with the National Strategy for Transformation I (NST-I). Approximately 61.3% of Rwanda’s urban population live in informal settlements. Rwanda has approximately 79 informal settlement sites, most of which are located in the city of Kigali and Rubavu district.

As a result of COVID-19, Rwanda’s economy declined by an average of 4.1% in the first three quarters of 2020 but steadily started to recover in the second half of 2020. The country’s housing and construction sectors had continuous growth until 2020, but with the decline in economic performance due to pandemic and the loss of income by many people, the real estate sector also nosedived. It is estimated that the housing sector contributes 10% to Rwanda’s GDP. The first quarter of 2021 had a 3% increase in the contribution of real estate activities to GDP. Inflation in the housing sector dropped to 1.9% in the first quarter of 2021 from 4.8% in the second half of 2020.

Government’s expenditure policies for the fiscal year 2021/22 align with the NST-I priorities and objectives. Consequently, the economic transformation pillar has been apportioned the largest share of the budget resources, accounting for 58.7% of the total budget, while social transformation and transformational governance will account for 27.2% and 14.0% respectively. Pursuant to the NST-I strategic objectives, promoting urbanisation is one of the priority areas identified for resource allocation in the 2021/22 fiscal year. This will involve implementing urban development projects in secondary cities and supporting affordable housing projects with basic infrastructure.

Access to finance

Access to finance remains a challenge within Rwanda’s housing sector. Interest charged on residential mortgages remained unchanged at 1.6%. The value of outstanding residential mortgages increased from Frw348 billion (US$353.3 million) in June 2020 to Frw386 billion (US$391.8 million) in June 2021, while non-performing loans on residential mortgages declined from 4.3% in June 2020 to 3.7% in June 2021. The number of outstanding residential mortgages had increased to 41,767 at the end of June 2021. There are 16 licensed banks in Rwanda, all of which provide mortgage financing with a maximum loan term of up to 30 years. The maximum loan to value ratio on residential mortgages is 80%. Due to the impact of COVID-19, a rapid survey and assessment of Rwanda’s banking sector showed that 55% of banks had tightened their lending criteria. In a country with less than 50,000 mortgages, it is likely that this further constrained access to finance for housing.

Rwanda has 457 microfinance institutions. Lending from the microfinance subsector increased by 18.5% for the period ended June 2021 compared to the 8.3% growth in June 2020. However, the number of borrowers in the sector declined from 526,484

KEY FIGURES

<table>
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<th>Metric</th>
<th>Value</th>
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<td>City of Kigali, Musanze, Huye, Rubavu, Ruisi, Nyagatare</td>
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<td>Exchange rate (1 July 2021), 1 USD = [a]</td>
<td>985.11 Rwandan Franc (RWF)</td>
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<td>1 PPPS = (2020) [b]</td>
<td>339.88 Rwandan Franc (RWF)</td>
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<td>12,952,209, 2,257,829</td>
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<td>US$1,162</td>
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<td>43.70 160 0.54</td>
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<td>3.36%</td>
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<td>Lending interest rate (2020) [b]</td>
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<td>44,767</td>
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<tr>
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<td>US$318.3 million</td>
</tr>
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<td>16</td>
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<tr>
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<td>509,724</td>
</tr>
<tr>
<td>Value of microfinance loans (USD) [d]</td>
<td>US$2,050.05 million</td>
</tr>
<tr>
<td>Number of microfinance providers [d]</td>
<td>457</td>
</tr>
<tr>
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<td>1,469,445</td>
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<td>Number of formal dwellings completed annually (2019) [f]</td>
<td>16,241</td>
</tr>
<tr>
<td>Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units (2020) [f]</td>
<td>12,500,000 RWF</td>
</tr>
<tr>
<td>Size of cheapest, newly built house by a formal developer or contractor in an urban area (2020) [f]</td>
<td>30m²</td>
</tr>
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<td>Typical monthly rental for the cheapest, newly built house (2020) [f]</td>
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</tr>
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</tr>
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<td>0.10%</td>
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<tr>
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<tr>
<td>Percentage of women who own a house alone and/or jointly (2019) [h]</td>
<td>49.2%</td>
</tr>
<tr>
<td>Percentage of female-headed households (2017) [h]</td>
<td>37.6%</td>
</tr>
<tr>
<td>Percentage of urban population living in slums (2018) [i]</td>
<td>65.1%</td>
</tr>
<tr>
<td>Percentage of households with basic sanitation services (2017) [i]</td>
<td>33.2%</td>
</tr>
<tr>
<td>Percentage of households with electricity (2017) [i]</td>
<td>33.2%</td>
</tr>
<tr>
<td>Cumulative number of COVID deaths per 100 000 as of 1 Oct 2020 [h]</td>
<td>9.83</td>
</tr>
<tr>
<td>Percent of population fully vaccinated against COVID-19 as of 1 Oct 2020 [i]</td>
<td>13.17%</td>
</tr>
</tbody>
</table>
in June 2020 to 333,144 by June 2021.\textsuperscript{18} Non-performing loans in the subsector reduced by FRw9 billion (US$10.2 million) between June 2020 and June 2021.\textsuperscript{19} This could be because that the agriculture sector, which accounts for majority of the loans extended by microfinance institutions, was not much affected by the pandemic.

To develop more secure investments for diaspora investors in the real estate market, the African Foundation for Development (AFFORD) identified constraints in Rwanda’s housing value chain. The foundation seeks to find solutions to these constraints through mobilising new sources of finance throughout the diaspora, and by encouraging locally sourced building materials. AFFORD is introducing the Remitplus Diaspora Bond, aimed at financing affordable housing initiatives in Rwanda.\textsuperscript{20}

Easing access to affordable housing finance is a major priority for the Government of Rwanda. This is evidenced through the lending portfolio of the Development Bank of Rwanda, where housing and infrastructure comprise the biggest portion of the bank’s lending portfolio, accounting for FRw48 billion (US$48.7 million), mainly to finance lending to participating financial institutions under the Rwanda Housing Finance Project (RHFP).\textsuperscript{21} The bank envisages offering affordable housing finance to 2,299 mortgagees.\textsuperscript{22} So far, five banks have signed participation agreements with the Development Bank of Rwanda and four more have expressed interest but are yet to fill the necessary conditions.

Only financial institutions that meet the strict eligibility criteria and provide collateral will be able to access this financing. Under this criteria, financial institutions need to comply with national prudential requirements, maintain a minimum capital adequacy ratio and maximum non-performing loan ratio, among others.\textsuperscript{23} Participating financial institutions will be able to access loans from the Development Bank of Rwanda at a 6% interest rate and lend to beneficiaries at 11% over a loan period of 20 years.\textsuperscript{24} As a more sustainable approach beyond the RHFP, the Government of Rwanda will facilitate establishing the Rwanda Mortgage Refinancing Company to leverage long-term funds through capital markets.\textsuperscript{25} The Development Bank of Rwanda seeks to promote affordable housing based on two pillars: mortgage finance and the production of bankable housing. Key financing interventions include reducing the national housing deficit by increasing the supply of housing units and improving affordability, increasing access to finance for housing loans, instituting risk management measures to improve safety and performance, and creating financing links to local capital markets that have both long-term funds available and an appetite for investing in mortgage securities.\textsuperscript{26}

**Affordability**

State-subsidised affordable housing focuses on low and medium income households whose monthly income ranges between FRw200 000 (US$203.02) and FRw1 200 000 (US$1,218.13). The cost of affordable housing units developed by the Rwanda Housing Authority (RHA) is FRw5 million to FRw35 million (US$5,000 – US$36,000).\textsuperscript{27} In comparison to the cheapest newly built house by a commercial developer, which costs FRw40 million (US$40,604).\textsuperscript{28} A typical down payment on a housing mortgage is 20%. According to an unpublished report, the monthly income of most households is below FRw100 000 (US$101.5).\textsuperscript{29} In the FRw200 000 (US$203.02) to FRw700 000 (US$710.6) income band, only 5% could afford a FRw8 million (US$8,121) loan,\textsuperscript{30} indicating that the programme is unaffordable for most Rwandans. Therefore, even with access to long-term credit, households that earn below FRw200 000 (US$203.02) would remain excluded from the mortgage market and require different solutions. The RHFP will serve as a pilot model for these interventions.\textsuperscript{31}

Several housing projects have been undertaken to create more affordable housing units. The Development Bank of Rwanda, for example, in partnership with Shelter Afrique will construct 2,000 affordable units in the Nyamirambo sector, Nyarugenge district. According to the developers, construction costs will be minimised to ensure low-cost purchasing prices and, to this end, the developers have advanced an efficient construction technique known as aerated autoclaved concrete masonry, which will be made locally and cut the costs of importing materials.\textsuperscript{32} Despite initiatives such as these, affordable housing is still out of reach of most low income earners in Rwanda due to high development costs, which translate into higher purchasing costs than initially proposed. A large proportion of affordable housing is in reality unaffordable to many of the target beneficiaries.

**Urban informality**

Rwanda’s informal settlements (known as “unplanned settlements” locally) have mainly been driven by rural to urban migration. Characterised by small brick houses, they have evolved in an unorganised manner; occupied by low income earners who are mostly rural migrants, daily wage earners and or informal traders. Residents consistently face challenges with land security. It is therefore crucial to expand the affordable housing project to target lower income groups to reduce the current housing deficit.

One of the major challenges arising from informal settlements is inadequate access to sanitation. However, the Integrated Household Living Conditions Survey (EIVC 5) showed increased access to sanitation and safe drinking water with 94.2% of the population living in urban areas using safely managed sanitation services and 96% using safely managed drinking water services.\textsuperscript{33}

approximately 52.5% of Rwandans in urban areas live in unplanned housing,\textsuperscript{34} and concerted intervention is needed to transform these unplanned units into formal housing units. Existing settlements must be upgraded into high-density suburbs to control urban sprawl. However, in-situ upgrading, which would alternatively supply affordable housing, has not seen remarkable progress.\textsuperscript{35}

The Agatere informal settlement is so far the only upgrading strategy implemented in Rwanda. This included road openings, as well as an upgrade to drainage systems and the supply of water.\textsuperscript{36} However, following the implementation of this strategy, it was established that the then high density/vertical densification upgrading approach was not feasible on its own but also required a structured legal framework, policies to support low income groups, and financing systems to prevent a culture of dependency.\textsuperscript{37}

Therefore, the lowest income group comprising 47% of Kigali residents remain excluded.\textsuperscript{38} Only 5% of people living in Rwanda save to build or buy land or a house.\textsuperscript{39}

COVID-19 posed inflation-type challenges to affordable housing because of increased prices of wood imports from the region and imported supplies for building repairs. Progress has been made to increase local production of construction materials such as cement, as well as environmentally friendly bricks, and novel products for structural and non-structural walling materials.\textsuperscript{40}

**Housing supply**

Housing supply in Rwanda is still low while demand is high. The housing produced also does not match the purchasing power of most Rwandans. Most Rwandans access housing through informal practices since the formal sector is unable to offer all-inclusive housing schemes. Public agencies such as the Development Bank of Rwanda, Rwanda Housing Authority, and Rwanda Social Security Board are the main developers of affordable housing units, along with registered real estate agencies.\textsuperscript{41}

There have been delays in construction affecting the total supply in the market, in part a result of COVID-19. The proposed restructuring of the RHFP to include the provision of infrastructure for affordable housing development projects would support the Government of Rwanda’s COVID-19 response.

Kigali houses almost half of Rwanda’s urban population and, according to a Housing Market Study for Kigali, it is estimated that the total housing needs between 2012 and 2022 will be 458,256 units, 344,067 of which are yet to be constructed. This is made up of 43,436 units for social housing (12.6%), 186,63 affordable housing units (54.1%), 112,867 mid-range housing units (32.8%) and 1,601 premium housing units (0.5%).\textsuperscript{42} An estimated 22,000 housing units being developed through public private partnerships are in different stages of preparation.\textsuperscript{43}
The Rwanda Social Security Board has also undertaken housing projects and was expected to complete 10,000 affordable housing units in the 2020/21 fiscal year. These units will cost between RFW 50-200 million (US$12.181-35.528) depending on the size of the unit. They aim to address the structural challenges in the Rwandan housing finance market.

Properties and legislation

Rwanda's affordable housing sector is governed by a policy and legislative framework that begins with Vision 2050, the National Land Use and Development Masterplan and the National Strategy for Transformation 1, all of which include highly detailed implementation plans and targets. Many of these are expected within the next three years, by 2024. The NST 1 (2017-2024) is being implemented through nine sector strategic plans. These include the Financial, Urbanisation and Rural Settlements Strategic Plans. They aim to assist low-income earners in Rwanda to own homes made in an affordable and sustainable manner.

The government, through the National Bank of Rwanda, has put in place regulations governing mortgage refinance companies, aimed at promoting sustainable mortgage refinance business. This will be made possible through the provision of long-term funds through capital markets.

A particularly innovative intervention introduced by the Rwanda Land Management and Use Authority is an information inquiry portal where people seeking to buy land or a house can confirm land ownership, check land area, land use, whether the property has a mortgage registered against it, or verify other restrictions or transactions relating to that property.

Opportunities

Rwanda's underdeveloped housing finance sector provides an opportunity for investors, both local and in the diaspora. Some lenders have explicitly noted the investment interest of Rwandans in the diaspora to build quality homes back home. As Rwanda grows its formal residential construction industry and sharpens the financial instruments available to support it, these will be very important investment targets.

The key opportunity, however, is in packaging a housing and finance offering that explicitly responds to actual household affordability — that is, households at the bottom end of the pyramid who are currently unable to meet their needs with the products on offer. It is this segment of the market that is growing and urbanising at a rate currently unmet by affordable housing delivery. New construction technologies, such as the earth bag, have been introduced in Rwanda's housing sector. This low-impact and highly durable building technique aims to assist low-income earners in Rwanda to own homes made in an affordable and sustainable manner.

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To further promote access to housing finance and capital market development in Rwanda, the Government of Rwanda developed the RHFP in alignment with the World Bank Group strategies. The five-year project is aimed at addressing the structural challenges in the Rwandan housing finance market.
Availability of data on housing finance (cont)

Information on the performance of the housing sector for the year 2020/21 is yet to be published. Furthermore, there are no statistics on the impact of COVID-19 on the housing sector although it is generally agreed that the sector was affected. Evidence of this is the stalled implementation of some projects and also government’s inability to deliver on its commitment to support infrastructural developments for affordable housing projects.

Information on policy housing and regulation is accessible however data on the actual performance of the sector is not published regularly.

Additional sources


Websites
Rwanda Housing Authority https://www.gha.rw/index.php?Id=41
Rwanda Development Board http://rdb.rw/
National Bank of Rwanda https://www.bnr.rw/home/
Access to Finance Rwanda https://afr.rw/
Development Bank of Rwanda https://www.bbrd.rw/
São Tomé and Príncipe

Joseph Tembe

Overview
The Democratic Republic of São Tomé and Príncipe (São Tomé and Príncipe) is Sub-Saharan Africa’s smallest country by land surface, consisting of two main islands and several islets, totalling 1011km². São Tomé and Príncipe had an estimated population of 210,240 people in 2020. High levels of poverty and joblessness have resulted in a housing deficit of 60% although there are no details of a segment breakdown. The World Bank recorded in 2018 that 86% of the population lived in slums or inadequate housing. The country has a high debt level, with a low ratio of tax revenue to Gross Domestic product (GDP) and as such relies heavily on external support. São Tomé and Principe therefore has a major housing crisis but does not have government funds to tackle the crisis.

The economy of São Tomé and Principe is based mainly on subsistence agriculture and fisheries, and relies on foreign grants, which exceeded 10% of GDP in recent years. Exports of goods amounted to only 4% of GDP in 2019. The country is dependent on cocoa, tourism, and hospitality. Public debt rose to 104.9% of GDP in 2020 from 94.8% in 2019, with the current account deficit widening to 17.5% of GDP in 2020 from 16.6% in 2019 due to the reduction in tourism and cocoa receipts. The fiscal deficit was estimated to widen to 5% of GDP in 2020 from 2.4% in 2019 as a result of falling tax revenues. The economy contracted by an estimated 6.4% in 2020, after growing by 2.2% in 2018 and 1.3% in 2019. The contraction in output can be attributed to a sharp decline in the tourism and service sectors, and subdued aggregate demand, mainly due to the restrictions of the COVID-19 lockdown. Decreased demand in the tourism and service sectors also affected the transport, construction and manufacturing sectors.

Annual inflation increased to 9.1% in 2020 from 7.7% in 2019 due to shortages of food and other essential goods caused by the impact of COVID-19 on the country. The economy is projected to grow by 2.1% in 2021 and 5.4% in 2022 as a result of increased export demand for cocoa, chocolate, and palm oil and the gradual resumption of tourism. However, the country is still likely to face a potentially longer shock from COVID-19 that 86% of the population lived in slums or inadequate housing. The country has a high debt level, with a low ratio of tax revenue to Gross Domestic product (GDP) and as such relies heavily on external support. São Tomé and Principe therefore has a major housing crisis but does not have government funds to tackle the crisis. The economy of São Tomé and Principe is based mainly on subsistence agriculture and fisheries, and relies on foreign grants, which exceeded 10% of GDP in recent years. Exports of goods amounted to only 4% of GDP in 2019. The country is dependent on cocoa, tourism, and hospitality. Public debt rose to 104.9% of GDP in 2020 from 94.8% in 2019, with the current account deficit widening to 17.5% of GDP in 2020 from 16.6% in 2019 due to the reduction in tourism and cocoa receipts. The fiscal deficit was estimated to widen to 5% of GDP in 2020 from 2.4% in 2019 as a result of falling tax revenues. The economy contracted by an estimated 6.4% in 2020, after growing by 2.2% in 2018 and 1.3% in 2019. The contraction in output can be attributed to a sharp decline in the tourism and service sectors, and subdued aggregate demand, mainly due to the restrictions of the COVID-19 lockdown. Decreased demand in the tourism and service sectors also affected the transport, construction and manufacturing sectors.

Annual inflation increased to 9.1% in 2020 from 7.7% in 2019 due to shortages of food and other essential goods caused by the impact of COVID-19 on the country. The economy is projected to grow by 2.1% in 2021 and 5.4% in 2022 as a result of increased export demand for cocoa, chocolate, and palm oil and the gradual resumption of tourism. However, the country is still likely to face a potentially longer shock from COVID-19 with growth prospects constrained by an increase in poverty due to job losses triggered by the pandemic. COVID-19 resulted in 8,000 new households falling into poverty in the country, in addition to the 24,000 households already below the poverty line. Real GDP growth in 2020 was initially estimated at a positive rate of 3%, but there are significant risks and uncertainties to this outlook due to the pandemic.

Access to finance
The São Tomé and Principe Central Bank (Banco Central São Tomé e Príncipe) has a supervisory role over the national financial system and defines monetary and exchange rate policies in the country. The Central Bank is mandated to contribute to the economic and social development of the country through its intervention as monetary and exchange authority. It has licensed five commercial banks that provide banking services to the public. These are Energy Bank, Banco Internacional de São Tomé e Príncipe (BISTP), Ecobank São Tomé and Príncipe (Ecobank), Afirland First Bank São Tomé and Príncipe (Afirland) and Banque Gabinatoire et Française Internationale (BGFI) Bank. A number of these banks are foreign run and headquartered outside São Tomé and Principe.
The uncertain macroeconomic conditions created by COVID-19 have affected the banking sector. Credit growth to the private sector began decelerating in March 2020 and reached approximately 0.1% by September 2020, compared to 5% at the end of 2019.77 Challenging economic conditions have begun affecting banks’ ability to secure incoming repayments and, by the end of September 2020, non-performing loans (NPLs) rose to approximately 34% of total loans, compared to almost 27% in December 2019.18 Public sector debt is high, driven mainly by oil imports for power generation, accounting for 22% of total imports in 2020.19

According to the International Monetary Fund’s 2020 Debt Sustainability Analysis, the country is classified as being in debt distress due to prolonged unsettled external arrears, but public debt is deemed sustainable in the long term.20

Public debt is projected to decrease to 100.2% of GDP in 2021 and 96.4% in 2022 due to ongoing investment in alternative power sources and fiscal reforms,21 which include stepping up reforms in the public utility company Empresa de Água e Electricidade to improve energy supply and contain losses.22 These reforms are fuelled by the need for permanent solutions for electricity shortages and accelerating development of alternative sustainable energy sources. This would contribute to providing a reliable and cheaper electricity supply.23

The introduction of a value-added tax of 15% in 2020 is estimated to improve revenue collection and bolster the fiscal position. Which, in turn, will create fiscal space for investment in public infrastructure.23 To ensure adequate liquidity, in April 2020, the Central Bank reduced reserve requirements, lowered the discount rate for the liquidity facility, and suspended plans to issue certificates of deposit to control excess liquidity.25 In addition, the Central Bank encouraged banks to offer a six-month moratorium on loan repayments for non-delinquent borrowers affected by the pandemic.26 The introduction of a new payment system, capable of processing international credit cards, was scheduled for early 2021. A bureau for financial inclusion was recently established at the Central Bank. A working group, tasked with finalising a national strategy on financial inclusion has also been put in place.27

The pandemic has frustrated efforts in liquidating two banks in the country; Banco Equador and Banco Privado, despite a commitment to do this by the end of 2021. Following an unsuccessful attempt to sell assets, the authorities have chosen to turn over Banco Equador’s assets to the court system. No sale has materialised for Banco Privado, which lost its licence for non-compliance with Central Bank’s directives and not for insolvency. If the sale is not concluded and no other solution is found, Banco Privado’s remaining assets will also have to be turned over to the court system. The pandemic has also resulted in another small bank, Energy Bank, having liquidity constraints. This bank has been placed under Central Bank temporary administration as of November 2020 and, if found not to be viable, will be placed in liquidation.28

In 2019, credit to the economy by banks remained low as they were saddled with a large number of legacy Non-Performing Loans (NPLs), which comprised approximately 25% of total loans. This was exacerbated by a court system which impedes loan collection.29 In 2019 overdue credit was concentrated in three economic sectors namely trade, consumption and construction/housing.30 The lending market for housing developers and retail lenders is consequently poorly developed. In 2016, only 48% of the population had a savings account, 7% of small and medium-sized enterprises had a bank loan and less than 5% had access to consumer loans.31 The lending interest rate of commercial banks as of 2019 was 19.1%,32 and the Central Bank interest rate was 9% at the end of 2019.33 Loan lengths vary significantly, from one year to 37 years. Interest rates earned on deposit accounts are relatively low, at below 4%, pointing at significant spreads. Credit to the construction sector is provided mainly by one bank, and to a large degree the same is true for lending to tourism and manufacturing. In 2018 most loans were to individuals (97%), although the value of loans to firms represents 7%.34

São Tomé and Príncipe’s global rankings on the ability of businesses and citizens to get credit are mixed. According to the 2020 World Bank Doing Business report, São Tomé and Príncipe has a relatively strong score on the credit registry coverage at 21.5. However, there is no collateral registry nor priority for secured collateral holders in cases of insolvency. The country scores five on depth of information, but zero on credit bureau coverage.35 All indications are that little has been done to provide innovation to allow greater access to finance for poorer citizens, and access to credit is generally considered low. BISTP’s website provides information on mortgage products, specifically for acquisition, construction, recovery or expansion of housing and improvement works. BISTP can finance up to 100% of the value of construction works or purchase of a home with the option of financing up to 50% of the guarantee amount. The mortgage interest rate is set up to 8% a year or 5% with a financial guarantee or security. The repayment term can be up to a maximum period of 240 months (20 years).36

**Urban informality**

The World Bank recorded in 2018 that 86% of the population lived in slums or inadequate housing. There is no information on how the country is addressing the inadequate housing issues other than through introducing structural and economic reforms to reduce debt and increase income through increased tax collection. Only once the economic situation has been improved can the São Tomé and Príncipe government commit to funding infrastructure and development to support housing, unless it is able to access additional external support.

According to the World Bank, in 2020 São Tomé and Príncipe had an urbanisation rate of 2.9% and a population growth rate of 1.9%. UNICEF reported in 2020 that 42% of the urban population has access to a clean source of water (piped source) and that 48% of the urban population has access to sanitation.

**Affordability**

The country is ranked 135 out of 189 countries and territories in the United Nations Development Programme’s Human Development Index (HDI).37 Between 1990 and 2018, São Tomé and Príncipe’s HDI value increased from 0.437 to 0.639, an increase of 39.3%.38 Estimates based on surveys for 2014 to 2019 show that 66.2% of the population live below the national poverty line.39 The unemployment rate remains relatively high at 8.9% (2017)40 and joblessness mainly affects youth aged between 15 and 24 years.41 urban areas and southern districts such as Caué and Lembá have higher levels of poverty.42 Given the restricted diversity of the economy, the government is the main formal employer.

The price of the cheapest, newly built house by a formal developer or contractor in an urban area is Db1 225 000 (US$58801) and the size is 80m². The typical monthly rental price for these houses built by a formal developer or contractor in an urban area is Db12 250 (US$5588) and the construction labour cost per square meter for the cheapest, newly built house is Db6 125 (US$294). The total construction cost per square meter is Db4 900 (US$235). The minimum size of a residential plot in urban areas is 300m². The typical annual rent per square meter for residential dwellings in the main urban centre is Db4 410 (US$ 212).43

**Housing supply**

São Tomé’s land tenure system is a mixture of private land ownership and usufruct – the latter being a right to use land without holding formal title. Most land – 86% – is state-owned.44 The country is divided into seven districts: Água Grande, Cantagalo, Caué, Lembá, Lobata and Mé-Zochi, located on São Tomé and the Autonomous Region of Príncipe district, on Príncipe. Each of the districts are their own administrative bodies.45

Responsibility for the administration of urban land rests with the Ministry of Infrastructure, Natural Resources and Environment. Not all privately held land plots in the largest business city are formally registered or mapped.46 According to the most recent census, conducted in 2012, most São Tomeans own their homes.47 Houses are primarily made from wood, with 64.8% using new wood for construction and 15.3% using reclaimed or salvaged wood. Over half the population does not have access to basic sanitation services and 16% of the population does not have access to basic water services.48 Water supply needs to be improved in rural areas, which suffer from water scarcity and poor sanitation infrastructure. Increased development has resulted in informal settlements without proper water, sanitation and energy infrastructure being commonplace.49

A China-financed social housing project, which stems from the reestablishment of diplomatic relations between the two countries in December 2016 is near

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*Note: All monetary values are in São Tomé and Príncipe Dobra (Db) and US dollars (US$).*
Opportunities
Conditions for growth for small, vulnerable and island-based economies like São Tomé and Príncipe is based on macroeconomic stability and tourism. The reform and development of these sectors is ongoing, and should lead to greater economic growth if sustained. The strict measures put into place to curtail the impact of COVID-19 has led to significant losses in the tourism industry, which has been a primary driver of private sector growth in recent years and the source of a large share of the country’s formal employment opportunities. However, the government is pressing ahead with reforms that should facilitate private investment, help the development of the tourism sector, and promote more resilient and inclusive growth.

Availability of data on housing finance
Banco Central de São Tomé e Príncipe, which serves in a supervisory role over the national financial system and defines monetary and exchange rate policies in the country, is a good source of information on the housing sector. It publishes statistics and information on the banking sector as well as annual reports. However, information on the mortgage products available is difficult to source and the role of regulatory authorities in monitoring the finance and housing sectors is weak. As a result, key statistical data is not available. A challenge of countries like São Tomé and Príncipe, where banks are mainly foreign run, is obtaining detailed, disaggregated financial data on their businesses, within the host country itself. As a rule, they report on their total activities and not country level.

The National Statistics Institute of the Democratic Republic of São Tomé and Príncipe is a source of housing data but most of the information on the website is not recent, with the most recent census information available dated 2012. It does publish other recent information such as population estimates.

Additional sources

Websites
The International Monetary Fund https://www.imf.org/en/Countries/STP
Energy Bank http://www.energybanksaotome.com/loans-services.html
BGFI Bank: https://sao.groupebgfbank.com/en/
Afirland Bank: https://afirlandfirstbankst.com/
Ecobank https://ecobank.com/personal-banking/everyday-banking

The Sao Tomé and Principe is in implementing a digital Registry and Notary Information System. To support policy decisions. and transport directorate is also being reformed, to avoid data duplication and simplified and reduced court fees. enforcing contracts easier by adopting a new code of procedural costs that is ongoing. The country uses a title registration system and the institution in charge is the Código dos Registos Predial e Notarial Lei nº 12/2018 e 14/2018. Subject to a state guarantee according to Código Registro Predial 1968 and Código dos Registos Predial e Notarial Lei nº 12/2018 e 14/2018. The Sao Tome First Instance Tribunal (Tribunal de Primeira Instancia de Sao Tome) is in charge of a case involving a land dispute between two local businesses over tenure rights. A title registration system is used and the institution in charge is the Conservatória do Registo Predial de São Tomé.

Policy and legislation
The government has established a National Land Use Planning and Cartography Directorate, mainly responsible for managing and allocating land, managing natural and protected areas, ensuring sector land distribution, and planning major infrastructure by zone. The lack of digitised information is being tackled by implementing a digital Registry and Notary Information System. The lack of inter-operability of information systems between the cadastre, tax administration and transport directorate is also being reformed, to avoid data duplication and support policy decisions.

The o dos Registos Predial e Notarial Lei nº 12/2018 e 14/2018 law requires that all property sale transactions are registered at the Conservatória do Registo Predial de São Tomé to make them opposable to third parties and registration is subject to a state guarantee according to Código Registro Predial 1968 and Código dos Registos Predial e Notarial Lei nº 12/2018 e 14/2018. The Sao Tome First Instance Tribunal (Tribunal de Primeira Instancia de Sao Tome) is in charge of a case involving a land dispute between two local businesses over tenure rights. A title registration system is used and the institution in charge is the Conservatória do Registo Predial de São Tomé.

The 2020 World Bank’s Doing Business report places São Tomé and Principe at 170 out of 190 economies, the same position as 2019. São Tomé and Príncipe has a deeds and title registry and it takes 52 days to register property in the country. It costs 10.2% of the property value to register title.

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Overview

Despite high economic growth in Senegal, reducing poverty and inequality has been disappointing over the past decade.\(^1\) Since 2001, Senegal has had several periods of strong economic growth – including recently between 2014 and 2019, before COVID-19.\(^2\) Growth forecasts, initially set at 5.2% for 2021, have been revised downwards to 3.7% for 2021 and 5.5% for 2022.\(^3\) This is mainly due to the resurgence of COVID-19 among Senegal’s main trading partners and the rise in commodity prices.

