



**C** **A** Centre for Affordable  
**H** **F** Housing Finance  
in Africa



**Launch of the Report**  
**Housing Investment Chronicles:**  
*Financing housing step by step in Mozambique*

*Benedito Murambire, Jr.*

4 December 2017



# Agenda

“Society’s course will be changed only by a change in ideas”. *Friedrich Hayek*

## 1. Why Housing Finance?

2. What is the housing finance situation in Moz?
3. Why the Housing Investment Chronicles?
4. What were the research objectives? Methods?  
Target group?
5. What does the study tell us?
6. What would be the next steps?

# Old and complex problem ... challenge ...

Everyone needs a house to live in

Human Right in majority of countries

Better health from water & sanitation

Support poverty reduction

Creates demand for prod. & services

Symbiotic relation with fin. sector

Support Inclusive Growth

Larger multiplier effects - employment

Affordability – expensive asset

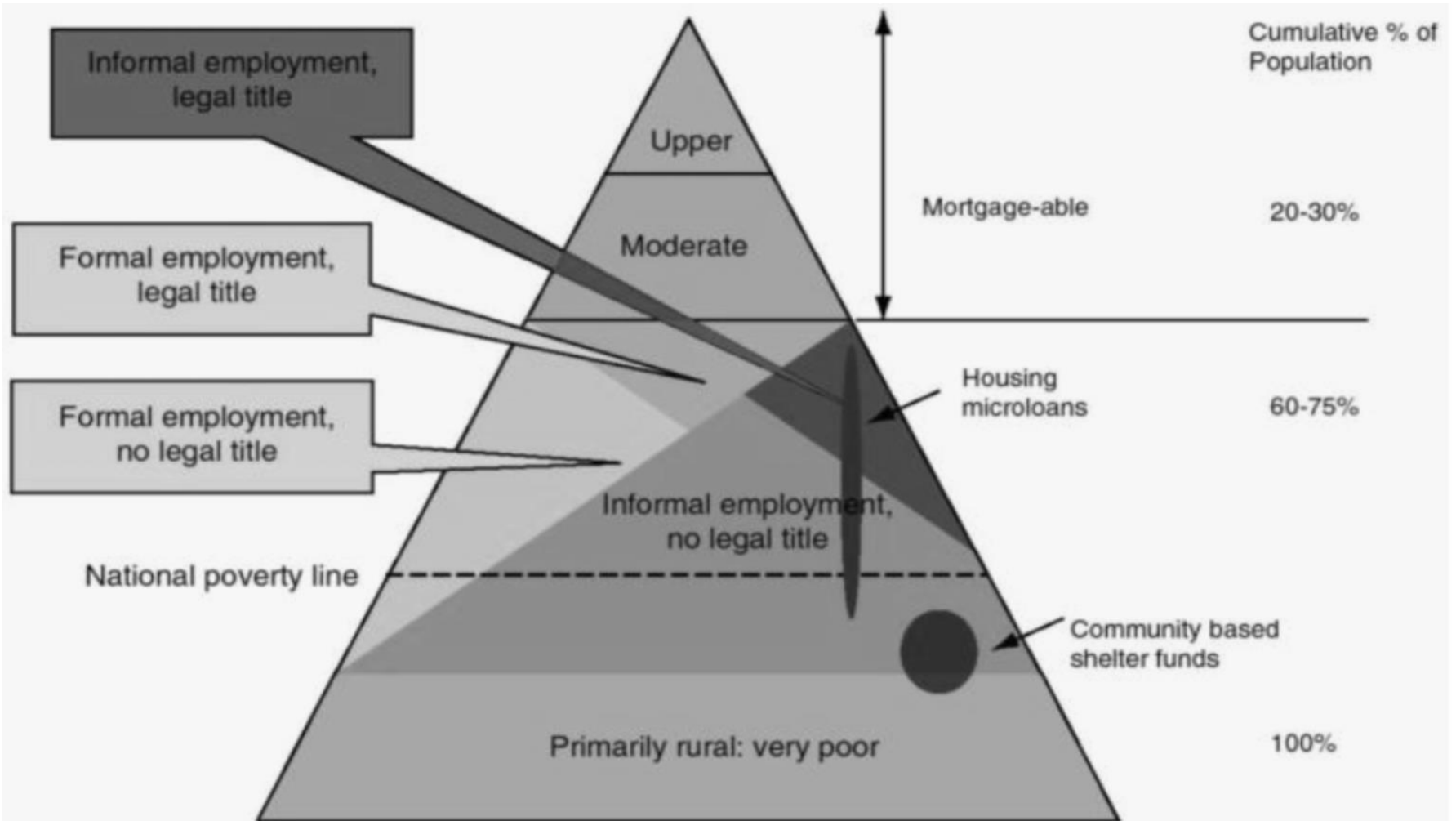
Contributes to economic output

Larger multiplier effects - output

Raises the standard of living



# Mortgage does not seem to be the solution in some developing countries ...

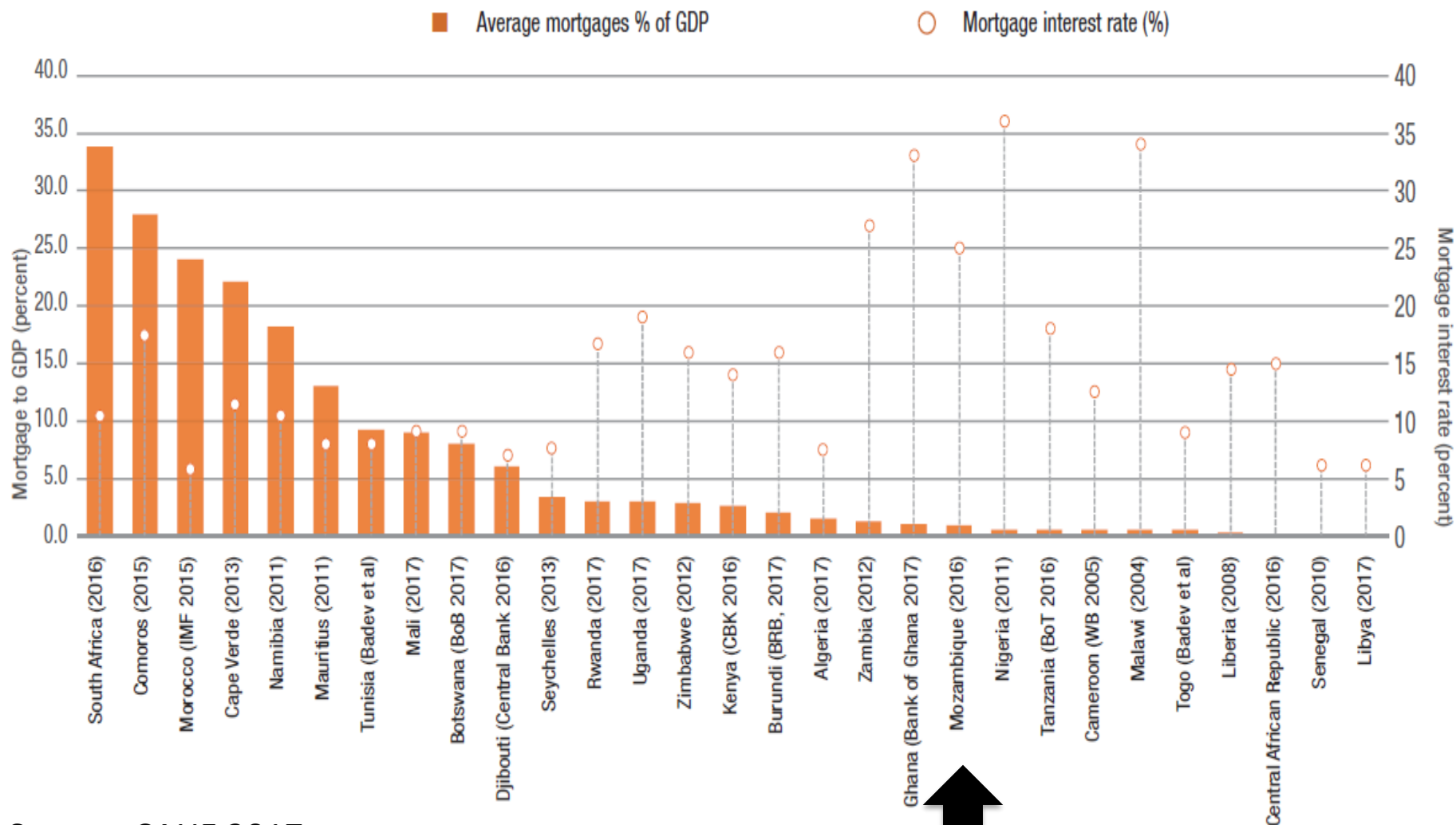


Source: Stylized profile of housing finance instrument usage in developing countries (Porteous 2011) citado pelo UN-Habitat (HSUB - HF CN)

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# Mortgage Finance represents less than 1.5% of the GDP in Mozambique