The social emergency, growing inequality and lack of prospects for young people, exacerbated by COVID-19, were at the origin of what could be called “the Senegalese protest of March 2021.” These social protests prompted the government to revise its priorities in terms of managing the pandemic and addressing youth unemployment, such as the “Emergency Programme for Youth Employment and Economic Integration.”\(^4\) The amount of this programme, spread evenly over the period 2021 to 2023, is 3% of gross domestic product (GDP). The impact of this crisis has also pushed the government to adjust\(^5\) its National Development Plan. This new strategy, called the Adjusted and Accelerated Priority Action Plan (PAP 2A) 2019-2023, provides new measures likely to keep the country on the path to development. With a planned investment of CFA935.3 billion (US$1.69 billion), i.e., 7.7% of the total cost of the said plan, the urban planning and housing sector is an essential pillar of PAP 2A.

When analysing housing programmes implemented since the 1950s, it becomes clear that three bottlenecks slow down the massive production of housing and prevent access to decent housing in large numbers and at affordable prices: financial and operational difficulties, securing land, and site development. To find a solution to these constraints, the State of Senegal has been rolling out an ambitious programme to build 100 000 housing units over five years (since 2017). To this end, the presidential meeting on housing finance held on 26 February 2021 constitutes a decisive turning point in social housing policy. On this occasion, important presidential directives were issued to rapidly deploy the project. These include, among others, the revitalisation of housing cooperatives and the promotion of high-rise construction.

Access to finance

Senegal’s banking network will have 26 banks\(^6\) and four financial institutions by 2021. This consolidates the important place of Senegal in the financial dynamism of the West African Economic and Monetary Union (WAEMU).

Various actors are involved in financing affordable housing: the State (via subsidy instruments), technical and financial partners (a World Bank International Development Association grant through the UEMOA Projet sur le Financement du Logement Abordable (FPLA), Qatar, and the French Development Agency (AFD), the Senegalese Housing Bank...
In Senegal, financial institutions surmount real difficulties to finance mortgages through their deposits, the BCEAO and the WAEMU Regional Mortgage Refinancing Fund. The maximum term of residential mortgages is 25 years and 29 mortgage providers are listed in 2021. Financing organisations can also today, to a lesser extent, benefit from the subsidy instruments set up by the State of Senegal, namely the Guarantee Fund for Access to Housing (FOGALOG) and the Social Housing Fund (FHS). These funds are supplied by a contribution from cement manufacturers on the sale of cement (2%), other specific taxes, donations and bequests, and by other resources set aside in financing agreements intended for the promotion of social housing.

The microfinance sector is dynamic and provides financial services to all categories of Senegalese in all the country’s urban and rural areas. At the end of 2020, approval was withdrawn from 10 microfinance institutions. Thus, the number of decentralised financial services decreased from 304 in 2019 to 294 in 2020. In the first quarter of 2021, the sector recorded outstanding loans of CFA477 billion (US$862.6 million), deposits of CFA395 billion (US$714 million) and 97,278 beneficiaries. Microfinance is considered a home improvement loan. The amounts granted are limited and the repayment periods are relatively short (between two and five years) compared to mortgage loans.

To support the ongoing economic recovery, the BCEAO opened a “Special Refinancing Window” in August 2021 to help WAEMU governments meet the financing needs of the recovery. The amount of bonds eligible for the new refinancing window for Senegal is equivalent to 4% of forecast GDP for 2021.

**Affordability**

The impact of COVID-19 has delayed the first achievements of the 100,000-Housing Programme. The 200 housing units in the delivery phase on the Bambilor site, with a maximum unit value of CFA12 million (US$21,690), expected in the second quarter of 2021, have been delayed until the end of 2021. This is because the remaining measures to contain COVID-19 would make it difficult for tenants households residing in Dakar, particularly those who derive most of their income from the informal and private sectors, to meet expenses such as rent, due to the loss of income.

Based on the declared incomes of households surveyed in Senegal in 2019 by CAHF, and assuming a monthly repayment term of CFA68,627 (US$160), a household would need a minimum monthly income of CFA295,000 (US$533) to meet a maximum commitment of 30% of its income. The poorest (26%) would thus be excluded from access to housing due to insufficient resources. And if we apply the income threshold necessary to benefit from social housing, which is CFA450,000 (US$813) or less, 43% of households would be at the limit of this threshold and only 26% would have the necessary resources. Finally, the richest 6% exceed the eligibility thresholds for social housing. The cheapest newly built house in 2021 by a developer or contractor and located in an urban area is CFA16,500,000 (US$29,825) and this remains inaccessible for the majority of Senegalese.

The incentive tax system set up for developers and home buyers, and the initial results of the Housing Access Guarantee Fund (FOGALOG), among other strategies, should help to reduce the imbalance and support the affordability of housing. Furthermore, through the Social Housing Fund (SHF), home buyers with modest or informal incomes will benefit from a guarantee and subsidy system.

**Housing supply**

A difficult-to-access financial market means that few operators invest in building affordable housing in Dakar and its immediate suburbs: 80% of loan requests to the banking sector for micro, small and medium-sized enterprises are refused for lack of collateral.

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**Urban informality**

Senegal will be 49% urbanised by 2021, with a population growth rate of around 3% in 2020. Urban sprawl, aggravated by the housing shortage, strong land pressure, particularly in the Dakar region, and anarchic development of the territory leads to urban informality: 30% of the Senegalese population lives in informal or precarious neighbourhoods. Although significant efforts have been made, access to drinking water and sanitation is not yet widespread. Access is almost universal in the urban area of Dakar (97.0%) and to a lesser extent in the other regions (82.0%).

Senegal has undertaken several reforms to facilitate access to housing through a transformation of the urban landscape: the “Zero Slums Programme”, which has been running since 2018, is an intersectoral and multi-institutional programme that aims to improve the living environment and conditions of more than 4 million people, of which more than 500,000 households are living in slums, before 2035.

Access to property is one of the markers of successful social integration. Expenditure on housing is the second largest item of household expenditure in Senegal, after food. The low-rise house is the most common type of housing in Senegal, regardless of area. Indeed, at national level, more than six out of 10 households live in low-rise houses. In the Dakar urban area this proportion is 45.6% and in other urban centres 81.9%, and this compares to 70.0% for rural households. The importance, however, of multi-storey houses in the Dakar urban area shows that one household out of two occupies this type of dwelling and that 3.6% of households occupy an apartment in a building, while 24.0% of rural households live in huts.

Despite continuing efforts of the State, the housing deficit is chronic, judging by the proliferation of informal settlements and the steady rise in rents and land prices. The large number of irregular settlements, the absence of urban planning and land titles, the multitude of small plots and irregular buildings, narrow streets, and sandy roads are the main characteristics of precarious neighbourhoods in the Dakar area. These neighbourhoods are frequently located in flood-prone areas.

Two public developers exist in Senegal SNHLM and SICAP. These institutions have made a major contribution to the development of housing in Senegal, and in Dakar in particular, and they enjoy the population’s trust. However, it seems that the State’s support for these developers has considerably decreased. In addition, they are facing strong competition from new players seeking efficiency, such as the Institut de Prévoyance Retraite du Sénégal (IPRES) and the Caisse des Dépôts et Consignations through its real estate subsidiary CGIS SA. This explains the annual production of barely 600 housing units for the two public developers combined.

The strategy adopted by the authorities to reduce the housing deficit and to stimulate production of housing is evinced by the state project of 100,000 housing units. However, this programme is slow to gain momentum, though progress has been made in terms of technical and administrative structuring.

The urban centre of Daga Kholpa, located next to the new town of Diamniadio, plays a key role in this new strategy. It provides for the construction of 61,000 housing units over a surface area of 12,000ha intended for housing. Of the 12,000ha, 60% is dedicated to social housing and 40% to high-end housing projects. This centre, which benefits from the support of a development company, SAFRU SA, will also serve as a solution for the strong demand of the Senegalese diaspora for developed land and finished property. For the time being, 50ha has been mobilised on a site in the commune of Bambilor to erect the “diaspora city,” an integral part of the 100,000-Housing Programme. The housing programme is attracting the interest of foreign investors and developers. Indeed, to make up for the delay in the results of this programme, the Emirates Gate Investment Group (EGI) is committed to building 50,000 homes in two years.
Property markets

Real estate is undoubtedly one of the most dynamic sectors in Senegal, with housing activity generating more than CFA200 billion (US$362 million) per year. The sector’s dynamism has faded somewhat with COVID-19, illustrated by the decrease in salaried employment in the sector from 1,156 in the second quarter of 2020 to 880 in the fourth quarter of the same year. However, activity should be bolstered by the start of the accelerated phase of the 100,000 Housing Programme on the Bambilor site, the ongoing construction of 28,000 housing units on the outskirts of Dakar and in the interior of the country, the continuation of the development of the Diamniadio urban centre, as well as social housing programmes (imminent start-up of the Diaga Kolupa urban centre), and the revitalisation of public housing production instruments (SNHLM, SICAP SA).

This development push is supported by a more optimistic residential market.

In 2021, demand will remain higher than supply in the real estate market. The Ministry of Urban Planning, Housing and Public Hygiene (MULHP) has stated that there is a deficit of 325,000 housing units, which should increase by 10% each year.

In Senegal, more than seven out of 10 households own their home: 39% are owners with title and 31.8% are owners without title. Tenants represent 17.8% of households. On the other hand, a fraction of households is housed free of charge either by relatives or friends (7.3%) or by their employer (0.4%).

The constant and exponential increase in the price of a square metre is an aggravating factor in the inaccessibility of housing for the majority. Indeed, the average monthly rent in a newly built apartment is CFA139,308 (US$251) in the first five months of 2021.

Policy and legislation

In addition to self-build, which accounts for 80% of the housing stock, it is the parasitical real estate companies, private developers and housing cooperatives that produce housing in Senegal. The State does not build housing but limits itself to a role of impetus, orientation, supervision and regulation of the sector.

From 1980 onwards, Senegal’s political decision-makers set up specific instruments for social housing. Important reforms on housing financing were introduced with the creation of the Fund for the Improvement of Housing and Urban Development (FAHUL) in 1977 and the BHS in 1979, the main purpose of which was to finance housing.

Today, with the new strategic orientation of housing policy, the intervention of the State is limited and concerns certain aspects related to land, financing and taxation.

The creation of the Société d’Aménagement Foncier et de Rénovation Urbaine (SAFRU), the Fonds de l’Habitat Social, FONGIP/FOGALOG, are more than ever public instruments, created to support the State’s willingness to offer social and economic housing to the Senegalese population.

The implementation in July 2021 of a one-stop shop under the Minister of Urban Planning, Housing and Public Health truly complements the existing system. This tool will considerably relieve the administrative procedures and formalities decreed by users of the public service due to their complexity and red tape, especially in land and tax matters. Moreover, the reform of the Urban Planning and Construction Code, launched in February 2021 will naturally integrate and take into account the presidential directives for better implementation of the housing policy.

Opportunities

According to the Doing Business 2020 report, Senegal is one of the Sub-Saharan African countries that have made the most progress in improving the business environment (123rd in 2020 against 141st in 2019).

The urban centres and the policy of modernisation of cities represent an opportunity to improve housing quality and supply. With strong support from the state, developers and investors should explore the rental housing market.
Availability of data on housing finance

Insufficient and inaccurate market information is a major constraint that slows down the production of large numbers of housing units and, in turn, makes lenders reluctant to undertake large-scale construction projects. In Senegal, data are available from several national and international institutions.

The ANSD, the major data provider in the country, collects and publishes its data through reports on censuses, household surveys, and monographic studies. It is followed by the administrative structures of urban planning, construction and housing, the land registry and finance, as well as private institutions such as the BHS (which collects its data from developers and loan clients), investment companies, and property developers.

WAREMUL, with a view to supporting policies at national level, as well as the implementation of social housing production projects and urban land development for the urban poor, has set up a Centre of Excellence for Housing. This will function as a dynamic platform for the production and exchange of housing data and will allow production of national data on a regular basis (every 2-3 years).

Additional sources

Decree No. 2018-89 setting the terms and conditions for the provision of plots of land for the urban centre of Daga Khola
Support and advice to the Daga Khola development operation, diagnostic report and action plan.

Websites

National Agency for Statistics and Demography (ANSD) www.ansd.sn
Central Bank of West African States (BCEAO) www.bceao.nt
Direction de la Prévision et des Études Économiques www.dpee.sn
Directorate of Regulation and Supervision of Decentralized Financial Systems (ORS-SFD) www.ORS-SFD.gouv.sn
Microfinance Directorate www.microfinance.sn
Priority Investment Guarantee Fund www.fongip.sn
Société d’Aménagement Foncier et de Réforme Urbaine www.safuru.sn
Overview

The Republic of Seychelles is an archipelago nation comprising 115 small islands to the east of the African continent. In 2020, the country had an estimated population of 98,462, a slight increase from 2019 when it was estimated at 97,625. In 2020, 57.55% of the population (approximately 56,661 people) lived in urban areas. The capital city of Seychelles is Victoria, the largest and most populous city in the country located on the largest island, Mahé Island, which has an area of 155km². The urbanisation growth rate for the Seychelles was assessed at 1.6% in 2020. A rise in population growth rates and economic development over the years has put pressure on the limited land in the country. To make space for the expanding population and economic activities, the government has reclaimed several new islands to the east of Mahé. The government is also the main provider of affordable housing through various housing assistance schemes and subsidies. The scarcity of land in the mainland has resulted in urban sprawl especially in the main Mahé Island, but there are no identifiable slums in the country.

The Seychelles economy is largely dependent on services, with tourism and fisheries being the highest contributors to the Gross Domestic Product (GDP) due to the country’s beach and ocean resources. It has been described as a robust economy, which reached high income status in 2015. Its GDP per capita in 2020 was Rs166,157 (US$11,425). This shows a significant decrease compared to 2018 which was Rs238,387 (US$16,391).

Economic growth has suffered from the heightened travel restrictions imposed by the pandemic, which have hit tourism, one of the major drivers of the economy. The Central Bank of Seychelles in its 2020 Annual Report noted that COVID-19 caused foreign exchange inflows from tourism to fall from a normal daily average of Rs43,629,000 (US$3,000,000) to around Rs14,543,000 (US$1,000,000) before stabilising at a new average of around Rs21,814,500 (US$1,500,000). According to this report, direct income from tourism was estimated to have contracted by 62% in 2020 while accommodation and food services also contracted by 67%. This is significant for an economy which is highly reliant on services. The rupee also depreciated against the US dollar from an average of Rs14,06 to Rs18,00 in 2020. This contributed to the rise of the inflation rate from 1.7% in 2019 to 3.8% in 2020, the highest since 2016.

To contain the effects of the pandemic on the economy, the country instigated measures to decrease the demand for foreign currency, reduce job losses and maintain food security. Such policies included a 25% reduction of monthly repayments for Seychellois who had housing loans from the Housing Finance Company. The said reduction started in March 2020 to decrease the demand for foreign currency, reduce job losses and maintain food security. To contain the effects of the pandemic on the economy, the country instigated measures to decrease the demand for foreign currency, reduce job losses and maintain food security. Such policies included a 25% reduction of monthly repayments for Seychellois who had housing loans from the Housing Finance Company. The said reduction started in March 2020 to decrease the demand for foreign currency, reduce job losses and maintain food security.

Access to finance

The country’s financial sector continues to be robust despite the blow to the economy in 2020 from COVID-19. Its well-developed financial system is regulated by both the Central Bank of Seychelles (CBS) and the Financial Services Authority. Seychelles has nine banks
affordability

Loan scheme (2nd HLS), house extension scheme (Hse. Ext.), home improvement

maximum loan amount under this scheme is Rs175,000 (US$12,033) with a

loan schemes of the HFC allow up to 70% of Seychellois

maximum loan is Rs150,000 (US$10,314) and loans are offered at an interest rate

lenders to access the upper middle income to upper income groups while HFC

 qualify for the subsidised properties. In 2014, the government introduced the

government’s constructed houses. The company further grants the opportunity

10% through a home savings scheme to enable Seychellois to qualify for the

bracket to achieve affordability, the HFC accepts a minimum down payment of

state-owned housing finance company (HFC) is the biggest housing finance

difficult it is for Seychellois to access credit from the financial market.

In housing finance, 10 residential mortgage providers operate in the Seychelles,

interest rates ranging from 7% to 20%. The housing finance company is the

the biggest mortgage provider. It is a 100% government-owned company which

provides mortgages to Seychellois for land purchase, house construction, and home improvements. HFC has six schemes namely: Full Housing Loan (HL), 2nd Housing Loan Scheme (2HL), House Extension Scheme (Hse. Ext.), Home Improvement Loan (HIL), Land Loan and Land and House Loan. The purpose of the HL is to construct a new house and to be eligible, the applicant must be a sole or co-owner of a plot of land and must not be a pensioner. The maximum loan term under this scheme is 30 years depending on the applicant’s age while the maximum loan amount is Rs500,000 (US$37,399) depending on the size and age of the applicant. The 2nd HL is for the construction of a second house. The maximum loan amount under this scheme is Rs175,000 (US$12,033) with a maximum loan term of 30 years, depending on the age of the applicant. The applicant under this scheme must have permission to build from the owner of the property and the area of the house plan must be 55m² to 60m². The House Extension Scheme is for the construction of bedroom and bathroom only. The loan term and interest rates are determined by HFC and the maximum loan amount is Rs75,000 (US$5,157) with a size not exceeding 20m². The HL on the other hand is for minor maintenance and renovation, with a maximum loan amount of Rs50,000 (US$3,438) depending on the applicant’s age, at a fixed loan term of five years. The monthly repayment for HIL is between Rs1,000 (US$69) and Rs1,100 (US$76). Land loan is for the purchase of land from government or from a private individual and the applicant must have a promise of sale. The maximum loan is Rs150,000 (US$10,314) and loans are offered at an interest rate of 1.1%. The Land and House loan is for the purchase of an existing property and offered at a maximum term of 30 years. The applicant must have a promise of sale and the maximum loan amount is Rs500,000 (US$34,380) subject to the applicant’s sustainability of the loan and the value of the property.

The Seychelles has no microfinance sector stakeholders. The country was ranked

100th out of 190 countries globally in 2020 by the World Bank’s Ease of Doing Business ranking, with a score of 61.7 out of 100. In terms of ease of getting credit, the country ranked 144th with a score of 35 out of 100. This shows how difficult it is for Seychellois to access credit from the financial market.

Affordability

The state-owned housing finance company (HFC) is the biggest housing finance

provider and has allocated over 90% of all housing loans in the country. The six

loan schemes of the HFC allow up to 70% of Seychellois to climb the property

ownership ladder, depending on their incomes and circumstances. To widen the

bracelet to achieve affordability, the HFC accepts a minimum down payment of

10% through a home savings scheme to enable Seychellois to qualify for the

government’s constructed houses. The company further grants the opportunity

for applicants who are unable to raise the 10% down payment to demonstrate their

ability to commit to saving 10% of their monthly incomes so that they can qualify

for the subsidised properties. In 2014, the government introduced the

Smart Subsidy Scheme to promote a greater opportunity for private sector

lenders to access the upper middle income to upper income groups while HFC

focuses on its developmental mandate to cover low income groups. This scheme

has allowed first-time homeowners in the target group to buy or build a residential
dwelling of a value higher than they could have afforded without the subsidy.

Other housing assistance schemes offered include the Social Housing Scheme and Condominiums. While social housing is targeted at first-time buyers, condominiums are targeted at the professional and semi-professional individuals who may have the means to buy homes or sustain loans at commercial interest rates. Applicant contributions of at least 24 months are compulsory for eligibility for the social housing scheme.

Housing supply

In 2014, the government of Seychelles introduced housing subsidy schemes to

increase access to affordable construction and to ease access to home ownership for a targeted sector of the population. The policy was mainly for first-time buyers to get assistance from government through fund allocations to the financial institutions to disburse as housing subsidies to qualified applicants. Seychellois citizens who are fully employed or self-employed with incomes below Rs20,000 (US$1,375) qualify for the housing subsidy. The government, however, revised the policy in 2020 to accommodate changes in costs of construction and to allow more Seychellois to benefit from the scheme. One revision was the change of the flat subsidy rate of Rs7,500/m² (US$485/m²) which applied to Mahé, Praslin and La Digue, the three main islands, to varying rates in acknowledgment of the differences in construction rates among the islands. The revised rates were Rs7,500/m² (US$485/m²) to Rs8,500/m² (US$595/m²) for Mahé, up to Rs9,500/m² (US$653/m²) for Praslin and, up to Rs12,500/m² (US$860/m²) for La Digue. The individual qualifying income was increased from Rs5,999 (US$412) to Rs8,555 (US$588) to allow more Seychellois to benefit from the scheme.

The Population and Housing Census in 2010 showed that approximately 70% of households in Seychelles were owner occupied and an average of 11% were rented from government.

In 2017, the government launched a plan to construct 24 houses in 24 districts in 24 months, a plan termed “24-24-24”. By the end of 2020, 326 out of 576 of the houses (approximately 56.60%) had been delivered and allocated to 340 households. The 2021 budget announced the continuation of the 24-24-24 housing construction project with an allocation of Rs120 million (US$8.25 million). In total, 335 houses are constructed annually, as reported by the Property Management Corporation (PMHC) in 2019.

Houses in Seychelles are built with stones, blocks and wood. Approximately 85% of houses are made of stones and blocks while the remaining 15% are built with wood. Single-level detached houses are the most common types of dwellings in the country, with an average of four occupants per dwelling.
Because of the limited availability of land for more road networks, a more innovative and practical system of transport infrastructure has been adopted to deal with the urban sprawl. The infrastructure incorporates more efficient mass public land and water transport systems into recent developments.22

**Property markets**

The property market in Seychelles is characterised by both construction by government and the private sector. The private sector is focused more on building for the upper middle income to upper income while the government is focused on providing subsidised homes for the lower to lower middle income groups. Social housing therefore remains an option for those in need. The cheapest newly built residential property in urban Seychelles with a floor area of 170m$^2$ was Rs3 900 000 (US$268 156), thus valued at Rs22 941/m$^2$.23 Typically, residential properties for sale in Seychelles were priced between Rs43 631 (US$3 000/m$^2$) to Rs65 447/m$^2$ (US$4 500/m$^2$) in 2020. Rental values of properties are also relatively high since a property with a floor area of about 150$m^2$ typically rents for approximately Rs12 352 (US$849).24

The land and property markets are formal, with transactions taking place within formal registration processes. Even though both freehold and leasehold tenures exist in Seychelles, land is mainly leased for 60 to 99 years. The country’s property market attracts many foreign investors, especially in new developments such as Eden Island, Desroches and ZilPasyon. Non-citizens must, however, obtain approval from Cabinet Ministers to purchase a property in the country. In 2019, only 10 real estate agents were licensed to operate in the country, with numerous others being unlicensed.25

In the Seychelles registration is either done through deeds registration or by the registration of titles. Title registration is more predominant, especially in Mahé. Scoring 70.8 out of 100, the ease of property registration is ranked 65th by the World Bank’s Ease of Doing Business 2020, which shows an efficient registration process compared to some other African countries. An electronic system is used to record boundaries, check plans and provide cadastral records.26 It takes an average of 33 days to complete property registration. The ease of dealing with construction permits was ranked 106 globally, scoring 67.3 out of 100.27

**Policy and legislation**

The Ministry of Habitat, Infrastructure and Land Transport (MHILT) also known as the Ministry of Land Use and Housing leads policy structuring and implementation in Seychelles. Through this ministry, the government has policies which regulate land allocation and housing as well as planning procedures. In 2018, the government instituted the Sale of State Land and Land Bank Policy to render the process of land management sustainable and applications to be more transparent.28 Under the new policy, applicants for land must satisfy 10 pre-qualification requirements before they qualify for state land allocations. Even though both freehold and leasehold tenures exist, the new policy was created to streamline and formalise the processes and procedures to undertake property exchanges.

The major statutes that regulate the land and housing sector in the country are the Condominium Property Act, Immovable Property Judicial Sales Act, Immovable Property Transfer Restrictions Act, Land Registrations Act, and Mortgage and Registration Act. In 2020, the government announced the new Property Exchange policy which was expected to commence on 1st August 2020.29 This policy aims to allow the exchange of state owned or privately owned properties. Even though property exchange existed, the new policy was created to streamline and formalise the processes and procedures to undertake property exchanges.

Physical planning in Seychelles is regulated by the Seychelles Planning Authority and guided by the Town and Country Planning Act of 1972, the Land Reclamation Act (Cap. 106), the National Monuments Act (Cap. 140), and the Civil Code of Seychelles Act of 1976.30

**Opportunities**

Given the demand for housing in Seychelles and the limited investments made by government in the housing sector, opportunities exist for investment in housing by the private sector. In 2018, the African Development Bank recommended that the government consider the use of public private partnerships to reduce the burden of housing provision on government.31 This further indicates an opportunity for the private sector, an opportunity reinforced by the government’s vision of focusing on social housing while providing the relevant environment for private investors to build to meet the needs of the upper middle income to upper income groups.

| Population: | 98 462 |
| Urbanisation rate: | 1.60% |
| Cost of cheapest newly built house: | 1 359 571 SCR |
| House price PPP$: | PPP$173 763 |
| Urban households that could afford this house with finance: | 54.81% |
| 1 PPP: | 7.82 Seychellois rupee |

**Availability of data on housing finance**

Information and bulletins on the financial sector are published on a monthly and annual basis by the Central Bank of Seychelles, the Ministry of Finance and the Financial Services Authority. Data on housing finance are published by the Ministry of Habitat, Infrastructure and Land Transport, the National Bureau of Statistics and the Property Management Corporation as and when they conduct surveys and reports are available. The information is usually published online on the websites of the responsible institutions.
Overview

The Republic of Sierra Leone (Sierra Leone) is located on the southwest coast of West Africa and is bordered by Liberia to the southeast and Guinea to the northeast. In 2020 the country had an estimated total population of 7,976,985,1 and an estimated urban population of 3,423,961 (43% of the population).2 with an urbanisation rate of 3.1%.3 The capital and largest city is Freetown, which is also the country’s major urban and economic centre and houses the seat of Government of Sierra Leone. Migration from rural to urban centres has placed pressure on authorities to address the housing crisis, with Freetown estimated to need an additional 280,000 housing units, or 19,000 additional houses a year by 2028.4 In addition service provision is poor and housing inadequate, with 94% of the homes in Freetown having no flush toilets and 66.6% of the population living in one or two rooms only. Furthermore, 24% of houses in Freetown are of zinc construction, 13% are without toilet facilities, 15.5% without tap water, 31.7% of households are without solar and 65.8% of the population living in slums (UN-HABITAT).5

The economy of Sierra Leone is dependent on diamond production, which has been unstable over the last few years and has recently been further impacted by COVID-19. Weak external demand for major exports, particularly diamonds, and declines in the mining, transport, trade, and tourism sectors have led to real gross domestic product (GDP) being estimated to contract by 2.7% in 2020 after growing by 5.4% in 2019.6 Inflation was estimated to pick up to 17% in 2020 from 14.8% in 2019.7 Real GDP per capita is projected to recover some of its losses but is expected to remain below 2019 levels for the next two to three years.8 In addition, Consumer Price Inflation (CPI) is projected to reach single digits by 2024, after benefiting from ongoing efforts to strengthen the monetary policy framework and a gradual easing of fiscal financing pressures.9 The stock of public debt increased to 77% of GDP as of 30 November 2020 from 70% in 2019.10

The economic and social effects of COVID-19 have been severe, resulting in shrinking household incomes and employment opportunities, high food prices, and rising poverty and food insecurity.11 Fiscal pressures intensified during the first quarter of 2021, arising mainly from the juxtaposition of increased government expenditures with reduced government revenues. Expenditures increased significantly to finance COVID-19 containment measures and other programmes that were implemented to support economic recovery.12 There was improvement in private sector credit, which expanded by 8.97% in quarter one of 2021, relative to 0.2% growth in quarter four of 2020.13 Growth is projected to accelerate to 3.1% in 2021 and 4.3% in 2022. Downside risks to the outlook emanate from delays in the full reopening of the economy and weak international assistance to supplement growth recovery efforts.14

Since the onset of COVID-19, the Federation of the Urban and Rural Poor (FEDURP) and the Centre of Dialogue on Human Settlement and Poverty Alleviation (CODOHSAPA) have taken action to assist with the crisis in the country. One of the key initiatives in which they collaborated was to engage in monitoring and advocacy activities at settlement and city level in order to minimize threats of evictions and counterproductive closures of essential informal services during periods of lockdown or protracted national emergency.15 In addition, they engaged with authorities to enhance

**KEY FIGURES**

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<th>Main urban centres</th>
<th>Freetown</th>
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<td>Exchange rate (1 July 2021); 1 USD = [a]</td>
<td>10 259.65 SL Leone (SLL)</td>
</tr>
<tr>
<td>1 PPPS = [b] (2020)</td>
<td>2739.26 SL Leone (SLL)</td>
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<tr>
<td>Total population (2020) [b]</td>
<td>7,976,985</td>
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<tr>
<td>Urban population (2020) [b]</td>
<td>3,423,961</td>
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<td>3.07%</td>
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<td>188</td>
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<td>HDI country score (2019) [c]</td>
<td>0.41</td>
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<td>US$3,865 million</td>
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<td>GDP growth rate (2020) [b]</td>
<td>-2.16%</td>
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<td>292</td>
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<td>2</td>
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<td>3,761</td>
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<td>18</td>
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<tr>
<td>Total number of residential properties with a title deed</td>
<td>n/a</td>
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<tr>
<td>Number of formal dwellings completed annually</td>
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<td>210,000,000 SLL</td>
</tr>
<tr>
<td>Size of cheapest, newly built house by a formal developer or contractor in an urban area [i]</td>
<td>30m²</td>
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<td>1,350,000 SL</td>
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<td>97,200 SLL (US$9.47)</td>
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<td>Paper</td>
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<td>163</td>
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<td>Number of procedures to register property (2019)</td>
<td>7</td>
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<td>Time to register property (2020) [j]</td>
<td>56 days</td>
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<tr>
<td>Cost to register property as share of property price (2020) [j]</td>
<td>10.60%</td>
</tr>
<tr>
<td>World Bank DBI Quality of Land Administration Index score (0-30) (2020) [j-l]</td>
<td>5.50</td>
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<tr>
<td>Percentage of women who own a house alone and/or jointly (2019) [k]</td>
<td>39.3%</td>
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<td>Percentage of female-headed households (2019) [k]</td>
<td>27.4%</td>
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<td>Percentage of urban population living in slums (2018) [l]</td>
<td>49.1%</td>
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<tr>
<td>Percentage of households with basic sanitation services (2019) [l]</td>
<td>15.5%</td>
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<tr>
<td>Percentage of households with electricity (2019) [l]</td>
<td>20.3%</td>
</tr>
<tr>
<td>Cumulative number of COVID deaths per 100,000 as of 1 Oct [m]</td>
<td>1,522</td>
</tr>
<tr>
<td>Percent of population fully vaccinated against COVID-19 as of 1 Oct [n]</td>
<td>50.54%</td>
</tr>
</tbody>
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[a] Xe.com
[b] World Bank World Development Indicators
[c] Human Development Reports, United Nations Development Programme
[d] Access Bank (SL) Ltd
[e] First National Bank
[f] Central Bank of Sierra Leone
[g] Brac International
[h] World Bank
[i] TPEstate Developers
[j] World Bank
[k] World Bank
[l] United Nations Human Settlement Programme
[m] UN-HABITAT
[n] World Health Organization (WHO)
[o] Johns Hopkins University Coronavirus Resource Center
support to informal settlements. In this regard, FEDURP volunteers have been engaging particularly with the Disaster Management Department of the Office of National Security and with a focus on COVID-19, the engagement has also brought into view environmental disasters such as rains, which often lead to massive seasonal and tidal flooding, rock or mud falls and landslides, as well as the destruction of houses which have been built in flood-prone areas with narrow drainage systems. A recent questionnaire carried out by the Sierra Leone Meteorological Agency revealed that people in disaster-prone areas are living in constant worry of their homes being damaged or destroyed by climate change.

Access to finance

The central bank in Sierra Leone (Bank of Sierra Leone) is 100% state-owned. Prior to its establishment, the West Africa Currency Board was responsible for the issue of currency in Sierra Leone. The objective and functions of the Bank of Sierra Leone as set out in the Bank of Sierra Leone Act 2011 are to formulate and implement monetary policy, financial regulation and prudential standards and to license, register, regulate and supervise financial institutions in the country. The key legal provisions that make up the financial system in the country are contained in the Bank of Sierra Leone Act 2019. This Act provides for the continued existence of the Bank of Sierra Leone and for it to act as banker, adviser and fiscal agent and to support the general economic policy of the Government of Sierra Leone. The Banking Act of 2019 provides for the licensing of persons carrying on banking business, regulates and supervises banking activities, financial holding companies, and protects depositors. The Borrowers and Lenders Act 2019 provides for the legal framework for credit agreements, improves standards of disclosure of information in credit agreements, prohibits certain practices, and promotes consistency in the enforcement of credit agreements and related matters. In addition, the Borrowers and Lenders Act 2019 provides for the broadening of the scope of the collateral registry to include the registration of encumbrances in immovable assets and provides for lenders who are not licensed and supervised by the Bank of Sierra Leone to be able to register their security interest. Despite the government’s commitment to narrow the gap between banks’ credit supply and households’ demand for loans in the housing industry, the financial sector remains difficult to access for Sierra Leoneans. In its functional responsibility of ensuring a sound and stable financial system, the Bank of Sierra Leone regulates and supervises 14 commercial banks, 36 foreign exchange bureaux, 17 community banks, 15 credit-only microfinance institutions, three deposit-taking microfinance institutions, two discount houses, a mortgage finance company, a leasing company, 59 financial service associations, an Apex Bank and three mobile financial services providers. Out of the 14 commercial banks regulated, three are locally owned and 10 are subsidiaries of foreign banks. Two of the local banks are government owned and two are wholly private owned banks. Despite a larger geographical presence of microfinance institutions in comparison to commercial banks, use of personal loans to cover housing demand is limited.

The quality of assets of commercial banks deteriorated in 2020, with non-performing loans increasing to 14.10% in quarter one of 2021 from 12.70% in quarter four of 2020. As of 28 June 2021 the monetary policy rate was 14.0%, the standing deposit facility rate was 8.0% and the standing lending facility rate was 17.0%. Sierra Leone’s debt is classified as being at high risk of debt distress, largely due to heightened solvency and liquidity risks arising from COVID-19. The high level of nonperforming loans poses a financial stability risk. Stress tests indicate that the public debt indicators are sensitive to shocks to growth and commodity prices.

Affordability

Poverty in Sierra Leone, which is associated with poor living conditions, overcrowding and poor public policies, adversely affects the ability of poor people to earn enough to afford decent housing. Results show that the incidence of poverty in rural areas is more than double that of urban areas (86.3% and 37.6%, respectively). In addition, the intensity of rural poverty is more than double that of urban areas (86.3% and 37.6%, respectively). This indicates that poverty in the country remains a largely rural issue.

First Bank of Nigeria Limited (FirstBank) is a Nigerian premier commercial bank with two branches in Freetown, operating through FBN Bank Sierra Leone, formerly registered as International Commercial Bank (ICB). The bank offers a mortgage for buying a first home, construction and renovation. The home loan is available to individuals with verifiable and steady income flow and is for a maximum tenor of 20 years, requires a minimum down payment of below 30% and the property to be financed must be for residential and not commercial purposes.

Access Bank (SL) Ltd offers a mortgage loan for outright purchase of a property, a loan against an existing property of an applicant, a loan for home renovation/refurbishment and a loan for property construction. The banks maximum loan to value is 70% and the bank targets high net worth individuals. The interest on the loans ranges between 18% and 23% per annum.

Commerce & Mortgage Bank Sierra Leone Limited offers four housing products. A home purchase mortgage with a minimum deposit of 20% of the amount and a maximum loan amount of SLL 230 769 233 (US$120 000). A home completion mortgage of which the amount must fall within the maximum loan limit of SLL 230 769 233 (US$120 000) and the property must have reached at least lintel level and the maximum term for this facility is 15 years. A home improvement mortgage to assist applicants to undertake renovation and extension works on their existing houses but the applicant is to provide clear and undisputed title to the property, which must be duly registered. A home equity mortgage, which is designed to enable applicants who own homes or may have already invested in residential properties to release the equity in those properties to improve their liquidity position, this loan shall not exceed a maximum of 50% of the Forced Sale Value of the property and the maximum loan amount is SLL 230 769 233 (US$120 000).

The prevailing mortgage interest rate in Sierra Leone in 2020 was 18%. The price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units is SLL 210 000 000 (US$20 475) and the size of this property is 30 square meters. The construction labour cost per square meter in local currency units for the cheapest, newly built house average to SLL 60 000 000 (US$577.5) and the total construction cost per square meter in local currency units for the cheapest, newly built house average to SLL 1 000 000 (US$97.5) to SLL 4 000 000 (US$390) and the total construction cost per square meter in local currency units for the cheapest, newly built house average to SLL 1 000 000 (US$97.5) to SLL 4 000 000 (US$390). A standard 50kg bag of cement in local currency units costs SLL 97 200 (US$ 9.477).
newly built house by a formal developer or contractor in local currency units is between SLL1 350 000 (US$131.625) to SLL18 000 000 (US$1 753) but renters typically pay for one to three years before signing a lease. The typical land cost per square meter in urban areas is SLL367 200 (US$35.802) or more for beach front and other prime areas in the Western Area Urban District, SLL216 000 (US$21.06) or more in the Western Area Urban District and SLL64 800 (US$6.318) or more in the Port Loko District.

Housing supply
Sierra Leone faces challenges in providing decent affordable housing for the poor. The capital city Freetown, is situated on steep hills leading inland. In Freetown, older two-story wooden houses have been replaced by structures built largely of concrete blocks, with corrugated iron or cement asbestos roofs. Freetown is now home to a growing number of the country’s population and an issue that has arisen is that expansion ran not only along the coast, but into the foothills. This has resulted in the mass deforestation and construction on wetlands and forest reserved areas coupling with torrential rains that saturate the soil, which in turn triggers rapid movement of rain or debris causing land and mudslides. Mudslides and landslides coupled with overcrowding in the dense clusters of homes in Freetown have resulted in loss of lives, livelihoods and houses in recent years.

In 2018, overall, 79.5% of households constructed the house in which they dwell and only 1.7% of households purchased their dwelling. Rural village houses in the various provinces are traditionally made of sticks with mud walls and thatch or grass roofs and may be circular or rectangular in shape.

The country suffers from an overdependence on imported building materials, which keeps the cost of housing construction out of reach for most Sierra Leoneans. The Freetown City Council has set two targets for the Targets for Urban Planning and Housing in Freetown programme. The first target is to reduce congestion by at least 50% in five locations by 2022 (Congo Cross, Eastern Police, Lumley/Juba, Wilberforce/Bottom Mango, and Wellington/PMB Junction) by establishing a partnership with key stakeholders and building on existing programmes and strategies and delivering 5,000 units of low cost and quality housing. Minimum standards and a practical training programme to support implementation will also be developed. The second target is to develop the Freetown Zonal Plan and to ensure that 90% of new buildings and structures constructed abide by the plan and appropriate regulations by 2020 as Freetown now has up to approximately 74 informal settlements.

Property markets
Land administration in Sierra Leone is complicated. There are two types of land tenure, colonial land or frehold land, and customary land or leasehold land. Foreigners cannot own land under either of these systems but can lease for up to 99 years. There is no land titling system to validate ownership, so lease rights are hard to secure. In the World Bank 2020 Doing Business indicators, Sierra Leone is ranked 163 out of 190 countries. It takes 56 days to register a property in Sierra Leone while it takes 51.6 days in Sub-Saharan African countries. The cost of registering property is 10.6% of the property value in Sierra Leone compared to 7.3% in Sub-Saharan African countries.

Policy and legislation
The Government of Sierra Leone embarked on an economic restructuring programme which includes a public enterprises reform programme through privatisation. In implementing this reform, the Government of Sierra Leone established the National Commission for Privatisation (NCP) through the enactment of the National Commission for Privatisation Act 2002. The public entities under the NCP mandate have been categorised into various sectors, one of which is the financial sector which includes in it the Sierra Leone Housing Corporation (SALHOC), which is a real estate development and management firm in Sierra Leone mandated to assist in improving the living standards of Sierra Leoneans by providing loan schemes for building materials. SALHOC was established for the purpose of addressing the need for investment in housing and infrastructure development in the country through targeting funding from the private sector. In addition, SALHOC has been geared to be an innovative and effective provider of affordable, accessible and sustainable housing for middle and low income individuals and families in Sierra Leone. It is anticipated that SALHOC will develop a minimum of 6,500 houses for sale and lease and develop building materials training centres in Freetown and Bo to produce Girva Ram bricks (laterite and clay). These activities are expected to be financed through joint venture agreements and strategic alliances with a number of strategic partners.

Established before the 1990s, Sierra Leone land rights include the Non-Citizens (Registration, Immigration and Expulsion) Act of 1965, the Protectorate Land Ordinance of 1927, the Imperial Statutes Act, the Town and Country Planning (Amendment) Act No. 3 of 2001 and the Summary Ejectment Act No. 6 of 1965, the Protectorate Land Ordinance of 1927, the Imperial Statutes Act, the Town and Country Planning (Amendment) Act No. 3 of 2001 and the Summary Ejectment Act No. 6 of 2006. Land is classified as state, private or communal. However, most land is governed by customary tenure in a chieftaincy system with chiefs as custodians. The Local Government Act No. 1 of 2004 gives local councils the right to acquire and hold land. The National Land Policy of 2005 promotes equal opportunity to protect property and preserve the existing rights of private ownership.

Opportunities
The country needs to complement ongoing domestic revenue mobilisation efforts by deepening ongoing financial sector reforms to support domestic credit market growth. Sierra Leone is on a development trajectory towards achieving middle-income status by 2035. Housing Investment offers major investment opportunities that can boost GDP if the Government of Sierra Leone can develop an adequate policy tool to drive foreign and domestic investments in the housing industry in Sierra Leone. There is a crucial need for investment in housing in the form of upgrading or renovation of existing houses, construction of traditional and low-cost housing, and the building of conventional and luxury houses. The Government of Sierra Leone therefore encourages investors to get involved in housing development in the country. In addition, due to the prohibitive nature of the cost of land in the country local councils are trying to remove unnecessary regulations in land acquisition and procure finance for projects.
Additional sources
Global Property Solutions https://www.globalpropertyguide.com/Africa/Sierra-Leone/squaremeter-prices

Websites
ACAPS Sierra Leone https://www.acaps.org
Trading Economics https://www.tradingeconomics.com
International Monetary Fund https://www.imf.org
Sierra Leone Access Bank https://www.sieraleone.accessbankplc.com
Bank of Sierra Leone https://www.bsl.gov.sl
Know Your City https://www.knowyourcity.info
Jobmaxx https://www.africa-housing.com

Availability of data on housing finance
Data on housing finance in Sierra Leone is not easily accessible. The Bank of Sierra Leone provides data on credit and interest rates. However, specific data on mortgage and mortgage rates in the housing sector is not available.

Commerce & Mortgage Bank Sierra Leone Limited and FBN Bank Sierra Leone collect data associated with home loan mortgage finance, but this data is not disaggregated and is kept confidential by these financial institutions.

Sierra Leone Property Solutions and Global Property Guide record data on properties in the country available for sale, purchase and rent.

Sierra Leone Urban Research Centre records data on informal settlements in the country.

Overview

After 20 years of civil war, Somalia is a fragile state, still trying to rebuild its nation while holding off an uprising by al Shabaab. The decades of civil war have resulted in almost 2.9 million internally displaced persons (IDPs) who are living in informal settlements or camps with no access to basic services and a 21% increase of persons of concern in 2020. There are more than 2.344 camps nationally. From January to June 2021, there were 492,000 new internally displaced persons. Most IDPs can be found in informal settlements scattered across the country. In Mogadishu alone, about 480 informal settlements could be found in and around the city in 2018. In mid-2020, 910,000 Somalis were also recognised as being displaced outside Somalia’s borders.

In 2020, Somalia’s urban population made up 45.5% of its total population and its urban growth rate (2015-2020) was 4.14%. If this trend continues, by 2030 another 4.5 million Somali will be packed into the already crowded urban environment.

Given the dire situation of so many households, a Country Preparedness and Response Plan (CPRP) was devised in March 2020. The CPRP identifies IDPs, the elderly and the urban poor as the most affected and at-risk population groups. The CPRP objectives in 2020 were to support actions to mitigate the indirect but immediate humanitarian consequences of the pandemic.

In March 2021, 270 humanitarian actors were active in all 18 regions of Somalia. Support was provided to 1.4 million Somalis in the form of food, nutrition, health, water and sanitation and hygiene, shelter and non-food items, protection-camp coordination, and management and education. Seventeen organisations were involved in providing shelter and 72 organisations with providing water sanitation and hygiene services.

Somalia’s Gross Domestic Product at current market prices in 2020 was US$6,965 million and US$471 per capita, decreasing by 0.3% in 2020 from 2019. The economy is projected to grow 2.9% in 2021. The contraction in the economy was largely due to the COVID-19 pandemic, lack of foreign direct investment, locust invasion, bans on livestock exports, drought and flooding. Per capita consumption decreased by 0.6% in 2020, mainly because of COVID-19 and the decrease in non-food products. Somalia remains heavily reliant on imports at 84% of GDP. The annual inflation rate decreased from 4.7% in 2019 to 4.11% in 2020. On 25 March 2020 the IMF and World Bank’s International Development Association (IDA) approved Somalia’s eligibility for debt relief under the Heavily Indebted Poor Countries (HIPC) initiative. On 24 March 2021, the IMF granted additional assistance under HIPCs of approximately US$0.97 million. This will allow Somalia’s debt to be further reduced over the next two years. Given the significant amount of aid Somalia has received over the past year, this is a good indicator that the country is reintegrating into the international community. COVID-19 continues to pose a challenge in Somalia, but the country is benefitting from the COVAX programme supporting the procurement of vaccines, with over 410,000 doses received in August 2021.
Access to finance

The Central Bank of Somalia is responsible for licensing, supervising and regulating the Somali commercial banking and non-banking financial institutions, including microfinance, mobile money transfer, insurance and credit associations. The Central Bank has set up a national payments system, making the lenders in the country inter-operable and connected directly to the clearing and settlement system of the Central Bank so that they can transact with each other more easily. This has been done as part of plans to develop the financial industry of this fragile state.26

The 11 banks licensed and operating in Somalia include Dahabshill Bank International, Darjeel Bank, SimBank, Agro Africa Bank, Galaxy International Bank, Mybank Limited, Salam Somali Bank, Aman Bank, Premier Bank, International Bank of Somalia, and Arman Bank. Three offer housing, real estate, land and construction financing. There are 10 licensed money remittance providers or Hawalas and six major microfinance providers including MicroDahab, IBS Microfinance, Premier Microfinance, AMAL Microfinance, KAABA Microfinance, and Kaah International Microfinance Services. Average microfinance loans are around US$1,000 with tenor of less than a year.17 There are two licensed Mobile Money Service Providers, Somtel Somalia Ltd and Hornmuul Telecommunication Inc.

The financial sector remains nascent due to dollarisation and currency counterfeiting.18 According to the International monetary Fund (IMF),19 mobile money and money transfer businesses play a significant role in providing financial services in Somalia, providing trade finance of approximately US$1.2 billion in 2017. The Somali economy is highly dependent on remittances which account for about 31% of GDP.20 In 2019, over US$2.7 billion21 in remittances was sent to Somalia. Remittances, on which 40% of households are dependent, declined by 50% during the COVID-19 period;22 though remittance inflows increased by 2.3% in Q2 2020, recovering slightly from the Q1 2020 decline, and sustaining the trend in Q3 2020.23

The Somali banking sector is largely governed by Islamic banking – interest-free banking governed by principles of Islamic Shari’a – with some conventional banking. In Islamic banking lending terms do not include an interest rate as lending is interest-free. Instead, banks require a down payment and a Murabaha payment (or profit mark-up) upfront on the net cost of the property.

Affordability

Poverty is rife in Somalia. The Somali population living below the international poverty line of US$1.90 at 2011 PPP ranged anywhere between 26% and 70% depending on the region.24 The poverty rate is more prevalent amongst the IDPs, with three out of every four (74%) living under the poverty line. The average daily per capita expenditure is US$1.25 2011 PPP and poverty is the worst in IDP settlements. Also, COVID-19 has intensified already high unemployment, limited remittance inflows, and stalled the economy generally, worsening housing affordability.

Access to finance or the acquisition of credit is one of the major stumbling blocks for most people wishing to build or buy a house in Somalia. Government-regulated housing has not been a priority, enabling the private sector to dominate the housing and construction and development market. The tenuous economy and governance as well as the lack of trust in institutions and government has given rise to a finance sector that cannot offer the terms that will be needed to enable the majority of the population to acquire housing finance. The threat of liquidation and other factors means shorter repayment periods and higher instalments and interest rates. This results in property acquisitions being out of reach for many.

On the housing demand side, key challenges include: short repayment periods due to risk of liquidity, down payment value requirements, the high Murabaha rate, few real estate developers and high costs of residential property.25 Repayment periods are short – three years, or 60 months (Aman Bank Home Finance), in some cases, which adds to the affordability challenge. For example,26 a house that costs US$75,000 would require a monthly repayment of US$1,012 which includes a 30% down payment and 15% Murabaha rate over a 30 month repayment period. As indicated above, this is unaffordable for most Somalis, given that only 7.9% of people have accounts at formal financial institutions. Financial institutions require a down payment of 20% to 30% of the price inclusive of the Murabaha. The Murabaha rate is charged by banks at between 12% and 30% on the net cost of the house.27 This is in addition to the down payment.

Urban informality

Given the history of displacement and unrest, informality remains a challenge in Somalia: 55% of households do not have access to electricity with the main sources of for cooking being charcoal and firewood. Only 26.2% of households use cement as flooring material. Access to possessions such as mobile phones is 74.4% with only 6.9% of households having access to a computer and 11.9% with access to the internet.50

The number of displaced persons within the country more than doubled in the space of a year from 1.1 million in 2017 to 2.6 million in 2018, also increasing from 7% to 17% of the total population. Most IDPs can be found in informal settlements scattered across the country. There were also 870,000 registered Somali refugees in the Horn of Africa and Yemen in 2018.51 The number of refugees returning from neighbouring countries in the East African region has increased, with 100,000 registered in 2018. According to the Integrated Food Security Phase Classification (IPC), Approximately 3.5 million people faced “high acute food insecurity in late 2021, with 1.2 million children likely acutely malnourished.”52

Housing supply

Housing supply neither meets the housing demand nor addresses the existing and increasing housing deficit at 2 million units.28 Access to affordable housing options available to various market segments is limited and further constrained by location, with access to land and housing being less restricted in rural areas than urban areas, where land is scarce.29 The limited available land and housing in urban areas is also much more expensive, with the highest land values noted in Mogadishu. It is estimated that since 2012, land prices have increased as much as tenfold.30

The scarcity of available land for housing development and actual affordable housing stock for purchase in urban areas means many more urban households (42%) live in rented accommodation than rural households (12%). Mogadishu accommodates the highest proportion of rental households at 71%. Except for access to land and housing, urban areas generally provide higher standards of living and better access to services than rural areas.31

Housing development is also constrained by the poor regularisation of land, property and the construction sectors. Some of the challenges the real estate sector faces include a lack of land regulations, fluctuating land prices, land ownership disputes, the high cost of materials and unregulated pricing schemes.32, 33

Informal settlements are proliferating in urban areas. Most of the residents of informal settlements in urban areas are IDPs. At this stage, neither national nor local government have been able to properly house the most vulnerable and poorest residents, who are mostly located in urban areas. Destitute Somalis often have no option but to build makeshift informal shelters.

Property markets

Demand for housing in Somalia far exceeds supply given the history of destruction and the growing number of IDPs. While the ease of doing business in Somalia remains low, ranked bottom out of 190 countries, and investment stimulation remains a challenge, some mixed-use projects aimed at stimulating the property market and attracting investment into real estate, such as the Daru Salam housing project, do exist. The price of rental property for a one-bedroom apartment in the city centre in Mogadishu, according to Numbeo (2021),34 is US$1148.32 and US$71.13 outside of the city centre. A 3-bedroom apartment in the city centre costs US$377.21 and US$190.26 outside the city centre. According to Numbeo (2021),35 the cost of an apartment in the city centre is US$36 193.44/m² and US$29 905.08/m² outside the city centre, more than US$6 000 higher than 2020.

An internet search identified many formal real estate agents operating in Somalia, namely: My Property Somalia, SomTrust Real Estate, Kirosom Real Estate Solutions, Degan Real Estate Somalia, Himlo Homes, Kaah Properties and Real Group etc. indicating an uptick in the property market.
One of the challenges highlighted in an article in BBC news is that the Al-Shabab is disrupting real estate development by charging fees for transporting building materials and for construction. This pushes up development costs too.

It costs 1.4% of a property’s value to register a property, lower than the regional average of 7.3%. There are five procedures and it takes 188 days to register a property (more than three times higher than the Sub-Saharan Africa average of 51.6 days). While title deeds are currently only documented on paper these can be accessed at a notary office which is registered at the court of appeal. The Court of Appeal and Banaadir Regional Authority (Municipality of Mogadishu, Land Management Department) are responsible for immovable property registration. The Ministry of Finance provides a tax clearance or Nulla Osta which verifies that a seller has paid all property taxes. Articles 938 and 939 of the Somali Civil Code of 1973 provide the legal basis for dispute resolution. Fraudulent titles and land disputes are still common in Somalia even though it is mandated by law to be registered. Prior to 1991, all titles were moved out the country and kept by a former Registrar official. Verification of the authenticity of a title registered before 1991 therefore goes outside the country and costs approximately US$1 000 - US$2 000 and takes a month to be processed. Ownership details on a property registration in the past 10 years is available at a lawyer’s office in an official bulletin and costs US$30 for the lawyer to check. While property registration is not normally done at the courts, banks require property registration at the court of appeal as collateral to obtain a loan.

Policy and legislation

The development sector (which includes building, land use and the construction sectors) is unregulated and lacking in effective legislation and policies. No regulatory board oversees the development and construction sector. Transactions are conducted by the developer and owner of the property coming to an agreement.

According to the National Development Plan (2020-2024), the Somali government signed the Kampala Agreement which outlines the state’s commitment towards protecting IDPs, which is relevant to the housing backlog in these communities. Since 2019, Somalia has adopted new policies including the Social Protection Policy, the National Eviction Guidelines, National Policy on Refugee-Returnees and IDPs, and an Interim Protocol on Land Distribution for Housing to Eligible Refugee-Returnees and IDPs.

The Interim Protocol on Land Distribution for Housing to Eligible Refugee-Returnees and Internally Displaced Persons (Adopted November 2019) was implemented to address the crisis around forced migration. It indicates provisions for land and housing for vulnerable IDPs, and establishes the eligibility criteria for land distribution, availability of land for distribution, priority in land allocation, determination of beneficiaries, and the obligations of beneficiaries and land owners.

The National Eviction Guidelines have been drafted to protect the right to adequate housing and to protect human rights. In April 2020, The National Commission for Refugees and IDPs called for a nationwide moratorium on the eviction of IDPs to prevent a further spread of the COVID-19 virus. Evictions still pose a real threat in Somalia with 92,042 evictions in 2021 thus far; with Banaadir making up 77% of evictions. Baidoa provides a good example of where a moratorium on evictions of IDPs was implemented and well executed. In April 2020 (and further extended to March 2021), Baidoa’s District administration issued an Eviction Moratorium that suspended any evictions during the Covid-19 pandemic and this was then extended to March 2021. Landowners could face severe legal action if this directive was not adhered to.

Opportunities

Attracting investment from the Somali diaspora could stimulate the housing market. Strides to make data more readily available are being taken by the Ministry of Planning and Development and this will assist with informed planning and development decision making. Key unresolved challenges still include security of tenure, a constrained economy and poor regulatory environment resulting in almost non-existent investor confidence. Lifting the ban of exports from Somalia could help economic growth.

Availability of data on housing finance

Access and general availability of data has been identified as a key gap by the Federal Government of Somalia. It remains a challenge to undertake on-the-ground research due to vulnerable conditions and security risks throughout the country. The primary sources of housing finance data are:

- The Directorate of National Statistics under the Ministry of Planning, Investment and Economic Development is the main provider of statistical data for decision makers and researchers on socio-economic development of Somalia. To this end, the Somali Health and Demographic Survey 2020 was recently launched, the first of its kind in Somalia. The department also publishes the CPI index and the COVID-19 situational update.
- The Central Bank of Somalia provides data on banking supervision and licensing, and has a function for economic research (there are no archives as yet). Generally the bank’s annual reports provide information, though these have not been updated in three years.
- The United Nations High Commissioner for Refugees (UNHCR) collects data on internally displaced persons in Somalia, monitoring refugee and movement patterns, access to services and nature of vulnerability. UNHCR also monitors COVID-19 outbreaks in some IDP camps in Somalia.
- United Nations Office for the Coordination of Humanitarian Affairs collects data on humanitarian needs in Somalia.

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**SOMALIA**

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

<table>
<thead>
<tr>
<th>No. of households (thousands)</th>
<th>≤PPP$100</th>
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</tr>
</tbody>
</table>

Source: https://www.cgidd.com/C-GIDD, 2020

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**Africa Housing Finance Yearbook 2021**

**Population:** 15,893,219

**Urbanisation rate:** 41.5%

**Cost of cheapest newly built house:** 22,011,637 SADS

**House price PPPS:** PPP$2,417

**Urban households that could afford this house with finance:** 94.68%

1 PPPS: 9,107.78 Somali Shilling


3 Additional sources


3 Websites

- Websites
- Central Bank of Somalia https://centralbank.gov.so/
- Ministry of Finance Somalia https://www.mof.gov.so/
- Directorate of National Statistics Somalia http://www.dns.so/
- Global Land Tool Network: https://gtlnet.org/
- The UN Refugee Agency https://data2.unhcr.org/
- Ministry of Health Somalia https://mohsomalialab.org/
- International Monetary Fund https://www.imf.org/

Overview

With an estimated 20% of urban households residing in informal settlements, South Africa continues to face serious challenges with adequate and affordable housing for much of the low income population, despite decades of comprehensive government subsidised housing delivery. A myriad of factors have led to a housing shortage of approximately 3.7 million, which is estimated to be growing at 178 000 annually. To a large extent housing affordability is affected by social and economic factors such as high poverty and unemployment levels. South Africa’s unemployment rate has reached 34.4%, translating to approximately 7.8 million people without jobs. Migration and urbanisation trends further heighten the housing crisis and put pressure on infrastructure for service delivery in urban areas. Two thirds of South Africa’s population reside in urban centres, and a quarter live in informal settlements. Despite service delivery improving over the years, nationally, 12% of South African households do not have access to piped or tap water, 18% have no access to adequate sanitation, and 13% are not connected to main electricity networks. The main challenge for addressing housing in South Africa is attracting investors to scale affordable housing delivery, while government plays an enabling and regulatory role.

South Africa’s real gross domestic product (GDP) is approximately R5.5 trillion (US$383.3 billion). The construction sector, including residential buildings, recorded the largest growth rate at the end of 2020. The economy grew by 1.1% in the first quarter of 2021, and is expected to reach 3% growth in 2021, before slowing to 1.6% in 2022. South Africa’s outlook will be affected by existing structural complexities, including the electricity crisis, joblessness and water shortages. Headline consumer price inflation for 2021 is 4.4% and is projected to fall to 4.2% in 2022, staying within government’s target of 4-6%. At the onset of civil unrest and protests in KwaZulu Natal and Gauteng provinces in July 2021, the local currency weakened against the US dollar. Uncertainty around the global recovery from COVID-19 will likely impact the trajectory of emerging market currencies, including the Rand.

As of 23 September 2021, the central bank – South African Reserve Bank (SARB) left the repo and prime rates unchanged at 3.5% and 7%, respectively. This allows first-time home buyers who are able to access credit to purchase properties at lower lending rates. Additionally, the largest commercial banks have continued to implement measures to cushion the pandemic-related impacts on households, by introducing instalment reductions, interest and fee deferrals, extensions of loan terms and debt relief packages. Banks have granted over R30 billion (US$2 billion) in debt restructurings to date.

In the 2021/2022 financial year, R36.5 billion is allocated to human settlements. This includes a new conditional grant to provinces and municipalities to support the
involvement of communities and community-based organisations in informal settlement upgrading. Targets include the upgrading and formalisation of 400 informal settlements each year over the next three years, and the delivery of 180 000 serviced sites.\textsuperscript{17} The government’s Finance Linked Individual Subsidy Programme (FLISP) is expected to unlock access to housing finance, by supporting 7 600 qualifying beneficiaries with subsidies that enable home ownership with mortgage finance. For the 2021/2022 financial year; the DH and housing developer, Divercity Urban Property Fund has accessed a R500 million (US$42.3 million) financing facility to develop affordable residential units in Johannesburg and Provincial Housing Supply

South Africa has a well-developed banking system, which is regulated by the SARB. There are 15 mortgage finance institutions in the country and key lenders include Standard Bank, First National Bank, Absa, Nedbank and mortgage finance company, SA Home Loans. At the end of March 2021, gross residential mortgages accounted for 51.2\% of total banking credit, amounting to R1 trillion (US$69.4 billion).\textsuperscript{19} Mortgage loans decreased by 13.4\% between December 2020 and March 2021.\textsuperscript{20} Between July and December 2020, approximately 66\% of residential mortgages extended had a loan-to-value (LTV) ratio equal to or greater than 100\%, signalling increased appetite for higher LTVs, and greater risk, on the part of banks.\textsuperscript{21}

The Experien Consumer Default Index indicates that total consumer debt has increased to R1.9 trillion (US$132.6 billion).\textsuperscript{22} Over the last year, the quality of loans has deteriorated across South Africa’s biggest mortgage lenders, and has been worsened by the financial impacts of the pandemic.\textsuperscript{22} Over R40 billion (4.5\%) of residential mortgages were reported to be outstanding.\textsuperscript{24} Personal unsecured credit facilities contribute significantly to household indebtedness and impairment levels. South Africa’s household debt to income remains high at 75.4\%.\textsuperscript{25}

Compared to the rest of the continent, South Africa’s rate of financial inclusion – 90\% is high\textsuperscript{26} yet the microfinance institutions (MFIs) remain critically important for low income households who are unavailable to access appropriate financial products from commercial banks. MFIs are regulated by the National Credit Regulator, and some offer housing credit. Similar to commercial banks, MFIs have also experienced high default rates because of the pandemic.\textsuperscript{27}

The National Housing Finance Corporation (NHFC), which is in transition to become the Human Settlements Developments Bank (HSDB) is responsible for providing housing finance to intermediaries, largely focusing on retail finance intermediaries, property developers and social housing institutions. The NHFC also provides support to emerging housing intermediaries by partnering with other local and global organisations.\textsuperscript{28}

Affordability

Most South African households rely on salaried income, while grants and remittances are also amongst the most common sources of household income.\textsuperscript{29} The average monthly salary was R23 122 in February 2021,\textsuperscript{30} but given extreme inequality, just over a quarter or 7.7 million households earn a monthly income less than R3 500 (US$243).\textsuperscript{31} An additional 7.2 million households have a monthly income ranging from R3 501 (US$243) to R20 000 (US$1 388). Households spend a large portion (23\%) of their income on food, followed by household utilities and fuel (11\%).\textsuperscript{32} The SARB forecasts higher inflation for the remainder of 2021 – mainly driven by rising household consumption and reduced investment levels. This will constrain available resources, especially for low income households.

The lower prime rate, currently at 7\%, reduced existing debt service costs for households, while improving residential mortgage affordability. In the first quarter of 2021, most (87\%) mortgages originated were valued over R700 000 (US$48 611), while mortgages below R350 000 (US$24 305) only accounted for 12.7% of households or 2.2 million households (12.5 million people) live in informal dwellings.\textsuperscript{63}

Across South Africa, 23\% of the total urban population live in informal settlements.\textsuperscript{63} In the eight metropolitan areas, 16.8\% of households live in informal dwellings\textsuperscript{64} often characterised by makeshift structures, constructed largely from corrugated iron, and with limited access to water, sanitation and electricity.\textsuperscript{65} More than 20 million South Africans are without access to safe drinking water and 14 million without basic sanitation services.\textsuperscript{66} The COVID-19 pandemic has made it difficult for informal dwellers, residing in a small shack, to observe physical distancing due to the high densities within informal settlements.\textsuperscript{67} To address these challenges, government has set clear priorities for upgrading informal settlements, and expanding the provision of serviced sites.

Urban informality

South Africa’s population grew at a rate of 1.3\% in 2020. Approximately 67\% of the population are living in cities and this number is expected to rise to 71\% by 2030. The sustained proliferation of informal settlements in South Africa reflects both the challenge of housing inadequacy, and the resilience and innovation of the most vulnerable, who develop informal dwellings when formal markets are unaffordable. Nationally, 12.7\% of households or 2.2 million households (12.5 million people) live in informal dwellings.\textsuperscript{63}

A Rental Relief Programme of R600 million (US$41 6 million) was announced by the DHs, at the onset of the pandemic to provide relief to tenants occupying affordable housing, and to further cushion the impacts on landlords.\textsuperscript{68} In the current financial year, the allocated funds have been transferred to the Social Housing Regulatory Authority (SHRA) and HSDB for disbursement to qualifying beneficiaries.

Housing supply

The FNB/BER Building Confidence Index for the third quarter of 2021 fell from 39 to 35, indicating a slowdown in the building sector. This will most likely result in a drop in housing supply and consequently employment in the labour-intensive construction industry. Despite this outlook, the public sector continues to work to scale housing delivery. The Housing Development Agency (HDA) set plans to construct 300 000 houses between 2019 and 2024.\textsuperscript{39} The NDHS has a target to deliver 270 000 subsidised housing units, formalise 300 informal settlements each year; deliver 180 000 serviced sites, and provide 18 000 affordable rental units.\textsuperscript{37} NDHS further plans to further leverage blended finance structures to support municipalities with funds for large scale bulk infrastructure.

The SHRA has a mandate to deliver affordable rental housing, targeting those with monthly incomes between R1 500 (US$104) and R15 000 (US$1 041). In 2021, the SHRA delivered 3 009 units, despite the economic climate–resulting in an increase of 725 units delivered compared to 2020.\textsuperscript{38} New private delivery of affordable housing (those valued between R300 000 (US$20 780) and R600 000 (US$41 549) is low, while new housing stock valued below R300 000 (US$20 780) are largely (94%) government-subsidised.\textsuperscript{39} The Trust for Urban Housing Finance (TUHF) has been central for transforming and financing residential buildings in the inner city of Johannesburg. In partnership with Standard Bank, TUHF launched South Africa’s first Social Bond in 2021, which will further support small-scale property entrepreneurs.\textsuperscript{40} Also in the inner city housing developer, Divercity Urban Property Fund has accessed a R500 million financing facility to develop affordable residential units in Johannesburg and Pretoria.\textsuperscript{41} Divercity currently has a portfolio of 6 500 apartments.

A notable public-private partnership includes the recent partnership between government (under FLISP) and Balwin properties for the delivery of a multibillion rand Moookloof Mega City in Pretoria East, through which the government has committed to roll out bulk infrastructure.\textsuperscript{42} The development will consist of 50 000 one, two and three bedroom apartments in the first phase, selling between R499 000 (US$34 652) to R799 000 (US$55 486).
Informal housing also contributes significantly to housing supply in South Africa. One of the informal mechanisms for addressing housing needs is backyard housing – 13.4% of urban dwellers are housed in backyard properties. The concept works well for small families and single-person households, and constitutes an important supply of affordable units in well-located urban areas. Although the recent Rental Housing Amendment Act seeks to formalise lease agreements for all properties, including backyard units, the backyard rental sector is largely unregulated and although it thrives without much government intervention, the quality of dwellings and level of services in some areas is poor.

TUHF leveraged the backyard rental concept and launched the uMaStandi township backyard rental finance product, which offers financing and training for developments in townships, targeting freehold units in Johannesburg and Cape Town.43

Property markets
According to the 2019 General Household Survey, 64.6% of South African households own their home, 21.9% rent and 13.5% stay in their accommodation rent-free. As of the end of 2019, there were 6.6 million residential properties formally registered, valued at approximately R5.5 trillion (US$380.9 billion). Over half (55%) of these residential properties were entry level and affordable properties, valued below R600 000 (US$41 549).

Approximately 31% or 2 million properties on the Deeds Registry were financed and delivered by the state as part of the national housing subsidy programme.44 Many government-subsidised houses have not yet been formally transferred and therefore do not form part of the formal property market. There are concerted efforts by government to eliminate the national backlog in title deed registrations and guarantee security of tenure, however progress is slow.45

South Africa’s housing market is showing signs of improvement, after being depressed for the past few years. The price index for medium-sized apartments rose by 4.61% in April 2021, compared to 2020, an improvement from the previous year’s increase of 1.2%.46

Rental prices increased marginally in 2021. Between the second quarter of 2020 and 2021, average rentals rose by only R32 (US$3), from R7 746 (US$537) to R7 778 (US$538).47 This slight change coincides with the COVID-19 pandemic. While the market initially responded to low interest rates by driving demand for new homes, the rental market is experiencing growth in the lower end of the market, due to affordability challenges from accessing mortgage loans for own ownership.48

Policy and legislation
In August 2021, the Expropriation of Land Bill was passed in Parliament to amend Section 25 of the Constitution, to allow expropriation of land without compensation, as a means to fast track land redistribution and the delivery of affordable housing. The issue remains controversial and will continue to generate debate. Furthermore, the Upgrading of Land Tenure Rights Amendment Act 6 of 2021 was enacted in May 2021 and aims to convert land tenure rights to ownership for previously disadvantaged persons.49

The Housing Consumer Protection Bill was introduced for public comment in 2019 and was tabled to Parliament in May 2021. The Bill is intended to protect the rights of housing consumers and regulate home builders and developers in the interest of the consumer. This extends to the market for subsidised or social housing.50 Amendments to FLISP were implemented in 2018 and subsidies will be administered through the HSDB. While a Bill is still being drafted, the HSDB is expected to play a catalytic role in the housing market – expanding housing access for South Africa’s working class, first-time home buyers, as well as support for social (rental) housing stock.51

Although not yet operational, the Property Practitioners Act of 2019 was signed into law, and requires property practitioners to have a valid Fidelity Fund Certificate and stipulates that they can only be paid once the transfer of the property has been registered at the Deeds Office.52 Intern Estate Agents are now known as Candidate Property Practitioners and cannot draft or finalise documents relating to mandates, sales or lease agreements or service level agreements without supervision of a Principal.53

South Africa’s Spatial Planning and Land Use Management Act (SPLUMA) No. 16 of 2013, provides a framework for spatial planning and land-use management, and other guiding legislation.54 The National Development Plan also makes provisions to drive spatial development, create inclusive land markets and promote informal settlement upgrading by 2030.55

In addition, the NDHS has several policy initiatives in the pipeline, aimed at securing land tenure, creating equal access to housing markets and supporting spatial transformation.56 These include the drafting of an Affordable Housing Policy and Urban Land Reform Policy that promote inclusionary housing, the development of a comprehensive Rental Policy and revisions to the Informal Settlements Programme.57

Opportunities
Over the past year, record low interest rates have significantly improved affordability, which helps to expand housing market access to South Africa’s low and middle income earners. Special attention should be paid to closing the housing supply gap for the working class-properties valued between R300 000 (US$2 078) and R600 000 (US$41 549).58 Although, the student market has slowed due to the pandemic, the existing backlog in affordable student housing resale markets.

Although, the student market has slowed due to the pandemic, the existing backlog in affordable student housing resale markets.

| Population: 59 308 690 |
| Urbanisation rate: 2.02% |
| Cost of cheapest newly built house: 473 440 ZAR |
| House price PPP$: PPP$68 284 |
| Urban households that could afford this house with finance: 32.42% |
| 1 PPP$: 6.93 South African Rand |

Source: https://www.cgidd.com/C-GIDD, 2020

43 Africa Housing Finance Yearbook 2021
Overview

South Sudan had an estimated population of 11.2 million in 2020, of which approximately half a million live in the capital and largest city, Juba. The country is ranked 185 out of 189 countries and territories in the United Nations Human Development Index (HDI). Nine out of 10 South Sudanese experience multidimensional poverty and almost 83% of South Sudan’s population of 1.12 million people live in rural areas, though less than 5% of arable land is cultivated. With an urbanisation rate of 2.68% and high levels of poverty, most of the population (both in rural and urban areas) live in largely self-built and owner-occupied traditional mud houses. South Sudan also lacks efficient land administration services and mechanisms to settle disputes at national and state levels. Housing, land, and property rights, including reclamation, restitution and reconstruction, therefore continue to be an issue.

The Republic of South Sudan became Africa’s 55th country on 9 July 2011 and was plunged into conflict only two years later and again in 2016. In response, the Revitalized Agreement on the Resolution of the Conflict in the Republic of South Sudan was signed on 12 September 2018 by the warring parties and a unity government was subsequently formed in February 2020.

As a small open economy South Sudan is extremely vulnerable to external shocks, a vulnerability exacerbated by dependence on a single commodity, crude oil, which constitutes approximately 33% of its gross domestic product (GDP), 90% of government revenues, and 95% of its exports. The service sector accounts for 6.1% of GDP, and the agriculture sector accounts for 15% of GDP and employs 80% of the population. The resumption of peace opened up oil fields, but falling global oil prices have reduced government revenues by 40% and increased the fiscal deficit to 4.9% of GDP in 2020 from 2.5% in 2019. Economic recovery driven by rising oil prices and a resumption in oil production was set back in 2020 by locust invasions, floods and COVID-19.

The country relies on remittances and foreign direct investment. Banking, which dominates the financial sector, has been affected by the COVID-19 containment measures as credit to the private sector, which fell by 20% in 2019, dropped another 40% in 2020, reflecting the high cost of finance in the country. Real GDP is expected to grow by 0.1% in 2021 and 2.5% in 2022. Inflation, which increased to an estimated 31.1% in 2020 from 24.5% in 2019, is expected to drop to 23.3% in 2021 as containment measures to curb the spread of COVID-19 are eased. The exchange rate influences inflation as South Sudan is severely dependent on imports for a wide array of goods such as building materials, medicines, maize flour, sugar and cooking oil. The oil sector has continued to be the primary driver of growth, with estimated oil production of 62.1 million barrels in FY2019/20. In the agricultural sector, the cultivated area increased by 6% in 2020 compared to the previous year.

### Key Figures

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<td>1 USD = 55,32 South Sudanese Pound (SSP)</td>
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<td>Percentage of women who own a house alone and/or jointly</td>
<td>n/a</td>
</tr>
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<td>Percentage of female-headed households</td>
<td>n/a</td>
</tr>
<tr>
<td>Percentage of urban population living in slums (2018) (i)</td>
<td>91.4%</td>
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<td>Percentage of households with basic sanitation services</td>
<td>n/a</td>
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<td>n/a</td>
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<td>Cumulative number of COVID deaths per 100 000 as of 1 Oct (j)</td>
<td>0.26%</td>
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<td>Percent of population fully vaccinated against COVID-19 as of 1 Oct (k)</td>
<td>1.16</td>
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**NB:** Figures are for 2021 unless stated otherwise.

[1] Xe.com  
[2] World Bank World Development Indicators  
[5] KCB Bank  
[6] Equity Bank South Sudan  
[7] Etisalat General Construction and Trading Company  
[10] Johns Hopkins University Coronavirus Resource Center  
[12] World Health Organization (WHO)  
[13] UN-HABITAT  
[14] World Health Organization (WHO)  
Access to finance
The Bank of South Sudan supervises and regulates commercial banks. The banking legal framework is governed mainly by two acts, the Bank of South Sudan Act 2011[16] and the Banking Act 2012.[17] South Sudan has 27 regional, national and foreign commercial banks.[18] The main national banks are African National Bank, Agricultural Bank, Buffalo Commercial Bank, Eden Commercial Bank and Ivory Bank,[19] with St Theresa Rural Development Bank being the most recently licensed bank, having begun its operations in 2016.[20] No other depository corporations operate in South Sudan at present.[21]

The exchange rate of the South Sudanese Pound has seen some volatility since the currency was introduced in 2011, but towards the end of 2017 gradually stabilised as the country’s money growth began to slow. This period of macro-economic stability lasted until the start of the pandemic in March 2021 and the resultant sharp fall in oil revenues led to a resumption of monetary financing of the deficit, leading to “high money growth, exchange rate depreciation and rising inflation.”[22]

The National Revenue Authority (NRA) has recently digitalised the collection of custom duties, which account for approximately 10% of non-oil tax revenue, resulting in a significant improvement in revenue collection from such tax.[23]

South Sudan’s external public debt was estimated at SS£432 million (US$1.355 million), or 41% of GDP, as of June 2020.[24] At that date, commercial loans accounted for 81% of the total external debt.[25] Restructuring of the country’s commercial debt with Qatar National Bank, which accounts for 46% of external debt, improved the country’s risk rating from debt distress to high risk in October 2020, and debt restructuring and clearance of arrears owed to Sudan helped cut overall external debt to 28.3% of GDP.[26] South Sudan’s domestic debt had been low at below 10% of GDP prior to the COVID-19 crisis. Domestic debt is mostly in the form of loans from the central bank. The government had stopped monetary financing in late 2017, which helped lower inflation and stabilise the exchange rate. The COVID-19 crisis triggered some monetary financing, increasing domestic debt by approximately five percentage points in FY2019/20, but there has been no further monetary financing of the budget since September 2020.[27]

Given that most of the population live in rural areas, bank penetration is negligible. With only 1% percent of the population having bank accounts in 2016,[28] the client base of commercial banks is limited. In 2018 the non-performing loan rate was 5.1%, the lowest in the country’s history.[29] Financial sector growth has, however, not led to an increase in credit for construction and real estate, for which the percentage of loans was only 19% in 2018.[30]

Equity Bank South Sudan offers a mortgage and construction loan, which can be used to buy or construct a building for residential use or as commercial premises. For both the mortgage loan and the construction loan the repayment period is a maximum of 20 years for a home purchase. The repayment period is a maximum of 10 years for a commercial property purchase.[31] Kenya Commercial Bank (KCB) offers five products, including home loans to buy already-built homes, construction and commercial loans, loans to buy a plot of land, loans to buy a plot and construct and loans to buy or build income-generating housing units.[32] Loan financing is broken down into 90% for straight purchase, with a repayment period of up to 20 years; 80% for commercial or income-generation with a repayment of up to 20 years; and 70% for plot purchase with a repayment of up to five years. The interest rate on these loans is 17%.[33] The loan to buy a piece of land offers financing of up to 85% of the value of the property with a repayment period of up to 25 years.[34] The loan advanced to buy a plot and construct has loan financing of up to 80% of value of property with a repayment period of up to 10 years and interest rates from 15.5%.[35]

South Sudan’s global ranking on the ability of businesses and citizens to get credit is low, with the country ranked at 181 out of 190 countries in the 2020 World Bank Doing Business report. South Sudan has a weak score on credit registry coverage, currently zero, and a score of two on strength of legal rights index. The country scores a zero on depth of credit information index and a zero on credit bureau coverage.[36] Banks and financial institutions cannot access borrowers’ credit information online and bureau or registry credit scores are not offered to help banks and financial institutions assess the creditworthiness of borrowers. Little has been done to allow greater access to finance for poorer citizens, and access to credit is generally considered low.

Urban informality
Approximately 91.4% of the urban population in South Sudan lives in inadequate housing, with 40% of the population having access to safe water and 10% of the population with access to sanitation. In 2020 South Sudan had an urbanisation rate of 2.7% and a population growth rate of 1.2%.

There is insufficient data to specify housing stock availability and while also evident among the urban population, poverty in South Sudan is said to be primarily rural. Traditional mud huts are the most common housing typology across South Sudan, even in urban centres. Although these units are easy to build, they have flawed foundations, are prone to flooding, are poorly ventilated and have high maintenance requirements.

Affordability
Poverty and unemployment, which disproportionately affect the youth and women in South Sudan, are underlying issues. Approximately 82% of the population in South Sudan is poor according to the most recent estimates based on the US$1.90 2011 purchasing power parity poverty line.[37] Furthermore, more than six million, approximately half of the population, face crisis-level food insecurity in 2021.[38] The extremity of these socioeconomic vulnerabilities means that most South Sudanese cannot afford formal housing.

The price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units ranges from SS£520 400 to SS£5 861 700 (US$1 535 to US$17 990).[40] The size of this property would be between 20m² by 25m² or 40m² by 50m². The typical monthly rental price for the cheapest, newly built house by a formal developer or contractor in local currency units ranges from SS£90 80 to SS£1 302 600 (US$1 199 to US$3 998). The construction labour cost in local currency units for the cheapest, newly built house starts from SS£500 000 (US$535/m²) and the total construction cost for the cheapest, newly built house is estimated to start from SS£20 million/m² to SS£35 million/m² (US$3 184/m² to US$10 421/m²). A bag of 50kg of cement costs SS£4 000 (US$12.28).[41]

Estimates from primary mortgage lenders in 2017 were that South Sudan held 800 housing finance loans worth US$1.7 million (SS£534 million), with an average loan size of US$5 000 (SS£16 299) and a maximum loan size of US$40 000 (SS£133 327). Over five years, implying a monthly income of US$400 (SS£130 328). The per capita income in South Sudan is US$1 085 (SS£353 514), with the average monthly net income of those in formal employment reported to be US$386 (SS£190 930).[42]

Housing supply
The continuing delay in approving the National Land Policy, under development since 2006, undermines filling gaps in housing, land and property-related legal frameworks that draw from the land policies. Also, most of the formal implementing institutions provided for in the 2009 Land Act and in the Draft Land Policy have not been established, making it difficult for rural communities to access housing-related services.[43]

In various locations in South Sudan individuals must pay for a land survey to secure land ownership. Sometimes those able to pay for the land survey first have a greater chance of securing land ownership, regardless of rightful ownership.[44] The absence of a harmonised and coherent national land registration and documentation system contributes to the increase in land disputes and hinders their resolution.

As part of the Ministry of Lands, Housing and Urban Development FY 2020/21 budget plans, the ministry will reconstruct 50 low-cost housing units in Juba and construct 5 000 public affordable low-cost housing units for returnees in state capital cities; construct three solid and three liquid waste management facilities in Juba, Wau and Malakal and establish a research centre for building material testing in Juba.[45] Shelter Africa signed a Memorandum of Understanding (MOU) with Juba-based real estate firm Triangle Real Estate for a military housing project in South Sudan. Under the agreement, Triangle Real Estate will act as the developer and contractor.
of the project while Shelter Afrique will provide the funding and act as the lead arranger to help raise additional financing through the syndication of other developmental financial institutions. The cost of the housing project is estimated to be around US$1.5 billion (S$1.489 billion) and will involve building a total of 26,000 housing units divided into 148 housing blocks. The housing units will be constructed at New Site, Qiada Junubiya, J-3 Presidential Guards Apartments, and at New Bonga.49

Property markets

In 2014 it was estimated that 50% of the urban population lived on unregistered land.60 The occupation of unregistered land potentially demarcated for alternate uses results in a high risk of eviction in urban and peri-urban areas.51 South Sudan has seen an increasing number of people living in fast-urbanising areas.52 For census purposes, only people who live in towns and cities are considered to be the urban population and as of 2020 this represents approximately 22% of the country’s total population.53 The rapid urbanisation taking place in South Sudan has been driven by massive rural and urban migration caused by the prolonged conflict in the country. However, the peace agreement and independence of South Sudan have also led to streams of internally displaced people and returning exiles flocking to urban centres, with the effect that the city of Juba has grown in size approximately five times in the past 10 years.54 This growth has happened without any proper layout or planning and has led to spontaneous settlements, which authorities have not been able to keep pace with and to which services have not been extended.55

The World Bank Doing Business 2020 report shows no official statistics are available for tracking the number of transactions for property registration. All privately held land plots are not registered and there is no electronic database for recording boundaries, checking plans and providing cadastral information.56 Acquiring construction permits takes 23 procedures over 131 days at 8.5% of the property value.57 Registration of a property takes seven procedures over 48 days at 14.6% of the property value.58

Policy and legislation

The administration of land is governed by the Land Act of 2009, the Local Government Act of 2009 and the Transitional Constitution of South Sudan of 2011. The Land Policy of 2011 is not yet in force. The ministry in charge of housing in South Sudan is the Ministry of Lands, Housing and Urban Development.59

Opportunities

Following the transitional government’s power-sharing agreement, the state intends to diversify and stabilise the economy. The economy is now heavily reliant on the oil sector as well as support from the international community from a humanitarian and developmental investment perspective. A possible breach in the peace accord and oil price fluctuations are the main downside risks to the growth outlook for South Sudan.60

The housing value chain in South Sudan is characterised by a lack of urban professionals such planners, municipal engineers, urban designers and architects. The lack of these type of professionals and the necessary technical equipment has resulted in the uncontrolled growth of urban settlements and urban planning in South Sudan has consisted mainly of rudimentary subdivision layouts usually intended to demarcate plots to be allocated by local authorities.61 The issue of spontaneous settlements is exacerbated by the waves of returnees and refugees which the country regularly has to deal with.2

Availability of data on housing finance

The Bank of South Sudan publishes monthly statistical bulletins but the publications are limited to financial figures with no accompanying explanatory narrative. Information on the general financial landscape of the country, inflation and lending statistics are not updated regularly and a significant number of archived reports are not available on the website. Those that are available are not updated on a yearly/quarterly basis, making it particularly difficult to reconcile the statistical bulletin information provided with the actual state of housing finance in the country.

The National Bureau of Statistics is mandated by the Transitional Constitution to collect, analyse and disseminate all official economic, social, and demographic statistics. However, the information published on the website is outdated, with the last Sudan Population and Housing Census having been conducted in 2008 and the annual statistical yearbooks only available for 2009 and 2010.

Communication on social media appears to be the preferred method of communication instead of formal websites, as evidence by the Ministry of Lands, Housing and Urban Development providing regular updates on its social media platform without having an accessible official website.

Additional sources


Overview

The population of Sudan was estimated at 43.8 million in 2020 with approximately 34% living in urban areas. Consequently, the percentage of squatters in cities such Port Sudan and Omdurman is more than 30%, while squatters in the capital city Khartoum are estimated at 60%.

With an average household size of 5.7 people, the housing supply deficit stands at an estimated 2.5 million units. Rural-urban migration, partly to escape harsh desert environments, explains the increasing unmet housing demand, which in turn has the cost of certain goods and services in urban areas to increase.

For example, the cost of water, housing, and electricity grew at twice the rate of the price of clothing, food, and other items. Furthermore, despite the importance of residential home ownership as a housing market component, most people living in urban areas still consider their rural homes as permanent residences.

According to the African Development Bank, Sudan’s real gross domestic product (GDP) is estimated to have shrunk by 8.4% in 2020. The COVID-19 pandemic has contributed to subdued economic activity in the country affecting trade, travel, the price of commodities and financial flows. Economic growth has also been affected by reduced private investment.

Inflation had grown to 124.9% in 2020 compared to 82.4% in 2019. This is mainly due to a 118% monetisation of the fiscal deficit that accounted for 40% of government revenue in 2019 and a 118% currency depreciation.

Poverty levels increased from 48.3% to an estimated 56% in 2020. The Sudanese government reduced the cash reserve ratio, boosting credit to the private sector in 2020. Non-performing loans reduced by 0.5% from 3.5% in 2020 despite returns on assets decreasing to 1% from 1.8% in the same year. Sudan devalued its official exchange rate of the Sudanese pound to the dollar on 21 February 2021 from £55 to the dollar to an indicative rate of £375, as part of a move to flexible management of the currency. The lending interest rate was 12% while the mortgage rate also stood at 12% in 2018.

Access to finance

Access to finance in Sudan is limited. Most Sudanese satisfy their housing needs using savings and money transferred from family members abroad.

KEY FIGURES

Main urban centres

Exchange rate (1 July 2021): 1 USD = [a]
1 PPP$ = (2020) [b]

Total population (2020) [b] | Urban population (2020) [b]
Population growth rate (2020) | Urbanisation rate (2020)

GDP per capita (Current USD) (2020) [b]

50.6%

US$595

5.2%

Percentage of population below national poverty line (2017) [b]

12.8%

n/a

Gini coefficient (2017) [g]

35.4

170 | 0.51

HDI country ranking (2019) [c] | HDI country score (2019) [c]

Poverty levels increased from 48.3% to an estimated 56% in 2020. The Sudanese government reduced the cash reserve ratio, boosting credit to the private sector in 2020. Non-performing loans reduced by 0.5% from 3.5% in 2020 despite returns on assets decreasing to 1% from 1.8% in the same year. Sudan devalued its official exchange rate of the Sudanese pound to the dollar on 21 February 2021 from £55 to the dollar to an indicative rate of £375, as part of a move to flexible management of the currency. The lending interest rate was 12% while the mortgage rate also stood at 12% in 2018.

Access to finance

Access to finance in Sudan is limited. Most Sudanese satisfy their housing needs using savings and money transferred from family members abroad.

There are 37 banks and 38 microfinance institutions operating in the country, accounting for 25% of the country’s GDP. According to the International Monetary Fund (IMF), these banks are regulated by the Central Bank of Sudan. Thirty-two of these banks are commercial with only one public bank. Seven banks are foreign-owned banks and represent 23% of the total assets in banking. Since 1984, these banks have been operating in compliance with Islamic finance principles. Furthermore, the domestic banks regulated by the Islamic Financial Services Board are required to adhere to international standards as per the Basel Committee.
In June 2021, Sudan was placed on IMF’s Heavily Indebted Poor Countries Initiative list given that it has external debt of €22 trillion (US$487 billion), making it eligible for debt relief. Sudan lowered its interest rates for the public and businesses as an economic relief measure to counter COVID-19 effects.

Only 15.3% of adults in Sudan have a bank account. Compared to the 34.2% average of Sub-Saharan Africa, the country still has a major challenge around financial inclusion. Furthermore, Sudan has lower savings and borrowing proportions at 7.5% and 4.2%, respectively in formal financial institutions. With the mortgage market mainly underdeveloped, Sudanese can only afford to buy property using their savings or cash reserves.

Affordability

The lack of a national urban development strategy, including a coordinated state urban development plan, and a lack of a comprehensive vision for land use and natural resource utilisation, has made affordable housing challenging. According to a 2019 report by the Sudanese Contractors Association, the country mostly relies on building material imports. Land prices in 2018, for example, in Khartoum were as high as £661 500m² (£US$1 465m²). The high land prices are attributed to government policies, high demand, a weak local currency, and rising inflation rates.

Due to limited access to finance and low salaries, housing affordability is low. On average, it costs £85 804 (US$190) to £265 100 (US$587) a month to rent an average, it costs £85 804 (US$190) to £265 100 (US$587) a month to rent an apartment. The price of an apartment per meter square ranges between £410 700 (US$733) and £44 000 (US$983). These prices depend on the location and size of the property. Purchasing these apartments is difficult because of low access to financial instruments such as loans, mortgages, and bonds. The average monthly net salary is £47 900 (US$106) while the interest rate on a mortgage yearly is 15% for 20 years fixed rate.

The mortgage market is underdeveloped, and uptake is low. However, some banks in Sudan offer home finance for construction and renovation for both locals and foreigners. For example, the Bank of Khartoum offers up to £35 000 000 (US$77 502) for home construction, with minimum equity of only 25% of the construction cost, and finance tenure up to 15 years.

Sudan has an existing bond market that is compliant with Islamic banking principles. This bond market, known as Sukuk (Arabic name for financial certificates), was introduced in 1984 by the Higher Sharia Supervisory Board and experts from the IMF to comply with the Islamic banking system (Sharia) implemented in 1983. These Sukuk certificate issuances come in the form of Central Bank Musharakah Certificates and Government Musharakah Certificates (GMCs). The Ministry of Finance and Economic Planning, acting on behalf of the government, issues the GMCs every three months with a maturity period of one year, with the aim of raising capital for construction and finance tenure up to 15 years.

The bond-like instrument involves a direct asset ownership scheme authorities or landlords. Land is a major challenge with most of the land being owned by the central government. The government does not recognise customary land tenure and is struggling to formalise titles and land tenure. Land is being allocated on a leasehold basis at present.

Another housing supply challenge is the high cost of construction, which is astronomically high compared to Sudanese’s wages. It takes the average Sudanese between 20 to 83 years on average to raise capital for construction. This cost does not factor in the cost of the land. For example, to build a modest home without the land cost is equal to a civil servant's gross salary for a decade in Sudan. To break it down, to construct a house, it costs between £9 900 (US$22) and £38 000 (US$84) a month depending on the type of housing and interest rate. This is assuming a saving rate of 25% of a person’s income in Sudan. The high cost of construction is mainly attributed to government policy. Government duties on materials can sometimes reach over 100% in addition to a 17% VAT charge.

Another housing supply challenge is the high cost of construction, which is astronomically high compared to Sudanese’s wages. It takes the average Sudanese between 20 to 83 years on average to raise capital for construction. This cost does not factor in the cost of the land. For example, to build a modest home without the land cost is equal to a civil servant’s gross salary for a decade in Sudan. To break it down, to construct a house, it costs between £9 900 (US$22) and £38 000 (US$84) a month depending on the type of housing and interest rate. This is assuming a saving rate of 25% of a person’s income in Sudan. The high cost of construction is mainly attributed to government policy. Government duties on materials can sometimes reach over 100% in addition to a 17% VAT charge.

Further, it’s currently facing a threat from the mega-dam project in Ethiopia.

To improve the housing conditions, the government of Sudan has established the National Fund for Housing and Development schemes to enable the low income citizens to obtain adequate housing and eliminate squatter settlement occupants. In addition, as most of the land is owned by the government, the government gives land to private investors to build housing units for the Sudanese. However, the government sometimes responds to the demand for housing by forcefully evicting the informal settlement occupants. The settlements are then demolished, and the sites leased to investors for the construction of new residential houses.

Housing supply

Most residences in Khartoum are single-story buildings built on 300m² to 500m² plots. Khartoum also has an estimated 96 informal settlements that house more than two million people. The city has had four master plans since independence that have been partially implemented, with the fourth underway. In March 2020, the Al-Doha residential complex project in Kassala State was launched. For most Sudanese, access to basic housing remains largely unaffordable and the country has a huge housing gap. The housing supply deficit is estimated at 2.5 million units. A major challenge to closing this housing gap is the high land and construction costs.

The market dynamics of housing in Sudan include owned, rented, employment-related housing, and free housing. A total 86.9% of housing units are owned and 7.42% are rented. The people who rent these houses do so from agricultural scheme authorities or landlords. Land is a major challenge with most of the land being owned by the central government. The government does not recognise customary land tenure and is struggling to formalise titles and land tenure. Land is being allocated on a leasehold basis at present.

Urban informality

Sudan has a population growth rate of 2.4%, an urban growth rate of 2.5%, and a rapid urbanisation rate of 3.29% per annum. A total of 88.4% of the urban population lives in informal settlements. Most urban households living in informal settlements are made up of migrants from rural areas in search of employment and better opportunities.

Seventy-two percent of Sudan is desert, which has led to the country experiencing harsh environmental crises including water scarcity. Despite this, 78.3% of the urban population have access to basic water supply and 57% of the urban population have access to basic WASH (water, sanitation, and hygiene) services. This is partly thanks to the Blue Nile which passes through the country. The river is a major source of water and livelihood. However, it’s currently facing a threat from the mega-dam project in Ethiopia.

Policy and legislation

Sudan has just begun developing its first urban policy at the state level. It also intends to prioritise national sustainable development projects and consider spatial dimensions. Out of the 18 states, only a few have local plans or structures in place. This is because it’s a challenging task for the state governments.
The country has a residential lands class classification system. First introduced in 1906 with an initial three classes, it now has five classes (first, second, third, fourth and fifth). The classification is according to a person's economic ability and ability to develop a piece of plot. The first class areas contain large sizes of plots, minimum durable building materials permissible, and a long lease period. In contrast, the third class areas have smaller sizes of plots, less durable building material permissible, and shorter lease period. This has affected the design of the neighbourhoods as more effort has been put in designing for the upper class who fall under the first and second class areas. Due to this, there is a persistent stigma around neighbourhoods, methods and materials for lower class areas consisting of the third and fourth classes. This has resulted in inadequate designs that do not meet daily needs such as the movement of the residents in these areas.

Sudan lacks a digitised land tenure and title system. Furthermore, the country lacks a central land administration authority. Sudan’s legal framework for land governance is a complex mix of customary and statutory laws that have evolved over time. The country has an Interim National Constitution that empowers the establishment of a National Land Commission (NLC) to direct the development over time. The country lacks a digitised land tenure and title system. Furthermore, the country lacks a central land administration authority. Sudan’s legal framework for land governance is a complex mix of customary and statutory laws that have evolved over time. The country has an Interim National Constitution that empowers the establishment of a National Land Commission (NLC) to direct the development over time. The country has an Interim National Constitution that empowers the establishment of a National Land Commission (NLC) to direct the development of land policy, policies for the recognition of customary land rights, and the adjudication of land disputes. There is a call for State Land Commissions in Darfur, Blue Nile and Southern Kordofan states to act on behalf of the NLC. Plans are underway to draft a new constitution.

The housing industry is constrained by statutory development procedures. According to the Doing Business 2020 report by the World Bank Group, it takes 11 days at a cost of 2.6% of the property value to register property in Sudan. To obtain construction permits, it takes 255 days.

The Sudanese property market has both real estate agents and brokers who act on behalf of companies and clients respectively. They take part in the selling of both land (plots) and houses. Some have an online presence in the form of websites listing the properties (both houses and plots).

Women acquire access to land indirectly through male family members or their husbands. These derived rights tend to be weaker than primary male rights. Sharia law is used in most of Sudan and governs property rights in the event of marriage, death and divorce. This law recognises women's rights to hold property. However, according to local customs, land rights tend to be retained by male family members. Women-headed households face special obstacles after a divorce or the death of their husbands when attempting to access land. For a widow to claim inherited leasehold rights from the government, she must obtain a death certificate. This certificate is not easy to get.

The Islamic law prohibits interest (Riba), which makes it impossible to use interest-bearing loan debt instruments as a viable investment source. Sukuk was created to allow investors to find a way around this law and still reap the benefits of debt financing. The instrument does this by linking the returns and cash flows of debt financing to a specific asset being purchased. This enables it effectively to distribute the benefits of that asset.

The government plays a key role in housing delivery through drafting of policies and legislations around the housing sector. For example, it has established the National Fund for Housing and Development schemes to enable the low-income citizens obtain adequate housing and to eliminate the squatter settlements. Local governments have also been involved in solving this issue. Between 1991 and 1996, the local government of Khartoum built around 2 000 core housing units in Greater Khartoum. After 1996, in an effort to solve the housing problem, it established a state fund for housing and development. The fund was to enable access to adequate housing across all classes by providing more core units (30m² for moderate and low-income households). The fund was able to provide more than a million social housing units in Khartoum, Khartoum North, and Omdurman by 2015. The state fund's most notable project is the Ethora hara 72 Project. The project began in 2003 and has 1 818 houses. There are three types of dwellings: low-cost housing for low-income families, economic housing for middle-income families, and investment housing for high-income families.

A core unit for both low-cost and economic housing consists of one bedroom, toilet, and kitchen. The investment housing has a villa that consists of a living area, two bedrooms, a kitchen, and a bathroom. Furthermore, the construction of the house permits vertical expansion.

Opportunities

Sudan faces similar problems to many developing countries. This includes inefficiency in the materials industry and inadequate capacity. These problems can be attributed to lack of finance, lack of developed infrastructure, lack of education and training programmes, and the lack of skilled labour. However, the problems offer the country the opportunity to improve housing by developing local capacity in the area of material and building technologies for construction.

One possible solution is alternative materials and building technologies. This can then be affordable for the low and middle income class. To provide these affordable technologies and building materials, knowledge and technology transfer is needed to achieve this. This will reduce the cost of building materials and create diverse economic opportunities locally. However, it depends on capacity building of the local authorities to be able to create housing policies aligned to sustainable development objectives and goals.
Availability of data on housing finance

Sudan has some key organisations that collect and share data on housing finance. These organisations are all governmental. They include the Central Bureau of Statistics, Central Bank of Sudan and the Ministry of Finance and Economic Planning. Most of the data available from these organisations are national statistics depending on the area of operation. The Central Bank of Sudan releases reports with data on the exchange rate and inflation rate, on a monthly, quarterly, and semi-annual basis. This data is publicly available on the Central Bank of Sudan’s website. The last census collected was in 2009 with the data publicly available. The Central Bureau of Statistics is now archived.

Most of the data is available at irregular intervals. Furthermore, some of the data sources are archiving and not easily available or only available in Arabic. Most government departments and private institutions dealing in housing finance data do not share their data online.

Websites

Central Bureau of Statistics www.cbs.gov.sd
Construction Week Online https://www.constructionweekonline.com/
Doing Business https://www.doingbusiness.org/
International Monetary Fund https://www.imf.org
LandLinks https://www.land-links.org/country-profile/sudan/#/1528487721845-dfe8c59dbf
Making Finance Work for Africa https://mfw4a.org/country/sudan
Ministry of Environment, Natural Resources and Urban Planning www.mepd.gov.sd
Sudan Microfinance Development Facility http://www.mfd.gov.sd
World Bank https://www.worldbank.org/
World Bank Data https://data.worldbank.org/country/sudan
Overview

Situated in the Eastern region of Africa, Tanzania is a union of Tanganyika (Mainland) and Zanzibar (Island). An increase in gross national income per capita, from TSh2.3 million (US$1,020) in 2018 to TSh2.5 million (US$1,080) in 2019,  earned the country the status of lower-middle income country (LMIC). Tanzania’s 12.3 million households are largely distributed in the urban centres of Dar-es-Salaam, Mwanza, Arusha and Dodoma. The housing backlog is over three million, with an annual production requirement of 200,000 units. 40 percent of this deficit is estimated to be in urban Tanzania. The urban population which is currently 35% of the total population, is expected to grow by a further 15% by 2030. Key challenges for the housing sector include high costs of formal finance, as well as a limited supply of affordable housing. A substantial number of Tanzania’s houses are built by informal developers, in unplanned settlements – 50% of the urban population live in densely populated informal settlements, inadequate housing or slums. Only 30% of the population has access to basic sanitation, while 36% have access to electricity and 57% basic water provision. These access rates are much lower than the average for LMICs. At the outbreak of COVID-19, 2.6 million people were estimated to need water, sanitation and hygiene services. Along with six other African countries, Tanzania is among the 10 fastest growing economies, globally. Tanzania maintained growth (2.1%) during the pandemic, largely driven by a booming construction sector. The economy is expected to grow by 4.1% in 2021 and by 5.8% in 2022. Despite growth, poverty rates remain high, especially for those in the bottom 40% of the income pyramid. The income gap between households is widening fast in urban areas. Twenty six million Tanzanians or 23% of the population live below the poverty line, and the impact that COVID-19 has had on employment and incomes in key sectors, puts 600,000 vulnerable households at risk of falling below the poverty line.

Although there was no large-scale economic response at the onset of the pandemic, the Bank of Tanzania lowered the policy rate from 7% to 5%, to support credit and bolster economic growth. The government allocated TSh74.4 billion (US$32.1 million) in social protection to vulnerable households. Fiscal stimulus packages, following the pandemic were less than one percent, and fiscal debt remains below the country’s target of below 5% of gross domestic product (GDP).

Given the relocation of government’s administrative functions, housing projects are increasingly being concentrated in the city of Dodoma. Overall, housing delivery declined in the last year due to the impacts of the pandemic. The National Housing Corporation (NHCF) recently secured funding to continue with its stalled housing projects in Dar es Salaam and is actively trying to expand its delivery of low-cost housing, through cross subsidisation and localisation of manufacturing capacity for building materials – which are a major construction cost driver.

KEY FIGURES

Main urban centres

- Dar-es-Salaam, Dodoma

Exchange rate (1 July 2021): 1 USD =

- 2,318.65 Tanzanian Shilling (TZS)
- 888.32 Tanzanian Shilling (TZS)

Total population (2020) [b]
- 59,734,213
- Urban population (2020) [b]
- 21,042,571

GDP per capita (Current US$) (2020) [b]
- 974
- Urbanisation rate (2020) [b]
- 52%

Percentage of population below national poverty line (2017) [b]
- 46%
- Unemployment rate (% of total labour force, national estimate) (2017) [b]
- 6.6%

Proportion of adult population that borrowed formally (2017) [b]
- 12%
- Gini coefficient (2017) [b]
- 37.8

HDI country ranking (2019) [c] | HDI country score (2019) [c]
- 163 | 0.53

GDP (Current US$) (2020) [b]
- 37.8
- GDP growth rate (2020) [b]
- 2.2%

Inflation rate (2020) [b]
- 3.29%
- Lending interest rate (2020) [b]
- 16.68%

Number of residential mortgages outstanding (2020) [d]
- 5,460
Value of residential mortgages outstanding (USD) [d]
- US$188.04 million

Maximum LTV on a residential mortgage
- 40%

Ratio of mortgages to GDP
- 0.30%

Number of residential mortgage providers [d]
- 34

Number of microfinance providers (2020) [d]
- 9

Number of residential mortgage providers [d]
- 6,711
Value of microfinance loans outstanding (USD) [d]
- US$71.3 million

Total number of residential properties with a title deed (2017) [g]
- 722,248
Number of formal dwellings completed annually (2010) [g]
- 26,409

Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units [h]
- 284,084,000 TZS

Size of cheapest, newly built house by a formal developer or contractor in an urban area [h]
- 14,000,000,000 TZS

Typical rental for the cheapest, newly built house [h]
- 14,500,000,000 TZS

Cost of standard 50kg bag of cement in local currency units [j]
- 14,500,000,000 TZS

Type of deeds registry: digital, scanned or paper [j]
- Paper

World Bank Ease of Doing Business index rank (2020) [j]
- 9

Number of procedures to register property (2020) [j]
- 67 days

Time to register property (2020) [j]
- 5.20%

Cost to register property as share of property price (2020) [j]
- 7.5

World Bank DBI Quality of Land Administration index score (0-100) (2020) [j]
- 2

Cumulative number of COVID deaths per 100,000 as of 1 Oct 2021
- 2

Ideas of COVID deaths per 100,000 as of 1 Oct 2021
- n/a

Ideas of population fully vaccinated against COVID-19 as of 1 Oct 2021
- n/a
Access to finance

Over 400 financial institutions operate in the country and are regulated by the Bank of Tanzania. Following COVID-19, the Bank of Tanzania created accommodative monetary and fiscal policy measures to cushion the financial sector and economy with the aim of expanding private sector credit by 11%. Approximately half of credit growth is allocated to the built environment, followed by agriculture, transport and communications, personal loans and trade. Tanzania’s non-performing loans (NPLs) account for approximately 11% of total loans and have increased, in part, because of the pandemic-induced slowdown and impact on private sector activity.

As of 2021, there are 34 licensed mortgage providers, two more than there were in 2019. Five lenders – Centenary Rural Development Bank (CRDB), Stanbic Bank, Azania Bank, National Microfinance Bank (NMB), Bank and Commercial bank of Africa (CBA), account for approximately 70% of outstanding mortgage debt. The entry of new lenders is increasing competition, which could enhance mortgage market growth. The total value of outstanding mortgages increased by 5% to TSh136 billion (US$188 million) in 2020, accounting for 0.4% of GDP. A total of 5,501 loans were disbursed, with an average mortgage loan size of TSh79.2 million (US$34.157).

Through the Tanzania Mortgage Refinance Company (TMRC), the country has made notable progress in expanding access to more affordable mortgage loans, which grew from a loan portfolio of 600 to over 5,000 between 2010 and 2019. During this period, 2,000 housing microfinance products were made available to low income households.

With the support of the International Finance Corporation (IFC), the TMRC managed to extend mortgage terms in Tanzania from five to a maximum of 25 years, while market rates declined from 21% to around 15%. In 2021, however, the minimum mortgage rate was 4% and the maximum was 17%. The maximum mortgage term was 20 years with the required mortgage installment to household income ratio below 50%. The maximum loan-to-value ratio on residential mortgage was 90%. In 2021, the IFC invested in a corporate bond to boost access to long-term mortgage loans, with the aim of expanding access to home purchases. Similarly, the NHC is mobilising 19 commercial banks to be part of a scheme which has so far disbursed TSh20 billion (US$8.6 million) in mortgage loans.

Only a few commercial banks offer loans for self-construction, and for low income households who cannot access construction or home improvement loans, microfinance institutions (MFIs) have filled this gap. There are now four microfinance banks in Tanzania following the formation of Mwanga Haika Microfinance Bank in 2020.

Formal financial inclusion has improved from 58% in 2013 to 65% in 2017, but limited access to financial services persists. Demand-side constraints include a poor savings culture, lack of asset ownership and high levels of informality. Although the scope of financing is continuously increasing, it is still unaffordable for most households. In 2019, it was estimated that only 3% of the population could afford a mortgage, and this creates tremendous demand for housing microfinance products. Availability of affordable housing finance through existing housing MFIs has made it possible for many low earning employees to own houses in urban centers.

Affordability

Income levels of most households are low – 85% of the population live on under TSh7,425 (US$3.20) a day. Most adults (41%) meet their household expenses through farming activities and low income households spend a third of their income on food. Furthermore, in June 2020, most non-farm, informal workers (2.2 million) were reported to have lost income as a result of the pandemic, while 140,000 formal jobs were lost. Most of the population therefore depends on informal sector activity and informal incomes.

The minimum wage ranges between TSh500,000 (US$216) and TSh5,200,000 (US$224) a month. The price of the cheapest newly built house by a formal developer is TSh11.54 million (US$49,791) and is 28m². The typical monthly rental for the cheapest newly built house was approximately TSh1.3 million (US$560), which exceeds the ceiling of the minimum wage. With existing levels of household income, only a handful of employees would be able to afford a formal house.

Urban informality

As of 1 July 2021, the country’s population was approximately 61.4 million, growing at an annual rate of 3%. Tanzania is rapidly urbanising at an annual rate of 5%. Over 21 million people were reported to be living in urban areas, making up approximately 35% of the entire population. This percentage is expected to grow to 50% by 2030.

More than half of the urban population lives in unplanned and informal settlements. This is highest in Dar es Salaam where 70% of residents live in informal dwellings. Although basic service delivery has largely improved in urban areas, only 30% of the population have access to sanitation facilities, while 36% have access to electricity and 57% to basic water provision.

Urban masterplans aimed at developing more sustainable cities have largely not been guided by effective implementation strategies. This has been affected by a myriad of stakeholder involvements, and changes in leadership and preferred approaches.

To improve access to safe drinking water, sanitation and hygiene facilities, and manage urban growth more broadly, a number of programs have been introduced in municipalities by government and development partners, with a focus on rural and peri-urban areas.

Housing supply

The government, through the NHC, plays an important role in the country’s housing supply. The NHC constructed 1,164 commercial and residential properties in 2020, 8% less than in 2019. Only 468 were affordable houses. With an investment of TSh70 billion (US$30 million), 1,000 additional homes are being constructed in the new capital, Dodoma. State entity Watuwasi Housing Company (NHC) delivered 70 residential units in Dodoma, ranging from TSh45,7 million (US$19,709) for a studio apartment to TSh91 million (US$39,246) for a three-bedroom apartment. Another 500 more units are expected to be completed in 2021.

The state-led delivery approach for affordable housing is increasingly being overtaken by private housing market participants. Pension funds, such as the National Social Security Fund, and co-operatives continuously invest in housing and each completes an average of 1,000 housing units a year.

Still, 70% of housing in Tanzania is self-built, and many dwellings are built incrementally using self-help savings. This has led to a proliferation of substandard structures. Due to low purchasing power of the public, the NHC has said it will increase its ratio of rental properties to residences for sale from 30:70 to 80:20. The NHC has plans to increase building material manufacturing capacity to enable quality construction in the self-build sector and bring the cost of key materials down for its own construction of low cost housing.

Property markets

In urban areas, half of households own their properties. Most houses have no registered title deeds, and the absence of title makes it difficult for households to access collateralised mortgages and may also lead to increasing demand for rental housing.
Both formal and informal real estate agents (Dalali in Swahili) operate in Tanzania. Informal real estate agents perform similar duties to formal real estate agents including facilitating buying and selling property and land. However, informal real estate agents are not registered with the country’s authorities and thus do not pay relevant government taxes, duties and levies.

The relocation of administrative functions to Dodoma has meant that the property sector has had to re-establish itself in the new capital and like many sectors, globally, the property market in Tanzania was affected by COVID-19. The pandemic sent prices of residential properties in the country plummeting the last six to 12 months. An excess of supply has also meant rentals for prime residential properties have declined.

In Tanzania, house prices are closely linked to location. In Dar es Salaam, a three-bedroom home is sold between Tsh696 million (US$300 000) and Tsh1.16 billion (US$500 000) in a prime location, while housing in other areas can be priced as low as Tsh11.6 million (US$5 000). The NHC delivered 50 three bedroom homes in Musoma, that are rented out for Tsh135 000 (US$57) a month, all connected to bulk infrastructure services. In comparison, rents for a three-bedroom home in Dodoma, range between Tsh5.7 million and Tsh6.9 million (US$2 500 and US$3 000).

The Ministry of Lands, Housing and Human Settlements Development plans to digitise the sector. The ministry has already started issuing digital title deeds for plots and properties in cities such as Dar es Salaam.

Policy and legislation

The government has adopted the Human Settlement Development Policy to facilitate access to adequate shelter for all Tanzanians. The policy governs land use, tenure and land management. However, there are increasing calls for Tanzania to introduce a National Housing Policy that integrates housing into a broader economic agenda.

A National Land Policy was developed to promote a secure land tenure system to encourage the optimal use of land resources and ensure land access for all citizens.

The informal development of residential houses in unplanned rural and urban settlements often leads to land-related conflicts. Accordingly, the Ministry of Lands enforces laws to manage land resources. The Unit Titles Act No. 16 of 2008 sets out the rules and procedures for managing and regulating divisions of buildings into units, clusters, blocks and sections.

The Financial Inclusion Framework (2018–2022), which builds on an initial 2014–2016 framework, has been key for advancing the availability of financial products and services in a way that ensures the resilience of low income households.

Tanzania introduced an Implementation Strategy for its National Microfinance Policy (2017/18-2027/28) to build housing microfinance capacity and expand the proportion of low income earners who have access to products.

Opportunities

Despite Tanzania’s construction-led growth, housing demand still far outstrips supply. To keep pace with rapid urbanisation, the gap between informal and formal housing and housing finance needs to be bridged. The growing shortage of adequate housing paves the way to supporting informal and traditional responses to the lack of affordable housing.

The TMRC continues to be pivotal for expanding access to long-term mortgage funding, but the country’s demand for housing loans remains high and constrained by limited availability of accessible finance. More affordable and effective housing microfinance products are needed. This is already supported by an enabling framework.

While the Tanzanian government provides some public rental or social housing, greater private sector participation could scale delivery of social housing in informal settlements, as well as create rental models that make affordable housing more accessible. Government’s efforts to invest in manufacturing capacity to bring down construction material costs in Dodoma, in 2021/22, is an opportunity for investors to view Dodoma as an emerging market for residential real estate developments. The NHC’s targeted investments in Arusha, Mbeya and Dar es Salaam also broadens the scope of housing opportunities in Tanzania’s growing urban centres. Calls to waive VAT on building materials, as well as to establish a fund to subsidise the construction of affordable housing, are all positive developments that will streamline housing value-chain activities.

The increasing role of the private sector leads to growth in the number of housing units and the sophistication of housing, which creates opportunities through technological developments, including in the construction of cost effective and more environmentally friendly 3D-printed houses, and use of innovative construction inputs and materials.

Availability of data on housing finance

The Bank of Tanzania and National Bureau of Statistics are key producers of housing and housing finance-related data. The Bank of Tanzania is a key custodian of data relating to Tanzania’s macroeconomic environment, including interest rates, financial stability of the banking system, foreign investment trends and general economic performance. The National Bureau of Statistics disseminates census data, household budget surveys, financial inclusion statistics, surveys on land rights and tenure security, as well as various sectoral reports. Other data hosts in the public sector include the Ministry of Lands for administrative data, Tanzania builders Agency and Tanzania Investment Centre.

In the private sector, the Tanzania Mortgage Refinace Company, commercial banks and Tanzania Invest are key sources for regularly updated mortgage market and residential real estate information. Housing developers such as the NHC and WHC are also fundamental for project-level housing data.
Availability of data on housing finance (cont.)

A major difficulty in Tanzania’s data ecosystem is limited access to timely and publicly accessible datasets that cater to the residential property market, as well as capturing informality. A first step for enhancing the range of data and closing key data gaps in the housing value chain includes disseminating data that is already legislated to be collected by key data holders. There is also scope for housing investment data to pay specific attention to Tanzania’s affordable housing market. The forthcoming 2022 Census is an opportunity to collect valuable housing-specific data.

Additional sources


Email correspondence with Ms. Shamimu (Victoria Finance), 2 August 2021. 

National Housing Corporation. Tanzania. www.nhc.co.tz


Overview

The crisis induced by COVID-19 has caused a significant slowdown in the growth of the Togolese economy, although this slowdown was less than expected. The country saw an estimated growth of 1.8% in 2020, against initial forecasts of 0.8%. The shock of COVID-19 was essentially cushioned by the significant public expenditure incurred by the government in response to the pandemic, in particular through various social programmes such as including the Nossivi cash transfer programme of emergencies for the people most affected by the movement restriction measures and the curfew. COVID-19 patients were covered fully in terms of health care and measures were introduced to provide free public services such as water and electricity for certain social groups. According to the Togolese authorities, these large and unexpected expenses, combined with a significant drop in budget revenues, contributed to widening the budget deficit to more than 6.9% of gross domestic product (GDP) in 2020.

Despite these efforts, the pandemic seems to have undermined the significant progress made in recent years in the fight against poverty through the significant investments made in basic social services and economic infrastructure. While the results of the harmonised survey on household living conditions (EHCVM) estimated the incidence of poverty at around 45.5% in 2018/19 (compared to 55.1% in 2015), this incidence is expected to increase slightly in 2020 because of COVID-19. Inflation has also increased to 1.3% in 2020, compared to 0.7% in 2019.

The Ministry of Town Planning, Housing, and Land Reform estimates that more than half of the Togolese population will live in cities by 2028, with an urbanisation growth rate of 3.7%. To respond partly to the challenges posed by this rapid urbanisation and the access to housing linked to it, the Togolese government has provided in its five-year action plan called “Roadmap 2020-2025”, a construction project of 20,000 social housing units.

Access to finance

Access to finance in Togo is still limited. According to data from the Central Bank of West African States (BCEAO), of which Togo is a member; the banking landscape in Togo the end of 2020 comprised 14 banks and three financial institutions. This landscape has remained stable over the past five years. At the end of 2020, there were 1,178,587 open bank accounts in these banks, corresponding to a rate of use of banking services of about 20%, 260 branches, offices, and points of sale, and 240 ATMs. All these indicators have been rising steadily since 2017. The banks in Togo represent 7.3% of the market share of the West African Economic Monetary Union (UEMOA), just ahead of Niger (4.2%) and Guinea-Bissau (0.7%). The main banking products offered by these establishments are short or medium-term loans, i.e., CFA1,553 billion (US$2.81 billion) at the end of 2020.

The decentralised financial system in Togo had a total of 77 microfinance institutions (funds offices, and points of sale, and 240 ATMs). All these indicators have been rising steadily since 2017. The banks in Togo represent 7.3% of the market share of the West African Economic Monetary Union (UEMOA), just ahead of Niger (4.2%) and Guinea-Bissau (0.7%). The main banking products offered by these establishments are short or medium-term loans, i.e., CFA1,553 billion (US$2.81 billion) at the end of 2020.

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Affordability

The Togolese government’s stated intention by 2025 is to provide 20,000 social housing units but excludes most Togolese and remains a challenge for the government.

Under these conditions, access to affordable housing is around CFA1,370,000 (US$2,476) per unit. This represents more than 40 times the minimum monthly wage. The minimum monthly wage has been CFA35,000 (US$63) for a decade, while the median income is around CFA150 million (US$265 million) against a total amount of CFA183.542 million (US$331.76 million) of outstanding loans, with a deterioration rate of the portfolio of 7.3%.9

Initiatives to offer financial services via cell phones have significantly strengthened financial inclusion in Togo, especially thanks to COVID-19, which has seen the easing of conditions for access to electronic wallets. As a result, Togo had five digital financial service providers in 2022, of which were linked to the country’s only two mobile operators. Moreover, with a rate of 91.7%, in 2019, Togo is the country in the WAEMU zone whose activity rate of electronic money service points is the highest and has been constantly increasing over the last five years.10

Of the 14 banks and bank branches in Togo, 10 offer real estate or comparable loans to individuals under similar conditions. The interest rates offered on home loans vary between 7.75% and 12%, with maturities of up to 25 years, for the Maito Masion loan from the Bank of Africa (BOA).11 However, only people with substantial and regular income have access to home loans.

Incomes are, therefore, low. Moreover, in the formal sector, 60% to 70% of the population earn less than the minimum wage. In addition, 40% of the population live below the poverty line. This situation makes it difficult for most Togolese to build their house. However, the government has put in place instruments aimed at promoting construction of housing, especially for households with low and modest income. These include introducing a Centre for Housing and Construction (CCL), which promotes the recovery and use of local construction materials with a view to reducing construction costs. The Special Housing Development Fund (FSDH) is intended to support real estate developers with projects comprising at least 10 housing units intended for low and middle income people, as well as organisations active in researching construction materials, and development companies.12 The government has also launched several initiatives to build affordable housing, particularly that of the Cité Molokopo (a project of 1,000 housing units and apartments), which is almost complete and where the housing units built have practically all been sold. Currently, two other housing construction projects are being implemented: the one hand, the S94 housing units of the Renaissance Residence, entirely financed by the National Social Security Fund (CNSS) of Togo and, on the other hand, the 234 housing units of the Cité Les Mimosas, financed by the developer SIPIM-ABRI 2000. In addition, the oldest developments, such as Wellicity; launched in 2016 (1,000 housing units) of the Confortis Group and the Cité des Anges (120 housing units), are still under construction. However, these projects only represent part of the response to the demand for housing in the city of Lomé alone. In fact, the demand for housing for the cities of Lomé and Kara is estimated at 25,000 by 2020.13

To make up for the shortfall in the supply of affordable housing, the government, in its 2020-2025 Roadmap, has included a project to build 20,000 social housing units by 2025. It has also started realising this project by signing a partnership agreement with Shelter Afrique in March 2021 for the construction of 3,000 housing units in the capital Lomé. In the same vein, the government has passed a decree to reserve an area of 1,177 ha for its social housing construction programme, entailing the provision of land and production of housing.

Togo has undertaken in recent years, with the support of development partners such as the World Bank and the European Union, a vast development programme for the city of Lomé. Such programmes have helped improve roads and sanitation and connected the periphery’s dormitory towns to the city centre. The urban public transport system has been strengthened through the establishment of several bus lines by the Lomé Transport Company. The government has also created the National Agency for Sanitation and Public Sanitation to improve the supply of sanitation services in the city of Lomé, with definite impacts since its creation in 2013.14

Property markets

The real estate market in Togo is dominated by the production and sale of residential land. This is mainly carried out by private actors, with uniformity in land production, especially in Lomé where the standard plot is 20 m frontage and 30 m
Policy and legislation

Togo has maintained a certain diligence in reforming the land and housing sector. After the vote on the Land Code (Law 2018-002 of June 2018), which better regulates, among other things, land transactions and related issues, the country has shown its willingness to continue strengthening the business environment in transactions related to land and housing. In addition, the country in 2020, with the support of the Infrastructure and Urban Development Project (PIDU) financed by the World Bank, started preparing a Town Planning and Construction Code. It should set the rules for development and urban planning and land use, as well as construction in Togo. Similarly, since 2017, the Togolese government has enriched the regulatory framework relating to urban development and construction. At the same time, the FSDH, created in 1988, is intended to support investment in the housing sector.

Since the local elections of 30 June 2019, Togo has implemented its territorial administration and decentralisation reform, establishing municipalities and electing mayors. Furthermore, the laws require municipalities with more than 5,000 inhabitants to have an Urban Development Master Plan (SDALU), a legal requirement which the PIDU Project financed by the World Bank is supporting seven cities in Togo to implement. Also, an SDALU for Grand Lomé was drawn up with financial support from the French Development Agency (AFD) but is still awaiting adoption.

Finally, Togo plans to pass a decree regulating deposits, rental guarantees, and residential leases.25

Opportunities

Togo is today a land of opportunity for implementing serious affordable housing policies and programmes. The country has been ranked consecutively in recent years among the 10 most reforming countries in the world in terms of improving the business climate.

The indicators in this area have improved regularly, pointing to the creation of a favourable environment for potential investors. Togo has also equipped itself with serious habitat policy instruments such as a strategic framework for the urbanisation of the country, as well as the legal and regulatory instruments that go with it. Togo has included the provision of affordable housing for many of its citizens among the 46 priority projects of its 2020-2025 Roadmap. However, the programme proposals have not yet been formulated. Real estate developers should be able to support the government in proposing tangible projects.

Finally, Togo has been a politically stable country for several years now, stability which was marked by it being dropped in March 2020 from the list of Fragile or Conflict States established by the World Bank. All these elements make Togo fertile ground for sustainable investments in the affordable housing sector.

However, significant challenges remain for potential investors to take full advantage of these opportunities. Some of these challenges concern the implementation of urban planning tools (SDALU, Urban Strategy for large urban centers, etc.) and the scarcity of developed land.
Availability of data on housing finance

Data on housing and its financing in Togo are generally difficult to access. Except for data on access to finance, most of which are available in publications and on the BCEAO website, obtaining data is difficult. Studies on the housing sector are scarce. The most recent such study available is produced by the BCEAO, and it contains interesting indicators by WAEMU country. But this study dates from 2014 and seems outdated. At the same time, commercial banks that offer housing finance products are reluctant to share even aggregated data on their customers. On the other hand, real estate developers are generally open to sharing their data, seeing it as an opportunity to advertise themselves. As for government agencies, some are open to sharing data, while others talk about the data being too sensitive to share.

Websites

Caisse Regional de Refinancement Hippothecaire de l’UEMOA (CRRH-UEMOA)
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Confortis International SA
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19 Ibid. Pg.24.
Overview

The population of Tunisia was 11,818,618 in 2020. Only 30% of the population live in rural areas. With 69.5% of the population living in urban areas, Tunisia is one of the most urbanised countries in the continent. The high degree of urbanisation is argued to be a consequence of spatial inequalities and policies as well as of rural-urban migration waves caused by socio-economic circumstances. Tunisia, the country’s largest city, with 2,365,201 inhabitants, attracts people from rural areas because it has more employment opportunities and provides access to basic services (95% of sanitation).

Years of political dysfunction and economic stagnation have exacerbated and amplified informal housing growth in urban areas. In 2011, right after the Jasmine revolution, the level of urban informality reached 45%. In 2020, the economic situation is such that urban informality is no longer solely associated with the poor and working class as more middle-class households opt for informal housing.

Economic activity in Tunisia has slowed significantly due to the COVID-19 crisis. The GDP growth rate declined by 8.6% while the inflation rate rose to 5.6%, in 2020. The political crisis coupled with a challenging economic situation, worsened by the pandemic, have raised the cost of living and along with that the cost of land and building materials.

The political instability of the country is far from subsiding, as reflected in President Kais Saied’s recent executive action. On 25 July 2021, the President dismissed the head of government, freezing the activity of the assembly. This political turmoil has created a climate of uncertainty.

As a response to COVID-19, The Central Bank of Tunisia in March 2020 reduced its key interest rate by 100 basis points and further reduced it by 50 basis points in September 2020. This served to stabilise the average money market rate at 6.75% and reduced lending rates for new loans to individuals and private companies. Furthermore, the central bank postponed the maturities of loans granted to individuals and professionals. These measures were a relief for those who lost their jobs and were unable to honour their credit obligations. And as a result of lower rates, demand for mortgages increased.

In July 2021, to alleviate the hardships faced by the Tunisian population, President Saied asked the President of the Tunisian Professional Association of Banks and Financial Institutions to reduce interest rates on loans. If this request is accepted, more Tunisians will be able to obtain loans for housing.
Access to finance

Approximately 80% of real estate transactions in Tunisia are financed through bank loans. Most bank loans are for housing. Banks favour mortgage loans because they are backed by guarantees or collateral. Furthermore, mortgage loans are a good way to retain and build customer loyalty to the bank for the long-term.

In 2020, the value of residential mortgage loans increased by 1.6%, from DT1 279 000 (US$417 14), in 2019 to DT1 463 007 (US$448 714). The 1.6% increase is relatively close to the 1.9% increase between 2018 and 2019. This suggests that the central bank’s reduction of the leading rate successfully mitigated the impact of the pandemic on the demand for residential loans.

However, M&Ca, a Tunisian stock market intermediary, reports that the value of interest outstanding on loans was DT850 million (US$308 million) in 2020. Compared to the 2019 figure of DT487 000 (US$176 million), this is an increase of 74.5%. Between 2018 and 2019 the increase was only 6.3%. The high rate of non-performing loans observed in 2020 can be linked to the central bank’s decision to reschedule bank loan repayments from three and then six months in March and September 2020. MACsa estimates a high probability of further increases in the number of non-performing loans in 2021 and 2022.

In June 2020, Tunisia had 42 registered banks and financial institutions, all licensed by the central bank to offer mortgages. They include: 23 resident banks, seven non-resident banks, eight leasing institutions, two factoring companies and two merchant banks.

Banks in Tunisia offer loan packages to finance buying a new home, renovating an existing home, or buying land on which to build a residence. The mortgage loans offer finance of up to 80% of the housing project cost. All conventional banks require the individual borrower come up with a minimum of 20% of the value of the housing project. The documentation for the loan application includes the borrower’s pay slip and employment contract. This information is used to determine the interest rate, repayment period and most importantly, the size of the loan. The central bank recommends that banks do not grant loans with a monthly payment exceeding 40% of the borrower’s revenue. This is a recommendation and not a law and is usually overlooked. Some banks can go as far as determining a monthly payment that exceed 50% of the borrower’s salary.

Because of the number of financial institutions offering loans, the market for mortgage loans is highly competitive. Their offers are similar, with interest rates ranging between 8.3% and 14.4%. Some banks offer preferential rates to borrowers if they go through a promoter affiliated with the bank. The repayment terms of mortgage loans range between a minimum period of five years and a maximum period of 25 years.

There are 287 accredited microfinance providers in Tunisia. Microfinance loans are granted to finance income-generating and job-creating activities. However, they can also be granted to improve living conditions. The Regulation n° 2012-2128 of 28 of September 2012 stipulates that maximum size of microfinance loans granted for these purposes is DT1 000 (US$362) for associations and DT3 000 (US$1 086) for a public limited company (PLC). The average value of microfinance loans allocated to improve living conditions was DT1 846 (US$668).

Outstanding microfinance loans subject to a moratorium amounted to DT1 934 000 (US$703 273) at the end of April 2021. The portfolio at risk 30 (PAR 30) for these microfinance loans was estimated to be at 10.73% compared to 3.94% recorded four months earlier. This notable deterioration is due to the persistence of repayment difficulties encountered by clients, despite the moratorium obtained because of the health crisis.

Some accredited microfinance associations include ENDA Tamweel, Tayis microfinance, Microcredet baabab and Advans Tunis. ENDA launched the EDDAR loan in 2007 to finance housing improvements. The EDDAR loan seeks to meet the needs of vulnerable populations from low-income neighbourhoods lacking decent housing and with no access to bank financing. With a maximum amount of DT5 000 (US$1 815), the loan is repayable over a period of 24 months.

Urban informality

In Tunisia, informal housing refers to illegal housing or settlements built on land legally purchased by households but lacking adequate spatial planning and equipment and not compliant with current planning and building regulations. Less than 1% of the urban population lives in slums.

The Agency for Rehabilitation and Urban Renewal (ARRU), in charge of upgrading informal settlements, has identified around 1 440 informal settlements throughout the country. To alleviate the pressure on the capital, the Housing Land Agency (AFH) is working to mobilise land for individual and collective housing in areas neighbouring large cities. Most of the urban population has access to water and basic sanitation.

Affordability

Tunisia’s gross national income per capita decreased by 3.4% from DT9 404 (US$3 404) in 2019 to DT9 085 (US$3 288) in 2020. Despite the decrease in interest rates, buying or building a new home is becoming more and more expensive given the country’s current economic situation. Some households can only afford to buy cheaper land in peri-urban areas. Because of the high price of housing, land and building materials, more middle-class households are resorting to informal housing, which is proliferating.

The 2014 census revealed that 77% of Tunisians own a house/residential unit, 17.2% are tenants and 5% receive free housing. Few resort to mortgage loans to finance buying or building their homes: 90% of residential units have no mortgage.

Obtaining mortgage loans from banks is challenging for people with low incomes. The “First Housing Programme” is a government-initiated programme launched in 2018 to tackle this challenge, with little success. The programme was revised in 2019 to increase the amount of the loan and reduce the interest rate. To qualify for the First Housing Programme, the applicant – single person or household – must be employed and have a gross monthly income 4.5 to 10 times the guaranteed minimum wage. Successful applicants obtain a loan to finance their first housing from an affiliated bank that covers up to 80% of the housing price, at the preferential rate of 2%. The government covers the remaining 20% of the housing price in the form of a subsidised loan. The loan granted by the bank is capped at DT220 000 (US$79 623), with a maximum repayment period of 25 years.

Households and individuals that do not qualify for the “First Housing Programme”, can apply for the FOPROLOS (Fund for the Promotion of Housing for Employees). This is a government programme that allows Tunisian employees to become homeowners. The government has been criticised for not doing enough to ensure that employees have access to housing, even though employers continue to make contributions to the program. Further criticism comes from the fact that construction companies interpret the FOPROLO law according to their convenience. They deny some applications because the size of the house to be built is too small, thus less profitable for them. Some believe that the FOPROLOS have become an unofficial source of income for construction companies that have stopped building social housing.

Housing supply

After the 2011 Jasmine revolution, the level of urban informality soared to 45%. The inadequacy of housing for poorer Tunisians in urban areas has further led to urban dysfunction. Informal housing and settlements have proliferated, and poverty has increased along socio-spatial segregation. Informal housing and anarchic settlements could increase to unmanageable proportions, and if economic and political stability is not established soon, the government may even lose control over the expansion and planning of cities.

The National Institute of Statistics records 3 289 901 residential units in Tunisia, 71% of which are located in urban and peri-urban areas.
The high level of urban informality is due to the high cost of urban housing. Over
the past five years, the price of residential properties has increased by 46% and the
price of land for building by 41%. The property price index increased by
10% in the fourth quarter of 2020 compared to the corresponding period in
2019. It is speculated prices will keep on rising.

One reason for price pressure is the shortage of housing supply caused by the
increase in the price of land and building materials. In the current political instability
and economic crisis, investing in residential properties is seen to be the safest form
of investment. Furthermore, leasing is a good way to earn additional income.

However, this is a luxury that the ever-growing lower, working, class of the
population is not concerned about.

Housing policies should consider the welfare of the marginalised and the poor at
the same level of as the rich. A government decree issued in November 2020,
stipulated the acceleration of the adoption of urban development plans. This
was blocked since May 2018, hampering urban development in the country and
delaying several development projects. Approximately 51 urban development
plans, affecting 550,000 people, are scheduled.

Property markets

The property market is dominated by the informal housing sector. The Tunisian
private property development or real estate sector has been slowing since 2018.
The National Office of Real Estate (CFP) recorded 610,767 real estate
transactions in 2018, 594,551 in 2019 and 501,836 in 2020. The number of
transactions declined by 2.7% from 2018 to 2019 and by 15.6% from 2019 to
2020.

Because 90% of residential properties have no mortgage, most mortgage loans
granted by financial institutions are to the private real estate/property
development sector. When pandemic measures and lockdowns were
implemented in 2020, obtaining financing from the bank became a challenging
exercise because transactions were suspended for several months. Because of
the poor availability of finance, property developers only went ahead with financed
projects that were deemed less risky, and dropped or postponed the rest.

Formal private housing only represents 20% of the housing sector of the country. It
takes five procedures to register a property and the process takes 35 days.
Furthermore, the authorisation to build is obtained 21 days after the date of
submission of the application. Consequently, only half of the units built in 2020
duly obtained an authorisation to build.

Policy and legislation

The Ministry of Equipment Housing and Infrastructure is working towards the
promulgation of the code of land management, urban planning and construction
that is being adapted from the code of local government.

Bill n° 104 of the year 2020, relating to the economic recovery and the settlement
of foreign exchange offences, was approved on 14 July 2021 by the assembly. This
legislation guarantees that every Tunisian can acquire a home thanks to a loan with
an interest rate of not more than 3%. Repayment will be made over a maximum
period of 40 years, with no self-financing requirement for first housing.

The Finance Act 2021 aims to incentivise and empower citizens to buy residential
properties in 2021 and 2022. Buyers of residential properties during that period
will benefit from a reduction in income tax of DT100 (US$36) monthly.

Opportunities

The private real estate sector’s contribution to the supply of affordable housing is
insignificant. They mainly build luxurious properties in the coastal cities, which
attract tourists and wealthy European expatriates. Investing in luxury property
that can be rented for short and long period in Bizerte, Sfax, Ariana and Sousse is
a highly lucrative opportunity.

The formal Tunisian housing sector is going through a digital revolution. Banks
are moving towards the digitalisation of banking transactions because of
COVID-19. To facilitate the process for loan application and other loan related
transactions, banks will need digitising solutions.

Availability of data on housing finance

The Central Bank of Tunisia publishes annual reports on the status and
performance of financial institutions that offer mortgage loans.

Also, the National Institute of Statistics shares monthly updates of the
property market price index and information about the number and
types of residential units in the country. This data is updated quarterly.

The National Office of Real Estate publishes the number of real estate
transactions conducted yearly. Information for the current year is
updated quarterly. Similarly, the Microfinance Supervisory Authority
publishes a quarterly report detailing the performance of microfinance
providers in the country.

The fiscal administration of the country, focused on fiscal control and
data collection, is digitised but the information is not shared with the
people working in the sector or the public.

Banks are reluctant to share information about the interest rates on
their loans because of fears of spying by competitors.
World Bank, Population, total – Tunisia
https://data.worldbank.org/indicator/SP.POP.TOTL
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World Bank, Rural population (% of total population)
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Central Bank of Tunisia www.bct.gov.tn
Ministry of Equipment Housing and Infrastructure www.mehat.gov.tn
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Real Estate Housing Agency www. www.affat.net

National Office of Real Estate (CPF) wwwcpf.gov.tn
Overview

Uganda’s population growth rate, at 3.3%, is one of the highest in Africa. At 5.67%, Uganda’s urbanisation rate is also high. The high population growth and urbanisation rate have resulted in a growing number of informal settlements, now making up 48.3% of the country’s urban population. Approximately 94.5% of the population living in slums and informal settlements do not have access to basic sanitation services, creating additional strain on the economy that is struggling to regain its full growth potential. Uganda’s economy expanded by 3.3% over the financial year to June 2021, up from 3.0% registered over the 2019/2020 financial year. This pattern of recovery has been achieved partly as a result of expansions in household sector demand, supported by a strategy of monetary easing pursued by the monetary authorities after the earlier slump in growth attributed to COVID-19 and the impact of its containment measures on the economy. Notably, the housing sector continues to operate, unabated by the lockdown.

The modest 3.3% growth in real gross domestic product (GDP) was supported by government absorption and household consumption financed by a drawdown on savings. The savings rate dropped from 18.1% in the 2019 financial year to 16.3% in the 2020/21 financial year. The main impediments to economic growth were weak demand for exports, a decline in tourism, and reduced private investment caused by the depressed economic environment attributed to the effects of COVID-19 in the country and region.

Similarly, restrictions in the business environment translated into a reduction of growth in private sector credit to 6.8% for the financial year 2020/2021 from a year-on-year average growth of 12% for the previous three years to June 2020. This slow expansion in borrowing or lending is expected to continue over the next financial year to June 2022 on account of the low levels of economic activity after a second lockdown of the economy over the period 18 June to 29 July 2021.

The nation’s US$4.7 trillion (US$12.56 billion) budget for the year 2021/2022 has a clear focus on enhancing resilience and economic recovery following the effects of the pandemic on most sectors of the economy. Resuscitation of small and medium enterprises (SMEs) through credit provision is high on the country’s agenda with the nation’s development finance institution, the Uganda Development Bank, earmarked to receive

US$h1 trillion (US$230.89 billion) as capitalisation to support production, processing, and manufacturing of essential items for the country. This is also aimed at boosting the country’s resilience amid the supply chain disruptions and the need to become self-sufficient in the production of goods commonly used in the domestic market. To actualise this plan, the government released US$h55.18 billion (US$127.86 million) in July 2020 to the Uganda Development Bank to support target sectors including agriculture and manufacturing. This funding, alongside other programmes targeting recovery of the micro and SME sector, have suffered low repayment rates on account of the borrowers’ common perception that the loans are government hand-outs that do not carry strict requirements to be repaid.

<table>
<thead>
<tr>
<th>Key Figures</th>
<th>Main urban centres</th>
<th>Entebbe, Kampala</th>
</tr>
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<tbody>
<tr>
<td>Exchange rate</td>
<td>1 July 2021: 1 USD = [a]</td>
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</tr>
<tr>
<td>PPPS = [2020] [b]</td>
<td>3 560.11 Ugandan Shilling (USh)</td>
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</tr>
<tr>
<td>1 157.27 Ugandan Shilling (USh)</td>
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<tr>
<td>Total population</td>
<td>[2020] [b]</td>
<td>Urban population [2020] [b]</td>
</tr>
<tr>
<td>Population growth rate</td>
<td>[2020] [b]</td>
<td>Urbanisation rate [2020] [b]</td>
</tr>
<tr>
<td>GDP per capita (Current US$)</td>
<td>[2020] [b]</td>
<td>45 741 000</td>
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<td>11 414 209</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.27%</td>
<td>5.67%</td>
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<td>13.7%</td>
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<td>42.80</td>
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<td>159</td>
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<tr>
<td>GDP (Current US$)</td>
<td>[2020] [b]</td>
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<td>GDP growth rate</td>
<td>[2020] [b]</td>
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<td>Inflation rate</td>
<td>[2020] [b]</td>
<td>3.79%</td>
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<td>Lending interest rate</td>
<td>[2020] [b]</td>
<td>19.90%</td>
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<tr>
<td>Number of residential mortgages outstanding</td>
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<tr>
<td>Prevaling residential mortgage rate</td>
<td>Term [e]</td>
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<tr>
<td>Maximum LTV on a residential mortgage</td>
<td>95%</td>
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<tr>
<td>Ratio of mortgages to GDP</td>
<td>85%</td>
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<tr>
<td>Number of residential mortgage providers</td>
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<tr>
<td>Number of mortgage loans outstanding</td>
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<tr>
<td>Value of microfinance loans (USD)</td>
<td>US$2.72 million</td>
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<td>Number of microfinance providers</td>
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<td>Total number of residential properties with a title deed</td>
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<td>Number of formal dwellings completed annually</td>
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<td>Price of the cheapest, newly built house by a formal developer or contractor in an urban area in local currency units</td>
<td>58 000 000 USh</td>
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<tr>
<td>Size of cheapest, newly built house by a formal developer or contractor in an urban area [2019] [b]</td>
<td>850</td>
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<tr>
<td>Typical rental for the cheapest, newly built house [2019] [b]</td>
<td>500 000 USh</td>
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<tr>
<td>Cost of standard 50kg bag of cement in local currency units [f]</td>
<td>28 000 USh (US$7.86)</td>
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<tr>
<td>Type of deeds registry: digital, scanned or paper [g]</td>
<td>Computer - Scanner</td>
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<tr>
<td>Number of procedures to register property [2020] [g]</td>
<td>11</td>
<td></td>
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<tr>
<td>Time to register property [2020] [g]</td>
<td>42 days</td>
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<tr>
<td>Cost to register property as share of property price [2020] [g]</td>
<td>3.90%</td>
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<tr>
<td>World Bank DBI Quality of Land Administration Index score (0-30)</td>
<td>10.5</td>
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</tr>
<tr>
<td>GDP growth rate</td>
<td>[2020] [b]</td>
<td>3.78%</td>
</tr>
<tr>
<td>Percentage of women who own a house alone and/or jointly (2016) [b]</td>
<td>28.3%</td>
<td></td>
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<tr>
<td>Percentage of female-headed households (2019) [h]</td>
<td>43.3%</td>
<td></td>
</tr>
<tr>
<td>Percentage of urban population living in slums (2019) [i]</td>
<td>26.1%</td>
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<tr>
<td>Percentage of households with basic sanitation services (2019) [j]</td>
<td>41.3%</td>
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<tr>
<td>Percentage of households with electricity (2019) [k]</td>
<td>6.91</td>
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<tr>
<td>Cumulative number of COVID deaths per 100 000 as of 1 Oct [l]</td>
<td>0.93%</td>
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NB: Figures are for 2021 unless stated otherwise.

[a] Xe.com  
[b] World Bank World Development Indicators  
[c] Human Development Reports, United Nations Development Programme  
[d] REALL & CAHF  
[e] World Bank DBI Quality of Land Administration Index score  
[f] Cheap Hardware Ltd  
[g] World Bank Ease of Doing Business Indicators  
[h] Demographic and Health Surveys, USAID  
[i] United Nations Human Settlements Programme (UN-HABITAT)  
[j] World Health Organization (WHO)  
[k] Johns Hopkins University Coronavirus Resource Center
Overall, the national budget highlights a reduction in the resource envelope as recognition of the reduction in external project funding support for the developing country. This indicates renewed focus on internal revenue mobilisation through taxation and domestic borrowing. The FY2020/2021 drop in economic activity on account of the pandemic and its containment measures have in part translated into a higher level of national debt as the government seeks to cover the shortfall in tax revenue through increased borrowing. Government measures to support the economy have involved the pandemic have translated into a wider fiscal deficit of 7.2% of GDP in 2020:6 higher financing costs, and have increased the total debt-to-GDP ratio from 38.9% to 52.6% over the year ended December 2020. Provisional data from the Ministry of Finance, Planning and Economic Development indicates that total public debt stock as at end April 2021 stood at US$661.032 billion (US$18.57 billion), an increase of 15.1% from the June 2020 position. The increase in the stock of total public debt as of April 2021 was mainly due to a 33.6% growth in domestic debt, attributed mainly to an increase in domestic financing. This growth is significantly higher than the growth in external debt, which registered a 13.0% expansion, mainly on account of budgetary support from multilateral and bilateral creditors.

To improve revenue collection efforts, the Uganda Revenue Authority has emphasised electronic means of invoicing and tax collection including the new Electronic Fiscal Recepting and Invoicing System and digital tax stamps. In addition, several tax amendments have been introduced aimed at boosting domestic revenue. These include changes to the rental tax regime for individuals, which are to be coupled with the expected rollout of the Rental Tax Compliance System in the 2021/2022 financial year. These changes are likely to affect the affordability of housing as developers of rental housing units gross up the amount of rent to include the tax margin required by the tax authorities. Additional tax changes include the introduction of a mandatory Tax Identification Number at the licensing stage for current and prospective business operators, aimed at ensuring that all businesses are adequately monitored for tax compliance. Internet users will also have to contend with a 12% excise duty on Internet data.

On the market side, Uganda’s general price levels have remained relatively low and stable with headline and core inflation rates subdued at an average of 2.4% and 3.4% respectively over the one-year period to July 2021, and well-aligned within the 5% inflation rate target pursued by the monetary authorities in the East African regional economies. The low inflation rate has mainly been due to lower food and utilities’ prices coupled with low household demand for the bulk of goods and services. Bank of Uganda’s projections indicate that this trend will change, with inflation forecasts pointing to a gradual rise throughout the year on account of the pandemic containment measures, but remaining within the 5% target range in the medium term.

On the property market side, the marginal increment in general prices translated into a relatively higher rise in property prices, with implications for housing affordability. The Residential Property Price Index (RPPI) for the Greater Kampala Metropolitan Area rose 5.6%6 in the 2020/21 financial year compared to the previous financial year. The increase is largely attributed to increments in property prices across most of Uganda’s central region, mainly because of a high urbanisation rate of 5.2%.6 The rise in the RPPI negatively affects housing affordability even in the restricted economic environment, as housing remained a crucial need for the urban working population when the general population was confined in their homes during the COVID-19 lockdown periods. Home ownership has worked positively in boosting resilience to the effects of the pandemic as homeowners are spared the rent burden even through periods of restricted economic activity and low income. The property also works as collateral for the owner to access credit.

Access to finance

The country’s financial sector has demonstrated high levels of resilience amid slumps in credit expansion and worrying levels of non-performing loans. The growth in private sector credit declined over the year 2020 and the first half of 2021 on account of depressed consumer demand. For the existing stock of loans, the harsh economic environment drove some business entities towards near collapse, unable to service their financial obligations with lending institutions.

More than 30% of Uganda’s banking sector players reported a drop in profit for the year 2020 because of increasing portfolio delinquency, which rose from 4.9% in December 2019 to 5.3% in December 2020.7 In response to the deterioration in portfolio quality and its potential impact on the stability of the country’s financial sector, Bank of Uganda devised key interventions aimed at alleviating the situation. A number of credit relief programmes for both financial institutions and borrowers were put in place.

For the financial institutions, the Bank of Uganda established measures aimed at strengthening the banks’ ability to absorb shocks. Banks were given permission to grant credit relief to borrowers affected by the pandemic and also permission to access the COVID-19 Liquidity Assistance Program (CLAP), established for banks under liquidity distress. The CLAP was subsequently expanded to include support to lower-tier credit institutions and Microfinance Deposit-Taking Institutions which normally do not have access to central bank liquidity facilities. To limit the impact of the pandemic on the financial system, the central bank also established stringent limits on the loan-to-value (LTV) ratio for residential mortgages and land purchase, and instructed the deferral of payment of dividends to shareholders of financial institutions. In April 2021, the central bank established an additional support mechanism in the form of the Emergency Liquidity Assistance facility. This was aimed at supporting viable banking institutions that may face liquidity stress under the Lender of Last Resort function. During the quarter to March 2021, a total of Ush51.82 trillion (USh155 billion) was borrowed by three banks to address short-term liquidity needs and subsequently were repaid on time.

The 85% limit on the LTV for new residential mortgage loans and loans for land purchase, established with effect from 1 June to alleviate the risk of bank losses from reduced property prices during the pandemic, has in effect worked to restrict the amount available to an individual seeking finance to buy or build a residential property or buy land.

For borrowers, the central bank provided flexible credit relief measures to banks for the management of distressed borrowing clients through restructuring and capitalisation of interest due. The necessity of the relief measures was amplified by Bank of Uganda’s assessment that almost a third of gross loans in the banking sector, Bank of Uganda devised key interventions aimed at alleviating the situation. A number of credit relief programmes for both financial institutions and borrowers were put in place.

For prospective homeowners with limited access to the main mortgage facilities of banking institutions because of insufficient collateral and irregular income sources, microfinance institutions and Savings and Credit Co-operative Societies (SACCOs) continue to be instrumental in improving access to credit. Leading SACCOs in the

Urban informality

The rapid rate of urbanisation, estimated at 5.67% in Uganda, has led to the growth of informal settlements across all districts of the country. These offer accommodation to casual laborers and petty traders operating in the respective districts. Whereas the government ministry in charge of Lands, Housing and Urban Development has laid out a number of plans for slum upgrades, none of these plans has been implemented. Lack of adequate funding and complexities in the land tenure system remain the biggest challenges in addressing the slum problem. Countrywide, 48.3% of the population resides in slums and other informal settlements. The country’s population growth rate remains high at 3.3%, increasing pressure on urban sanitation services.
country, including 1-Save and others, have been active in purchasing chunks of land for parceling out to members at affordable rates thanks to the benefits of bulk purchases. These members then access microcredit for incremental loans that enable them to construct homes over an average period of four years.

**Affordability**

The strain in the economic and business environment over the years 2020 and 2021 has had a negative impact on housing affordability for the majority of households in the country, with 48.3% of Uganda’s urban population living in slums and informal settlements, allowing for decent housing continuing to hamper development in the sector. The price of a newly constructed housing unit by a formal developer in 2020 was recorded at USh48 million (US$13 482.73), which remains out of reach for a country with a GDP per capita of US$643.02. High mortgage-lending rates continue to constrain access to affordable housing finance with the leading mortgage lender quoting interest rates in the region of 17% for residential housing loans. Even with the entrance of a 26th financial institution in Uganda’s banking space, interest rates have remained high, averaging 19.2%. The central bank’s reduction of the central bank rate from an average of 8% in 2020 to a record low of 6.5% in June 2021 has not yet been reflected in a reduction of commercial bank lending rates across the industry. On the microfinance side, incremental housing loans are available at interest rates varying from 22% to 26% over four years.

**Housing supply**

Uganda’s requirements for decent housing continue to grow at an estimated rate of 200,000 units a year, unmatched by supply. Uganda has a deficit of 2.4 million housing units, with 48.3% of Uganda’s urban population living in slums and informal settlements. Allowing for decent housing continues to hamper development in the sector. The price of a newly constructed housing unit by a formal developer in 2020 was recorded at USh48 million (US$13,482.73), which remains out of reach for a country with a GDP per capita of US$643.02. High mortgage-lending rates continue to constrain access to affordable housing finance with the leading mortgage lender quoting interest rates in the region of 17% for residential housing loans. Even with the entrance of a 26th financial institution in Uganda’s banking space, interest rates have remained high, averaging 19.2%. The central bank’s reduction of the central bank rate from an average of 8% in 2020 to a record low of 6.5% in June 2021 has not yet been reflected in a reduction of commercial bank lending rates across the industry. On the microfinance side, incremental housing loans are available at interest rates varying from 22% to 26% over four years.

Overall, the housing supply side will need a multi-pronged approach involving participants in the private and public sectors to realise progress towards closing the housing deficit in the medium and long term.

**Property markets**

Uganda’s real estate sector has been one of the most affected sectors during the pandemic. While the sector was recognised as crucial to addressing the growing housing needs of the population, the impact was still profound. During the lockdown period, the government permitted construction sites for real estate, industrial and infrastructural developments to continue on condition that construction workers were confined to their respective sites. This supported construction works for mid-sized and large-scale property developers with the capacity to transport workers and host them at construction sites for the entire period of the project. Informal and small-scale developers, who mainly rely on casual labour, were hard hit by the travel restrictions across the country. This impacted the speed of delivery of informal housing developments undertaken by individuals.

On the demand side, the pandemic containment measures that emphasised lockdown of economic sectors and travel restrictions resulted in depressed demand for residential apartments. This was the result of subdued demand by households, as the bulk of their income-generating activities were closed. Informal sector workers reacted by massively moving to their families to rural areas where the cost of living is low and rental charges usually non-existent thanks to an elaborate family support system. This translated into a temporary excess supply of housing units in the urban areas as landlords struggled to find creditworthy tenants among the few remaining urban workers. The strain on economic activity also translated into reduced incomes for many tenants who subsequently fell behind with their rental payments. In an attempt to alleviate the problem, the government appealed to landlords to avoid tenant evictions during the lockdown period. This directive on evictions was significant for land transactions involving landowners and unauthorised settlers, and occasioned by rampant unlawful evictions being implemented under the cover of the lockdown.

The effects of the pandemic are still prevalent on the property market with a number of incomplete homes being presented to the market for sale. These are mainly sold by owners whose source of income has been negatively impacted by the pandemic and are therefore unable to complete building. Other properties flooding the market are completed homes whose owners have had to put them up for sale to settle various obligations, ranging from mortgages and raising capital to restart business operations after the devastation of their income-generating activities during the pandemic. A number of financial institutions have also been observed to foreclose on commercial properties for proprietors whose rental income earnings were negatively impacted by the pandemic on account of fatalities and lockdown.

Despite the growing number of houses being offered for sale, the pace of title transfers at Uganda’s land registry remains a concern. The digitisation of the registry has taken longer than anticipated as the implementation took more than
10 years to be actualised. The digital land registry system that had been in the pipeline since 2010 and was launched only in February 2020 as a partnership between Uganda’s Ministry of Lands, Housing and Urban Development and the French company IGN FI with loan funding by the World Bank. The new system has enabled the production of new land titles marked with bar codes that make it more difficult to forge signatures. The title transfer cycle has also been improved from an average of 52 days to approximately 10 days. However, the COVID-19 containment measures also affected the land registry with a number of zonal offices closed to prevent further spread. Travel restrictions also meant that there were fewer new applications for land titling and transfers. In addition, the cost of land surveys and land title production has almost doubled as professionals in this field cite delays and complexities in completing the titling process.

Policy and legislation

The land tenure system in central and parts of western Uganda the Mailo system allows various kinds of interest by different parties to the same piece of land. The Mailo system is a unique form of land tenure that is similar to freehold. The system allows landlords to permit tenants to use land for an undefined period. The system was introduced in a 1900 agreement between the Buganda Kingdom and the colonial administration when land ownership was given to a few chiefs, leaving others as tenants. The absence of clear terms of land use has resulted into a number of land wrangles, court cases, forcible evictions and loss of life, which have all constrained housing sector developments. To assuage the situation, the government, in July 2021, started the process of drafting a Bill that will see reforms in the Mailo Land Tenure System, with the objective of finding a lasting solution for evictions and wrangles. The amendment will seek to ensure that Mailo landlords don’t evict tenants or those who have no occupancy documents. The registered landowner normally carries a certificate of title while the tenant by occupancy may have interest in the same piece of land by way of a land purchase agreement or inheritance rights. For most lending financial institutions in Uganda, the absence of a land title constrains access to credit and therefore housing-related developments on the respective piece of land.

Opportunities

The need for affordable housing continues to rise, characterised by a rapidly growing urban population. The emergence of COVID-19 has affected the supply side of new housing units and also led to the unanticipated influx of new houses on the secondary market as a significant portion of homeowners are unable to repay their mortgages or even meet the high cost of living in urban areas after the loss of income due to the restriction of economic activity across a number of sectors. Unfortunately, the secondary housing market is mainly informal, unregulated and underdeveloped with heavy reliance on social media platforms to identify potential buyers and sellers.

The government’s plan to create 15 new cities over a period of four years provides an opportunity for budding developers of affordable housing for the new cities. This will also need support of financial institutions with tailored solutions, including flexible repayment options and the use of alternative collateral to support housing sector developments across the country.

Availability of data on housing finance

Information on financing housing sector developments is available from Bank of Uganda’s publications on private sector credit. Price movements for properties in the real estate sector are also tracked and published on a quarterly basis by the Uganda Bureau of Statistics. Access to information on the number of new properties developed within a period of time remains difficult. However, engagements with key sector players, including mortgage banks and developers, offers insights into the state of the sector and prospects for growth.

Websites

Bank of Uganda https://www.bou.or.ug/
Uganda Bureau of Statistics https://www.ubos.org/
Ministry of Lands, Housing and Urban Development https://mlhud.go.ug
SOLUTI Finance East Africa Ltd http://solutifinance.org/

References

Overview

The sovereignty of Western Sahara as a nation is still a disputed issue. It is included on the United Nations list of non-self-governing territories. Western Sahara is located in North Africa and lies on the north-western coast of the continent. It is bordered by the North Atlantic Ocean to the west, it is engulfed by Mauritania to the south and east, Morocco to the north and Algeria to the north-east. With land area of about 266 000 km², the bulk of it is arid desert land and the built-up area is in pockets of sparsely distributed spaces. The total population of the Western Sahara is about 652 271 people and the population density for the country is about 2 persons for every square kilometre of land in the country. However, some areas are more populated than others — about half the total population lives in the largest city, Laayoune.

According to the official 2004 census, the population of Laayoune Province was 210 023 in 2004, an increase of 3.2% from 2003. However, in 2004 the population figure included the now separate province of Tarfaya which was separated from Laayoune in 2009. The current estimated population of Laayoune is 199,603. Most of Laayoune’s population is urban, over 90% of the population lives in urban areas whereas the national figures show that just over 51% of the population live in urban areas.

The dispute in the territory’s sovereignty stems from a mix of issues surrounding the governance of the territory. The Western Sahara is a former colony of Spain who surrendered their dominion over the territory in 1975 through a tripartite agreement with Morocco and Mauritania who were going to annex the northern two-thirds and the southern third of the territory respectively. Both Morocco and Mauritania signed a bipartite agreement on the shared governance of the territory. However, this agreement was not accepted by the Polisario Front who represented the Sahrawi natives and had the backing of Algeria. What ensued was conflict which eventually saw Mauritania giving up its control over the Western Sahara and the Sahrawi people, having declared themselves a sovereign republic and going by the name Sahrawi Arab Democratic Republic (SADR), gaining 20% of the territory. The SADR is a member of the African Union (AU).

Armed conflicts carried on until ceasefire brokered by the United Nations in 1991 put an end to the battle. However, in November 2020, the Polisario Front ended the ceasefire by picking up arms against Moroccan troops that had entered the buffer zone to disperse anti-Moroccan protesters in the area. The Polisario Front made it known that their issue was not Morocco entering the buffer zone or Algeria dispersing the Sahrawi protesters; they made it clear that they picked up arms because they want Morocco to fully withdraw their presence and relinquish their control over the Western Sahara. Front ended the ceasefire by picking up arms against Moroccan troops that had entered a UN-patrolled buffer zone to disperse anti-Moroccan protesters in the area. The Polisario Front made it known that their issue was not Morocco entering the buffer zone or Algeria dispersing the Sahrawi protesters; they made it clear that they picked up arms because they want Morocco to fully withdraw their presence and relinquish their control over the Western Sahara. The protracted conflict in the Western Sahara does not bode well for the Sahrawi locals, some of whom have been egregiously affected by the armed struggle in the region leading to them seeking refuge in Algeria. There are multiple refugee camps with Sahrawi people in and around the Tindouf area in Algeria. The United Nations High Commissioner for Refugees (UNHCR) has over the years been working with partners to protect the

KEY FIGURES

<table>
<thead>
<tr>
<th>Main urban centres</th>
<th>Laayoune</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange rate (1 July 2021)</td>
<td>8.93 Moroccan Dirham (MAD)</td>
</tr>
<tr>
<td>1 PPPS = 1 (2020)</td>
<td>4.20 Moroccan Dirham (MAD)</td>
</tr>
<tr>
<td>Total population</td>
<td>652 271</td>
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<tr>
<td>Urban population</td>
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<tr>
<td>Population growth rate</td>
<td>2.54%</td>
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<tr>
<td>Urbanisation rate</td>
<td>2.61%</td>
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<tr>
<td>GDP per capita ( PPPS) (2007)</td>
<td>PPP$2 500</td>
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<tr>
<td>Percentage of population below national poverty line</td>
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<td>Unemployment rate (% of total labour force, national estimate)</td>
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<td>Proportion of adult population that borrowed formally</td>
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<td>Gini coefficient</td>
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<td>GDP ( PPPS) (2007)</td>
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<tr>
<td>Inflation rate</td>
<td>n/a</td>
</tr>
<tr>
<td>Lending interest rate</td>
<td>n/a</td>
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- Number of residential mortgages outstanding | n/a |
- Value of residential mortgages outstanding (USD) | n/a |
- Prevaling residential mortgage rate | n/a |
- Term (y) | n/a |
- Maximum LTV on a residential mortgage (y) | 97% |
- Ratio of mortgages to GDP | n/a |
- Number of residential mortgage providers | n/a |
- Number of microfinance loans outstanding | n/a |
- Value of microfinance loans (USD) | n/a |
- Number of microfinance providers | n/a |

- Total number of residential properties with a title deed | n/a |
- Number of formal dwellings completed annually | n/a |
- Price of the cheapest, newly built house | n/a |
- Cost of a formal developer or contractor in an urban area in local currency units | n/a |
- Size of cheapest, newly built house by a formal developer or contractor in an urban area | n/a |
- Typical rental for the cheapest, newly built house | n/a |
- Cost of standard 50kg bag of cement in local currency units | n/a |
- Type of deeds registry: digital, scanned or paper | 304 MAD (US$34.02) |
- World Bank Ease of Doing Business index rank | n/a |
- Time to register property (days) | 304 |
- World Bank DBI Quality of Land Administration index score (0-30) | n/a |
- Percentage of women who own a house alone and/or jointly | n/a |
- Percentage of female-headed households | n/a |
- Percentage of urban population living in slums | n/a |
- Percentage of households with basic sanitation services | n/a |
- Percentage of households with electricity | n/a |

- Cumulative number of COVID deaths per 100 000 as of 1 Oct | n/a |
- Percent of population fully vaccinated against COVID-19 as of 1 Oct | n/a |

NB: Figures are for 2021 unless stated otherwise.

[a] Xe.com

[b] World Bank World Development Indicators

c] Central Intelligence Agency (CIA) World Factbook

[d] Sahara Press Services
Sahrawi refugees' culture and facilitated visits between the refugees in Algeria and their families in the Western Sahara. However, these activities were halted in 2014 due to disagreements between the Moroccan government and the Polisario Front. It was only in 2017 when a new Head of Operations at the UNHCR Western Sahara arrived, that the predicament of the refugees was brought back to the attention of the international community through the efforts of the UNHCR in partnership with institutions such as various UN agencies, Tufts University's Feinstein International Centre, Cape Town University, and the office of the Personal Envoy of the Secretary-General (PESG) for Western Sahara. Some of the activities aimed at aiding the refugees since 2017 include supporting an ID Centre that works on equipping the refugees with relevant documentation and financial assistance to Sahrawi tertiary students. There is however a growing concern that with the recent fallout between the Polisario Front and the Moroccan government, the refugees' situation might further deteriorate.7

The ongoing dispute has had a major impact on economic and trade relations in the region. The territory's economy is primarily based on fisheries, tourism, phosphate mining and pastoral nomadism. However, these are insufficient to fully sustain the area so the Moroccan government, for the most part, intervenes and administers the economy of the Western Sahara. The economic deficiencies largely stem from the region's climate which negatively impacts food production. As a result, the bulk of the food in the Western Sahara is imported and supported by the Moroccan government subsidies. Moreover, the Moroccan government subsidies and administers the Western Sahara's economy on multiple fronts, and plays a major role in social spending, employment and infrastructure development in the Western Sahara.8

Urban planning and housing in Western Sahara, especially in the city of Laâyoune, has undergone remarkable growth since Spain relinquished their dominion over the territory. The growth and development is largely attributed to the Moroccan government's investment in the territory. The development is inclusive of housing programmes which have led to the physical development of multiple residential complexes that have integrated the Western Sahara's urban areas. However, there is some doubt on whether the development will continue in that same manner with the recent recharged conflict in the area.10

As far as the affordable housing sector is concerned, Western Sahara in 2021 did not have any data about the number of residential mortgages outstanding, the value of residential mortgages outstanding, and the minimum and maximum mortgage rates. Furthermore, there was no data on the maximum Loan to Value (LTV) ratio on residential mortgages. The country does not have a foreclosure policy and there is no publicly disseminated residential real estate price index. Moreover, there is no data on maximum mortgage terms and the government does not publish any data about land prices in the main urban centers. The government does not provide subsidies on the funding and lending side of mortgage lending.12

The price of constructing the cheapest newly built residential house in Laâyoune (244 m²) was 17 485 571 Mauritanian Ouguiya (US$ 482 938).6 The typical rental price for a newly built dwelling in an urban area by a formal developer was 21 428 Mauritanian Ouguiya (US$ 592) per month.8 Construction labour costs per square metre were reported at 7 143 Mauritanian Ouguiya (US$ 197)7 while total construction costs per square metre for a newly built house by a formal developer was 71 429 Mauritanian Ouguiya (US$ 1 973).8 The cost of a standard 50kg bag of cement was 304 Mauritanian Ouguiya (US$ 8.4).9

### Urban informality

The bulk of the population is concentrated in Laâyoune: 86.8% of the population is urban (518,663 people in 2020). Due to the vast stretches of arid desert land, the population density in Western Sahara is low at 2 persons per km². Due to the lack of available demographic information, there is no data on the percent of the urban population living in informal settlements or slums, and it is difficult to quantify the degree of informality in urban areas.

### Availability of data on housing finance

Western Sahara lacks solid and sustainable systems for data collection, management and reporting for external use. Data on affordable housing finance as well as other social and economic indicators are not available. The reported data for this profile was sourced from the international seasonal surveys conducted for Western Sahara; data reported by Western Sahara State Owned Press services as well as data collected from oral phonic interviews.
Overview
Zambia, like many other developing countries, continues to face unprecedented urbanisation levels, especially in Lusaka and the Copperbelt towns. As of 2021, the Zambian population was estimated at approximately 18.38 million people with a population growth rate of 2.93% and a density of approximately 25.45 km².1 At present, 40% of Zambia’s population live in urban areas with an estimated 70% of this population living in informal settlements characterised by significant social, economic and environmental problems.2 Access to affordable housing continues to be a worrisome issue for most Zambians, particularly the urban poor and vulnerable households that neither have the means to invest in decent housing, nor the ability to access credit or mortgages to meet their housing needs. The result has been the proliferation of informal settlements. Zambia’s housing deficit is estimated at 1.5 million units and is projected to increase to three million housing units by 2030 if no targeted efforts are made to reduce this figure.3

Zambia’s economy has been growing steadily. Between 2000 and 2014, the annual real gross domestic product (GDP) growth rate averaged 6.8%. The GDP growth rate slowed to 3.1% per annum between 2015 and 2019, mainly attributed to falling copper prices and declines in agricultural output and hydroelectric power generation.4 In 2020, the economy of Zambia fell into a deep recession due to the adverse impact of COVID-19. Real GDP fell by an estimated 4.9% in 2020, after growing by 4.0% in 2018 and 1.9% in 2019. The output contraction is the result of an unprecedented deterioration in all the key sectors of the economy. Even before the pandemic, there were serious macroeconomic challenges, such as a high inflation rate, which reached 22.4% in February 2021,5 widening fiscal deficits, unsustainable debt levels, low international reserves, and tight liquidity.

Access to finance
Zambia’s lending interest rate stands at approximately 9.5%6 with mortgage rates typically 3% over a 20-year period.7 From January 2020 the kwacha depreciated against the dollar from approximately ZK14 per US$1 to approximately ZK22.61 per US$1 in July 2021 before appreciating sharply in August 2021, and rising to approximately ZK16.10 per US$1 on September 5.8,9 On 24 August 2021, Hakainde Hichilema was sworn in as Zambia’s seventh president. The kwacha appreciation followed the smooth transition of the new government.

The overall financial performance and condition of the banking sector remained satisfactory in 2020 thanks to adequate capital, satisfactory earnings performance, and improved liquidity. This was despite the weak macroeconomic environment compounded by the negative effects of COVID-19 that affected asset quality and profitability.10

In September 2021 Zambia National Building Society (ZNBS) launched the “Bwela Timange” mortgage promotion campaign to promote home ownership. As part of the launch ZNBSs are offering a reduced mortgage interest rate (from 24% to 21%), reduced...
arrangement fees and 12 months free of principal repayment. The promotion was launched in partnership with SSI Steel Zambia who are offering up to 25% discount on all building materials and Lafarge Zambia Limited who are offering free delivery of materials.

The number of licensed commercial banks remain unchanged at 18.11 Nine of these banks are subsidiaries of foreign banks, five are locally-owned private banks, and four are partially-owned by the government. The number of licensed non-bank financial institutions (NBIFIs) dropped to 116 in 2020 from 119 in 2019 as license cancellations exceeded new issuances.12 Ten of the banking institutions offer mortgages, while NBIFIs such as the Zambia National Building Society, the National Pension Scheme Authority and other microfinance institutions have continued to play a significant role in providing housing finance.13

Non-Performing Loans (NPLs) rose by 56.3% in 2020 against a decline of 0.5% in 2019 as macroeconomic conditions worsened in the wake of COVID-19. Consequently, the ratio of NPLs to total gross loans rose to 11.6% in 2020 from 8.9% at the end of December 2019. Reserves for potential loan losses increased by 31.8% to ZK8 billion (US$352.8 million) in 2020.14 Personal loans as well as loans to the agriculture, forestry, fishing and hunting sectors continued to account for a significant role in providing housing finance.15

The bureau de change subsector was adequately capitalised as at end-December 2020. The volume of transactions declined in 2020. Foreign currency sales decreased to ZK7.8 billion (US$308.7 million) in 2020 from ZK13 billion (US$573.4 million) in 2019. Foreign currency purchases also declined to ZK8.8 billion (US$388.1 million) from ZK13.1 billion (US$577.8 million).16 The drop in both sales and purchases was due to reduced cross-border activities because of COVID-19 lockdown measures. The bureau subsector predominantly supports cross-border traders and tourists, who were hard hit by restrictions imposed by several countries in the subregion.

Conversely, demand for government securities weakened in 2020 on the back of heightened investor aversion following successive downgrades of the country’s credit rating and also partly because of the pandemic decreasing economic activity. Subscription rates for Treasury Bills declined to 93% from 98% and Government Bonds to 37% from 62%.17

In 2020, the Bank of Zambia took specific measures to enhance the resilience of the financial sector in the wake of COVID-19. Among those measures, the central bank established a ZK10 billion (US$441.0 million) fund targeted at a medium-term refinancing facility, with tenures ranging from three to five years for eligible financial service providers to onlend to priority sectors and households.18 Despite the Bank of Zambia’s efforts, access to finance specifically for housing remains a challenge. The government’s annual budget, for instance, has not made any provision and/or allocation towards affordable housing but continues to rely on the financial markets and the goodwill of institutions, the private sector and civil society organisations to push the housing agenda for the country.

Affordability
Poverty levels remain high and widespread in Zambia, with 60% of the population living below the poverty line and 42% living in extreme poverty. Poverty prevalence is generally higher in the rural and remote areas, but is also concentrated in urban areas. Urban poverty keeps rising as urban populations are characterised by inadequate basic services such as, but not limited to, decent housing, security of tenure, roads, reticulated water and sewerage.19

The average national income is ZK4 010 (US$177) with the household sector earning ZK1 597 (US$70)20 making almost everyone in these brackets unable to afford a decent house. This is further exacerbated by the high interest rates on loans and mortgages, ranging between 24% and 34%.21 Housing mortgages and financing range between ZK565 250 (US$25 000) and ZK13 500 000 (US$60 000), depending on the type of house and repayment or loan settlement terms agreed on.22 The housing deficit is mainly among low income earners and people living in informal settlements who do not meet the criteria to access credit and mortgages through banks and NBIFIs. This has worsened during the pandemic.

Urban informality
Zambia has one of the highest urbanisation rates in Sub-Sharan Africa at 41.4% per annum. The relatively high urbanisation rate has resulted in the proliferation and continued growth of informal settlements, where 70% of urban dwellers live. These settlements are characterised by inadequate and, in some instances, non-existent basic services.

In 2019, the country launched the Participatory Slum Upgrading Programme III with support from the UN-Habitat, in line with the government’s effort to upgrade unplanned settlements through participatory processes. In the same year, 298 informal settlements were formalised and 52 049 households issued with occupancy licences against the 2021 7NDP targets of formalising 15 informal settlements and issuing 10 000 occupancy licences.40

During the first and second wave of COVID-19 (January 2020 to December 2020), the government encouraged landlords and property owners to offer rent relief in view of the devastating economic impacts of COVID-19. This also resulted in the Zambia Revenue Authority providing tax breaks of withholding tax on rental income. However, the notion of “living in the new normal” has seen all such relief lifted, with people required to meet their obligations against the backdrop of the second wave of the pandemic.

Housing supply
The government continues to grapple with providing decent and affordable housing for all, in line with the vision of the National Housing Policy 2020-2024. The housing deficit is more than 1.5 million housing units, a trend expected to increase to a projected 3.3 million housing units by 2030.24 The country produces approximately 73 000 housing units a year of which only 40% meet minimum requirements for health and sanitation in accordance with the Zambia Public Health Act, and this falls tremendously short of the 220 000 new houses that need to be constructed between 2016 and 2030 to meet the backlog.25 Furthermore, only 3 152 low and medium cost houses were constructed by the government from 2017 to 2019.26

Housing development across the country, particularly in urban areas, has mainly been driven by entities and initiatives such as the National Housing Empowerment Fund, the National Pensions Scheme Authority, the Zambia National Building Society, and banking institutions. However, these opportunities remain largely untapped, especially by low income households due to the perceived high-interest rates and exploitative/unsuitable lending conditions. Civil society organisations such as Habitat for Humanity Zambia and People’s Process on Housing and Poverty in Zambia have partnered with institutions such as Stanbic Bank, Lafarge and Standard Chartered Bank to support and construct social housing for vulnerable households across the country.

Housing poverty is more pronounced in the urban areas, with 39.5% of the population living in urban areas in 2010, up from 34.7% in 2000.27 This rapid urbanisation has accelerated the growth of informal settlements and 70% of urban residences are characterised by inadequate basic services such as, but not limited to, decent housing, security of tenure, roads, reticulated water and sewerage.28

The Government of Zambia through the Ministry of Local Government launched the Integrated Development Planning Guidelines in 2019,29 as per the provisions of the Urban and Regional Planning Act of No. 3 of 2015 and the Seventh National Development Plan (7NDP), which recognises the Integrated Development Plans (IDPs) as the primary tool for implementation at local level. IDPs provide a basis and opportunity for improved planning, land management, infrastructure and service provision to facilitate housing delivery and, as such, their implementation is essential for Zambia to improve its housing supply and enhance human settlement development.30 To complement the IDPs, the Ministry of Local Government had earlier launched the Sustainable Housing Guidelines in 2016 with support from International Labour Office Zambia Green Jobs Project. The aim was to support housing development that responds to global climate trends and ensure a response to local sustainable development priorities in an integrated way.31
**Property markets**

Zambia is currently experiencing a relatively high construction boom in residential, commercial, and public infrastructure despite the global pandemic. However, higher-end residential dwellings have been affected by reduced rental pricing due to the previous high exchange rates. Many expatriates (the main target market for this sector) have left the country and those who have remained are bargaining for lower rents due to house allowances being cut. There is no demand from local tenants. The middle to low market, however, has not witnessed many tenants moving out due to the pandemic as fewer new tenants are looking to rent property for the first time or simply changing their property for various reasons.

Nevertheless, there are new investment properties in the market with increased construction in Lusaka in the last half decade. Developers have seen Lusaka as the ideal investment area, especially for high-end apartment complexes with modern fittings and newer building styles on locations that are highly accessible. This trend resonates with Zambia’s ranking as the fifth country on the Global Real Estate Transparency Index 2020 as the most transparent property market in Africa.²⁹

However, the number of prospective tenants in the last year has plunged due to COVID-19, making the residential market a renter’s market. The past half decade has seen mostly middle to high-end residential properties, with expatriates, corporates, business individuals, and a small number of tourists forming the major target market.

The residential property market is mainly characterised by self-build homes that are set up for rental or owner-occupied. Considering that the housing market is to a greater extent informal, there are relatively few turnkey projects as prospective homeowners have to meet the development costs that include obtaining a land title for the property, drilling a borehole for water, and putting in an onsite sanitation mechanism such as a septic tank.

The informal property market is bigger than the formal market, the result of the number of unlicensed agents flooding the market or informal trading of property. The country has both formal and informal estate agents. The Zambia Institute of Real Estate Agents (ZIEA) is the governing body for real estate agents and was established under the Estate Agents Act No. 21 of 2000²⁴ to formalise the real estate practice in Zambia. A formal real estate agent can be identified as someone who has registered and is licensed with ZIEA to operate as an estate agent. They may be either attached to an organisation (real estate firm) or operate independently (not operating from an office). An informal real estate agent is not licensed or registered with ZIEA but still practices as an estate agent. They are normally referred to as "street agents". ZIEA, unfortunately, has been handicapped in enforcing its mandate, particularly in curtailling informal estate agents.

**Policy and legislation**

The government through the Ministry of Housing and Infrastructure Development launched the National Housing Policy 2020-2024 alongside its Implementation Plan. The policy vision is to provide “affordable and decent housing for all.”²⁶ The policy measures are aimed at managing urbanisation in a sustainable way with efforts to upgrade existing informal settlements, while preventing the proliferation of new ones. In 2021, the government through the Ministry of Lands and Natural Resources launched the long-awaited National Lands Policy (2021) that had been in draft form since 2005. The policy has a vision to have, “a transparent land administration and management system for inclusive sustainable development by the year 2035,”²⁶ providing eight policy objectives and a series of policy measures. In addition, the government through the Ministry of Local Government has support from the United Nations Human Settlements Programme (UN-Habitat), has developed a draft National Urbanisation Policy aimed at sustainably managing urbanisation in towns and cities across the country. The draft policy strategically takes advantage of the phenomenal urbanisation process in Zambia to derive socioeconomic benefits such as improved housing and supporting basic services, as well as the employment creation that comes with it and the contribution to GDP.

These new policies are all linked to comprehensively address the inevitable increased demand for land and decent housing. Regardless of the challenges faced by the government in promoting gender equality for land and property ownership, the National Lands Policy (2021) distinctly highlights a policy measure to ensure 50% of available land is allocated to women.²⁷ This measure is equally echoed in the National Gender Policy (2014).²⁸

Owing to the financial and technical challenges central and local government face in delivering housing, the National Housing Policy identifies sustainable partnerships as one of its guiding principles through public private partnerships for both housing construction and housing finance. The government therefore, to greater extent, confines itself to providing an enabling policy and macroeconomic environment so that non-state players can effectively deliver housing.

**Opportunities**

The Party Manifesto (2021-2026) of the new United Party for National Development government details policy measures it seeks to implement to improve the economy as well as the investor climate. The manifesto highlights measures to support private sector development and alleviate barriers to business entry and operations. It provides some policy measures to facilitate equitable access to land and management systems to ensure future urban development.²⁹

Other urban development policies, namely the National Housing Policy (2020-2024) and the National Lands Policy (2021), are also in place. This is following years of intensive consultation with stakeholders, and provides clear policy direction on land and housing development.
Availability of data on housing finance

Data on housing finance is relatively scarce in Zambia with a few banking and non-banking financial institutions making significant efforts to aggregate data on housing finance.

The Bank of Zambia has over the years been actively collating macroeconomic data and analysis of NPLs. However, data on housing finance has not been addressed or highlighted. Development banks such as the Development Bank of Zambia, pension and provident funds such as the National Pensions Scheme Authority and the Public Sector Pension Fund, commercial banks, building societies such as the Zambia National Building Society, microfinance institutions, and insurance companies are playing a major role in data provision for the housing finance and provision sector.

The population and housing census is one of the major data sources for the country and is undertaken every 10 years. The 2020 Census of population and housing for 2020 was deferred to 2021 due to the pandemic and is yet to be done. Available data, particularly on mortgages, is readily available with presiding institutions and on online platforms.

The housing sector is quite a robust and capital-intensive undertaking and scarcity of housing finance data is in part due to:

- Lack of data aggregation and collection on housing finance.
- Housing finance data largely excludes most of Zambia’s population who access financing through informal options.

Websites

Bank of Zambia https://www.boz.zm/
Zambia Ministry of Infrastructure, Housing and Urban Development https://www.mhid.gov.zm/
Zambia National Building Society https://www.znbs.co.zm/
National Housing Authority https://real-estate-zambia.beforward.jp/
National Housing Empowerment Fund https://www.nhef.co.zm/
Palm Golding Properties https://www.pallengolding.co.za/
Horizon Properties https://horizonproperties.com/
Zambian Home Loans www.zambianhomeloans.com

8 For the sake of consistency this publication uses the foreign exchange rate for all currencies against the US dollar quoted on July 1 on xe.com.

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Overview

Zimbabwe’s economy witnessed 3.9% growth in June 2021 based on a combination of a good agricultural season, slowing inflation, and businesses adjusting to the pandemic restrictions. COVID-19 rendered more people jobless, reduced the pace of housing projects execution and hindered the rate of economic recovery. The government managed to complete 569 low-cost units out of the 2 000 units for the first quarter of 2021 under its National Development Strategy 1 (NDS1). While the housing backlog continues to hover above 2 million, the government recently demolished settlements and unregistered business stalls/shops in and around Harare, including those in Melfort and Chitungwiza, as demonstration of its zero tolerance for informal settlements. The major challenges faced in low income housing delivery include inadequate budget allocation, elitist housing standards, economic instability, insufficient and inefficient housing delivery programs, and high interest on capital finance.

Housing construction in Zimbabwe has largely relied on alternative funding because mortgages remain unaffordable and unavailable. Average mortgage lending rates rose from around 25% per year as of June 2020 to between 40% and 55% per year as of 30 June 2021. The exchange rate also moved from US$1: ZS$7.35820 (30 June 2020) to US$1: ZS$8.4234 (30 June 2021). Back-market foreign exchange currency rates have given rise to multiple pricing for commodities. Most sellers of properties and capital goods prefer hard currency thereby excluding low-income participants.

The government has multiple plans to alleviate the housing shortage but is failing to keep up with rising demand. For instance, roads are enablers of for instance, roads are enablers of economic recovery.

The government has devoted power to urban councils to curtail rural urban migration and relieve pressure on urban housing. The government has also acknowledged the importance of property rights in an economic turnaround and pledged to promote and protect them, for example, by committing to compensate former white farmers whose land was expropriated. It has also gone into partnerships with private providers of housing. Despite these efforts, the country still struggles to provide adequate housing and infrastructure, especially for the low and medium income households.

Access to finance

The 16 participants in mortgage financing are 10 commercial banks, four building societies, a savings bank, and a mortgage company. Mortgage finance has been subdued since 2019 and the number of borrowers declined from 8 282 in June 2020 to 4 679 in June 2021.
with a total value of Z$1.3 billion (US$15.2 million). Many mortgage loans were being paid off as borrowers terminated their loan contracts due to changes in the operating landscape. The abandonment of the fixed exchange rate of Z$1:US$1 made it easier for borrowers with existing obligations to pay off the loans.

High lending rates, as noted between 40% and 55% per year, have also contributed to the reduced uptake of mortgage loans. US dollar lending has resurfaced at around 12% per year. Non-Performing Loans (principal debt on loans three months and above in arrears as a percentage of the portfolio balance) were 4.92% on the local currency loan book while the US dollar portfolio did not reflect any defaulting loans. Most mortgage financiers have been building stocks of housing units/stands as a way of preserving value for their balance sheets as the pandemic has hampered prospective new homeowners, who are now focussing on survival due to reduced income levels and subdued economic activity.

Government issued a blanket authority to all banks to lend in foreign currency in June 2021. Although this reduces the pricing challenge for property buyers, this does mean they must be able to earn in foreign currency. Shelter Afrique’s pledge to construct between 3,000 and 10,000 houses has been supported by the government. The organisation has also partnered with the mortgage loan providers and a parastatal, Urban Development Corporation, in providing funding and housing stands.

As of 31 March 2021, there were 198 registered microfinance institutions with eight of these being deposit takers. The total microfinance loan book is Z$2.09 billion (US$2.45 billion) as of 31 December 2020. The increased demand for microfinance loans by low-income households was driven by the need to supplement disposable incomes which were affected by COVID-19-induced national lockdown. Their products are suited for informal sector debtors who can earn varied income streams over shorter periods, mostly in US dollars. The major reasons for borrowing are purely consumptive or bridging finance and are not necessarily linked to construction. Not much is happening to provide people of informal means with organised housing finance. These people prefer to save and pay for housing needs in cash or terms in US dollars. The pandemic has also led to rationalisation and branch closures in the microfinance sector.

Current mortgage underwriting practices cannot determine the creditworthiness of the informal sector; making evaluation of the correct size of loan a challenge. The microfinance sector has gotten round this by emphasising security and viability of proposed use of funds. However, mortgage lenders find it difficult to determine the correct loan size because those working in the informal sector do not have formal records of their incomes.

Housing supply is currently being championed by the private sector in different forms. No specific formula exists, as participants focus on returns rather than affordability. Mortgage financiers concentrate on mortgage refinancing rather than funding new units because of the unconducive nature of foreign currency despite the government allowing foreign currency loans.

Affordability
Interest in peri-urban settlements is growing, with organised development in areas like Headlands, Goromonzi, Domboshava, Nyabira, Melfort, Zvimbizwa, Mazowe, Concession, Macheke, Karoi, Chigutu, Manyame, Seke and many others. Self-builders are increasingly considering properties in smaller towns as they are affordable especially if they have title. Others are buying ‘usaha’ (rural community village homes) and building decent dwellings for permanent residency. Most of these are funded from buyers’ own resources from farming, mining, diaspora remittances and other informal employment activities. Demand for urban housing remains huge and supply is below expected levels because of the cost of funds and low incomes. This situation forces individual builders to seek alternatives such as those mentioned above.

Property prices remain largely stable in US dollars, while conversions into local currency have been unstable. As a result sellers shun local currency sales. Only house construction can be financed by mortgages. This was reflected in the Zimbabwe Association of Housing Financiers (ZAHF) reports, where only 26 new units were completed from January to June 2021 while 114 borrowers were recorded for existing properties and refinance purposes. The price of a two-bedroomed house in Dzivaraseka was quoted at Z$1,45 million (US$17 000). The salaries for the majority stay subduced in the face of incessant price increases in local currency since June 2020. The average salary for a civil servant is Z$25 000 (US$293). The average mortgage loan is Z$298 555 (US$3 495) for residential mortgages and the monthly mortgage repayment for 10 years is Z$13 668 (US$160). This means civil servants are highly unlikely to afford mortgages and yet they are the largest number of the formally employed. Thus, the low-income group is virtually excluded from accessing mortgage financing or buying even the lowest priced house in an urban area.

Average loan terms have been reduced to between 5 and 10 years (down from 15 to 25 years) by mortgage lenders in response to the harsh operating environment, also affecting affordability of loans.

The pandemic has affected housing development. On the individual level, the pandemic hit household incomes as most people are employed informally (95%) and the sector was classified non-essential by the government during the lockdown periods. This limited informal sector economic activity, and many had to supplement their incomes using loans from microfinance institutions. Government offers no monetary subsidies for the housing industry. The Zimbabwean administration is focusing on trying to resuscitate transportation and energy infrastructure, which they believe will be a catalyst for economic development.

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Urban informality
National Human Settlement policy is promoting densification of settlements, where 40% of every residential development should be reserved for high-rise buildings/flats. The government is implementing devolution of power, where each district identifies and develops its own economic capacity to be an economic hub which eventually reduces the need for rural-to-urban migration. This program also entails provision of devolution funds from central government used by local authorities to expand social amenities.

The government is also regularising some informal settlements such as Caledonia and Hopely as a way of increasing housing. It is also funding expansion of social amenities such as water treatment at Morton Jeffrey water works and urban renewal projects targeting old residential suburbs in Zimbabwe.

Housing supply
The supply of affordable housing among low and middle income households in Zimbabwe falls far short of meeting the ever growing demand. The national housing backlog is reported to be 2 million houses. The government acknowledges the dire housing situation. It is pursuing Vision 2030, which seeks to achieve an upper middle income economy by 2030. In this Vision, social facilities such as partnership with non-governmental organisations like Dialogue on Shelter and the 2021 National Budget allocated Z$1.4338 billion (US$1 676 846) for housing delivery. Further, the Ministry of National Housing and Social Amenities is implementing the Zimbabwe National Human Settlements Policy to promote planning, managing, regularising, and renewing settlements. It is creating a new spatial planning paradigm, mixed land use planning, where settlements are expected to be inclusive of innovation, commerce, and socio-economic development. The policy also promotes development of apartments, and the government has started identifying land for construction of apartment buildings. In the first quarter of 2021, the government
constructed approximately 570 low-cost housing units across the country. The government secured a Z$2.1 billion (US$25 million) credit line from Shelter Afrique for low-cost housing which will be given to Banc ABC, National Building Society and Urban Development Corporation.

The housing supply market in the year 2021 has been dominated by the private sector. ZAHF members earmarked 14 432 houses for completion. The development was set to be completed in December 2020 but was set back by the COVID-19-related disruptions. The high cost of construction driven mainly by local building standards makes private sector housing expensive. The planning and building laws of Zimbabwe will need to be reviewed as they are considered old fashioned and elitist. These same laws drive low income households to peri-urban areas where there is flexibility in construction methods and available inexpensive land. These peri-urban areas have been identified as a hive of socio-economic ills including poor access to water and sanitation facilities, poor waste management, poor accessibility and mobility and deteriorating livelihoods due to their informality. The private land developers are targeting customers with access to foreign currency to preserve value. However, COVID-19 affected the remittances which were being invested in housing. The International Organisation for Migration reports that more than 200 000 Zimbabweans returned home since the outbreak of the pandemic. This badly affected investment in housing. Housing projects have also been hindered by currency instability and inflation. Although the inflation rate slowed over the year, the cost of building materials remained unstable using the local currency. The gap between the official exchange rate and the parallel market rate has been widening, putting pressure on the exchange rate. Any adverse movement in the exchange rate raises the inflation rate. This, coupled with high standards of construction, has threatened development of low-cost housing in Zimbabwe.

**Property markets**

The property market has seen no significant growth over the past year; thanks to COVID-19, foreign currency shortages, high inflation rates and low disposable incomes. Over the year, residential development activity grew slightly but more strongly than the other real estate sectors like commercial and industrial. The bulk of property market transactions were concentrated in the residential sector. Property owners adopted inflation-indexed and currency-indexed pricing to preserve value. Property developers, offering US$-denominated mortgages, are targeting the diaspora market. Sellers are reluctant to accept payment in local currency. This has had the effect of reducing property prices by an average 20% year-on-year in real terms. The average price for an affordable high-density house is around US$17 000 (Z$1.45 million). However, many Zimbabweans who are earning around US$25 000 (US$293) cannot afford this. Also, COVID-19 reduced rentals, which softened at the start of the year. Rentals in the high-density areas decreased to an average of Z$1 281 (US$15) per room which raised questions about the growth potential of this sector. Approximately 67% of households live in their own dwelling units. The proportion of lodgers is 17%.

In total, there are 248 registered estate agent firms which facilitate the negotiation and transfer of properties. However, countless informal estate agents also do property sales and rentals. Zimbabwe was ranked 109 out of 190 countries on the “registering property” and 140 out 190 on the “dealing with construction permits” in the World Bank Doing Business 2020 report. These rankings show many reforms needed to improve the efficiency in the property market. The Deeds Registry of Zimbabwe, responsible for title registrations to immovable property and mortgages, still uses a paper-based system. There are proposals to reform this through amendments to the Deeds Registries Amendment Act, 2017, to allow digitisation of the Deeds Registry and the establishment of an electronic deeds registry to supplement the current system. This will expedite deeds registry administration and improve efficiency in property market.

**Policy and legislation**

The principal statutes that govern housing matters include the Constitution of Zimbabwe; the Regional Town and Country Planning Act (Chapter 29:12); the Urban Councils Act (Chapter 29:15); the Rural District Councils Act (Chapter 29:13); the Environmental Management Act (Chapter 20:27); Land Survey Act (Chapter 20:12); and the Deeds Registries Act (Chapter 20:05). The Regional, Town and Country Planning Act, Urban Councils Act and the Rural District Councils Act are administered by the Ministry of Local Government and Public Works, for identifying, planning and managing land for housing. The Ministry of Lands, Agriculture, Water and Rural Resettlement administers the Land Survey Act, mainly dealing with surveys of land, including for housing. The Ministry of Justice, Legal and Parliamentary Affairs administers the Deeds Registry Act charged with the property title registration and related functions. The Environmental Management Act (Chapter 20:27) is under the administration of the Ministry of Environment, Climate Change, Tourism and Hospitality Industry. This act provides for the conservation and preservation of the environment in human settlement development. The Housing Policy of 2012 and the National Human Settlements Policy of 2018 deal with the creation of human settlements and provision of housing and social amenities in the country. These policies are under the administration of the Ministry of National Housing and Amenities. Human Settlements seeks to promote inclusive (mixed use), organised and planned settlements beyond the urban centres to include rural areas. It also expresses the new planning paradigm of densification of settlement through vertical expansion in form of apartments as opposed to stand-alone units. This also shifts policy from concentrating on home ownership to providing accommodation.

The legal and policy framework for housing includes many players and careful coordination and integration is needed to avoid duplication of efforts and unnecessary bureaucracy that might retard provision of affordable housing in the country.

**Opportunities**

The substantial housing backlog is testimony to a high effective demand for housing. That demand includes those who want to own houses, those who want rental housing and students who want seasonal accommodation. Many small scale business people, for example artisanal miners, farmers, and traders, have resources to buy standalone residential houses or residential stands. Thus, a sizable market for home ownership exists. The economic situation is putting home ownership out of reach of many. Consequently, people rely on tenancy or live in informal settlements. Construction of apartments for rental offers opportunities. Affordable
student accommodation around universities and colleges in Zimbabwe is in short supply and the construction of student apartments offers another opportunity.

A growing number of investors in housing is targeting rural districts of Zimbabwe, as is shown by the rising housing waiting lists in such jurisdictions.

The government acknowledges that current building methods and practices are not optimal and is open to new construction methods to achieve affordable housing. Opportunities thus exist to promote innovative construction methods that more speedily produce durable and affordable houses.

Innovative housing finance models are needed as the available funding mechanisms have put decent housing beyond the reach of many.

The Zimbabwe Association of Housing Financiers (ZAHF) provides useful insights on the numbers available for borrowers, trends in mortgage lending and the housing construction sector. The organization has a website www.zahf.co.zw, shares monthly reports, and holds frequent meetings to discuss affordable housing provision. Data is collected, collated, and shared with members monthly.

Zimbabwe National Statistics Agency provides data for the population census, reports on urban development, rural development, and research on housing interests. The data for public consumption is shared as and when it is updated. Available on www.zimstat.co.zw.

The Estate Agents Council of Zimbabwe (EACZ) shares information on registered agents, and reports on industry malpractices and deregistered members. It helps to identify legitimate agents, who are collectors of information on rentals, costing of units under sale and housing trends. These share reports quarterly largely with financial institutions as a way of marketing their services. The council information is accessible on eac.co.zw.

Gaps remain in getting information on registered properties, units completed countrywide, and other initiatives outside financial services activities that provide housing and financing.

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### Websites

- CBZ Bank Limited [https://cbzbank.co.zw/](https://cbzbank.co.zw/)
- Central Africa Building Society (CABS) [https://www.cabs.co.zw](https://www.cabs.co.zw)
- Estate Agents Council [https://eac.co.zw/coz/registeredsfirms](https://eac.co.zw/coz/registeredsfirms)
- FBC Building Society [https://www.fbc.co.zw](https://www.fbc.co.zw)
- Homelink Limited [https://www.homelink.co.zw](https://www.homelink.co.zw)
- HomeLink (Private) Limited [https://www.homelink.co.zw](https://www.homelink.co.zw)
- National Building Society [http://nbs.co.zw](http://nbs.co.zw)
- Reserve Bank of Zimbabwe [https://www.rbz.co.zw](https://www.rbz.co.zw)
- Steward Bank Limited [https://www.stewardbank.co.zw](https://www.stewardbank.co.zw)
- Urban Development Corporation [https://udcorp.co.zw](https://udcorp.co.zw)
- ZB Bank Limited [https://www.zb.co.zw](https://www.zb.co.zw)
- ZB Building Corporation [https://www.zbc.co.zw](https://www.zbc.co.zw)
- Zimbabwe National Statistics Agency [http://www.zimstat.co.zw](http://www.zimstat.co.zw)

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### Availability of data on housing finance

Numbers and values of loans can be accessed from the Reserve Bank of Zimbabwe website [www.rbz.co.zw](http://www.rbz.co.zw). The site was also used to check economic reviews and updates on inflation trends, exchange rates and to understand the extent to which affordable housing is financed in Zimbabwe. Data is collected and shared with the public weekly, monthly and quarterly.

The Zimbabwe Association of Housing Financiers (ZAHF) provides useful insights on the numbers available for borrowers, trends in mortgage lending and the housing construction sector. The organization has a website [www.zahf.co.zw](http://www.zahf.co.zw), shares monthly reports, and holds frequent meetings to discuss affordable housing provision. Data is collected, collated, and shared with members monthly.
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- Inclusive economic growth happens locally

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- Precincts where in neighbourhoods are regenerated

**Fiscal impact for local government**
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- Allows government to focus on productive infrastructure investment

**Urban land reform**
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- Inclusion changes ownership.

**Job creation and skills development**
During construction

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To supplement its investment in a new locally managed affordable housing Fund, FSDAi is providing support to Centre for Affordable Housing Finance (CAHF) for build-out of the Open Access initiative. In the Open Access initiative, CAHF will collect, review and analyse data collected through FSDAi’s and other investor partners’ investment experience to offer insights into the efficiencies and challenges that support or undermine the delivery of affordable housing in Kenya.

For more information about affordable housing in Kenya:
https://cutt.ly/OECsPeh
We are proud to support CAHF in their efforts to make housing finance markets work in Africa

Agence Française de Développement (AFD) implements France’s policy on international development and solidarity. Through its financing of NGOs and the public sector, as well as its research and publications, AFD supports and accelerates transitions towards a fairer, more resilient world. It also provides training in sustainable development (at AFD Campus) and other awareness-raising activities in France.

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Email: info@selectafrica.net, investorrelations@selectafrica.net
Website: www.selectafrica.net

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MARKET DEVELOPMENT INITIATIVES

Expansion of Mortgage Refinance Activities: The company secured the approval of the Central Bank of Nigeria (CBN) to expand its refinancing activities to all mortgage and commercial banks in Nigeria. It is expected that the extension of refinancing to all banks, not necessarily that are not Shareholders of NMRC will deepen the company’s housing market development activities and stimulate increased access to affordable housing finance. Under the new guidance, any financial institution with mortgage portfolios that conform to NMRC’s Uniform Underwriting Standards (UUS) qualify for NMRC refinancing.

Establishment of Mortgage Guarantee Company: The Nigeria Mortgage Refinance Company is in collaboration with the Central Bank of Nigeria and other stakeholders and investors towards the establishment of a Mortgage Guarantee Company with objective of providing support to mortgage originators such as Primary Mortgage Banks and commercial banks to increase mortgage lending by guaranteeing or partially guaranteeing against losses resulting from borrower defaults on residential mortgages. The Mortgage guarantee Company will also provide technical assistance to lenders on credit and business development-related activities to increase industry expertise.

CAPACITY BUILDING INITIATIVES

NMRC Construction & Entrepreneurship Skills Training Scheme: in response to recent social challenges and keeping with one of its core values (Inclusion), the Nigeria Mortgage Refinance Company Plc (NMRC) continues to focus its Corporate Social Responsibility initiatives on empowering Victims of Human Trafficking and Internally Displaced Persons (IDP’s) in partnership with the National Agency for the Prohibition of Trafficking in Persons (NAPTIP) and the Industrial Training Fund (ITF).
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pour transformer l’Afrique

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2. Feed Africa
Nourrir l’Afrique

3. Industrialise Africa
Industrialiser l’Afrique

4. Integrate Africa
Intégrer l’Afrique

5. Improve the quality of life for the people of Africa
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Senior Capital Markets Officer
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Rwanda’s Vision 2050

TOTAL HOUSEHOLDS
(2.8 million households)

23% urban
77% rural

HOUSEHOLD OCCUPANCY STATUS
- You/another household member owns this dwelling: 69% urban, 91% rural
- You/your household rent this dwelling: 28% urban, 3% rural
- The dwelling is provided to your household rent-free: 3% urban, 6% rural

HOW DID YOU GET THE DWELLING?
(OWNERS ONLY)
- Built it: 75% urban, 83% rural
- Bought it: 17% urban, 5% rural
- Got it for free: 5% urban, 9% rural
- Inherited it: 3% urban, 3% rural

PERCENTAGE OF OWNERS WHO HAVE A TITLE DEED FOR THE LAND/PILOT
(OWNERS ONLY)

- Land tenure security: 91% urban, 78% rural

DWELLING QUALITY

<table>
<thead>
<tr>
<th>MAIN WALL MATERIALS (TOP 5)</th>
<th>URBAN (Households: 0.52 million)</th>
<th>RURAL (Households: 2.18 million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>cloth mud bricks</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>concrete blocks</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>mixed and lime</td>
<td>8%</td>
<td>31%</td>
</tr>
<tr>
<td>cement bricks</td>
<td>5%</td>
<td>0%</td>
</tr>
<tr>
<td>mixed and lime</td>
<td>8%</td>
<td>6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MAIN ROOF MATERIALS (TOP 5)</th>
<th>URBAN (Households: 0.52 million)</th>
<th>RURAL (Households: 2.18 million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>asbestos</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>factory made tiles</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>metal sheets</td>
<td>0.07%</td>
<td>0%</td>
</tr>
<tr>
<td>asphalt</td>
<td>0.00%</td>
<td>0%</td>
</tr>
<tr>
<td>corrugated metal</td>
<td>93%</td>
<td>63%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MAIN FLOOR MATERIALS (TOP 5)</th>
<th>URBAN (Households: 0.52 million)</th>
<th>RURAL (Households: 2.18 million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>concrete blocks</td>
<td>17%</td>
<td>21%</td>
</tr>
<tr>
<td>burnt mud bricks</td>
<td>0.6%</td>
<td>0%</td>
</tr>
<tr>
<td>mixed and lime</td>
<td>0.1%</td>
<td>0.0%</td>
</tr>
<tr>
<td>scoured stone</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>mixed and lime</td>
<td>82%</td>
<td>78%</td>
</tr>
</tbody>
</table>

% OF DWELLINGS THAT MAKE OF IMPROVED MATERIALS
- Urban: 26%
- Rural: 1%

ACCESS TO SERVICES

<table>
<thead>
<tr>
<th>ACCESS TO SERVICES</th>
<th>URBAN HOUSEHOLDS (0.54 million)</th>
<th>RURAL HOUSEHOLDS (2.15 million)</th>
<th>TOTAL HOUSEHOLDS (2.69 million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>% whose main source of drinking water is piped water into dwelling or yard</td>
<td>63%</td>
<td>3%</td>
<td>17%</td>
</tr>
<tr>
<td>% who use electricity for lighting</td>
<td>18%</td>
<td>27%</td>
<td>41%</td>
</tr>
<tr>
<td>% who have a flush toilet</td>
<td>29%</td>
<td>0.5%</td>
<td>7%</td>
</tr>
<tr>
<td>% who share a toilet facility with another household</td>
<td>13%</td>
<td>4%</td>
<td>6%</td>
</tr>
<tr>
<td>% which are overcrowded*</td>
<td>5%</td>
<td>8%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Source: FinScope Rwanda 2020
Note*: Improved walls includes cement bricks, burnt mud bricks and timber, improved roof includes iron sheets and factory made tiles, and improved floors include cement / tiles, burnt mud bricks, stones; Over-crowded is defined as more than 3 adults per sleeping room

What can finance do to help the housing sector realise Rwanda’s Vision 2050 intentions for affordable housing?

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The course is run as a partnership between the Urban Real Estate Research Unit (URERU) at the University of Cape Town and the Wharton School at the University of Pennsylvania, USA, and is supported by the Centre for Affordable Housing Finance in Africa.

COURSE DETAILS

Mode of Delivery: To be confirmed
Course Dates: October 2022
Course Presenters: Rob McGaffin, Drs. Marja Hoek-Smit and A/Prof Francois Viruly with additional presentations by industry specialists

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- IMPACT REPORTING
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- BENCHMARKING
- POLICIES, TOOLKITS, AND PARTNERSHIPS FOR IMPACT
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The Housing Finance Information Network is the first truly global webportal 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 2016 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 global network of experts and through a continuously updated library of research and policy papers.

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Affordable Housing is available in hard copy (South Africa only) and in a digital version at www.saaffordablehousing.co.za for those who prefer the electronic offering.

Hear what our regular contributors like CAHF, Consulting Engineers of SA, SA Banking Association, and SA Affordable Residential Developers Association have to say plus the legal perspective by STBB.

We would like to hear what is happening on the continent as well. We CAN ALL LEARN FROM EACH OTHER to address the critical need of housing for AFRICA.

Any questions, ideas, thoughts contact, rory@interactmedia.co.za who would love to hear from you.
The African Union for Housing Finance (AUHF) was established as a member-based body of housing lenders in 1984. Today, the AUHF comprises of 55 members from 22 countries across the continent. Members include mortgage banks, building societies, microfinance banks/institutions, prop-tech companies, housing development corporations, and other institutions involved in the mobilisation of funds for shelter and housing. As an industry body, the AUHF promotes the development of effective housing finance markets, and delivery of affordable housing across Africa, working in the interests of both the members and the industry as a whole.

Vision: An enabled and productive housing finance sector across Africa where governments and the private sector work together to develop and maintain efficient and effective housing markets and access to adequate and affordable housing for all.

Mission: To support its members in realising their vision, through networking and deal facilitation, information collection and dissemination, lobbying and advocacy, and capacity building and training.

In serving its members and realising its goals of effective housing finance markets and delivery of affordable housing in Africa, the AUHF pursues five main activities:

1. Information Collection & Dissemination
   - Monthly newsletter – Financing Housing in Africa
   - Website www.auhf.co.za
   - Participation in International Union for Housing Finance

2. Lobbying and Advocacy
   - Annual Housing Finance Declaration
   - Fact Sheets and Issue Briefs on key issues
   - Identification of and engagement in key national & regional issues with member support

3. Capacity Building & Training
   - Webinars and Master Classes
   - Member study tours / site visits
   - Scholarships for members to attend accredited housing finance courses

4. Networking & Deal Facilitation
   - Annual AUHF conference www.auhf.co.za/auhf-conference/
   - Members-only meetings
   - Discounts to industry conferences

5. Showcase membership to the wider public & investment community
   - Member certificates
   - Case studies & profiles of members
   - Speaking opportunities
   - Data reporting standards for AUHF members – AUHF Member data – dashboard

JOIN US TODAY
Be part of a continental body that advocates for affordable housing and efficient housing finance markets...

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A Data Agenda for Africa

We believe market intelligence & data is fundamental market infrastructure for the housing finance sector.

A key constraint undermining private sector participation and good policy engagement in affordable housing finance is the availability of data and market intelligence to facilitate risk-taking and decision-making.

By providing market intelligence that makes the case for investment in underserved markets, we can support a better policy environment and increased private sector activity in affordable housing markets.

In this way, we catalyse scale interventions.

The following organisations are committed to CAHF’s Data Agenda for Africa. Join us today to form a regional movement in support of increased investment in affordable housing in Africa!

For more information, contact Kecia Rust on Kecia@housingfinanceafrica.org
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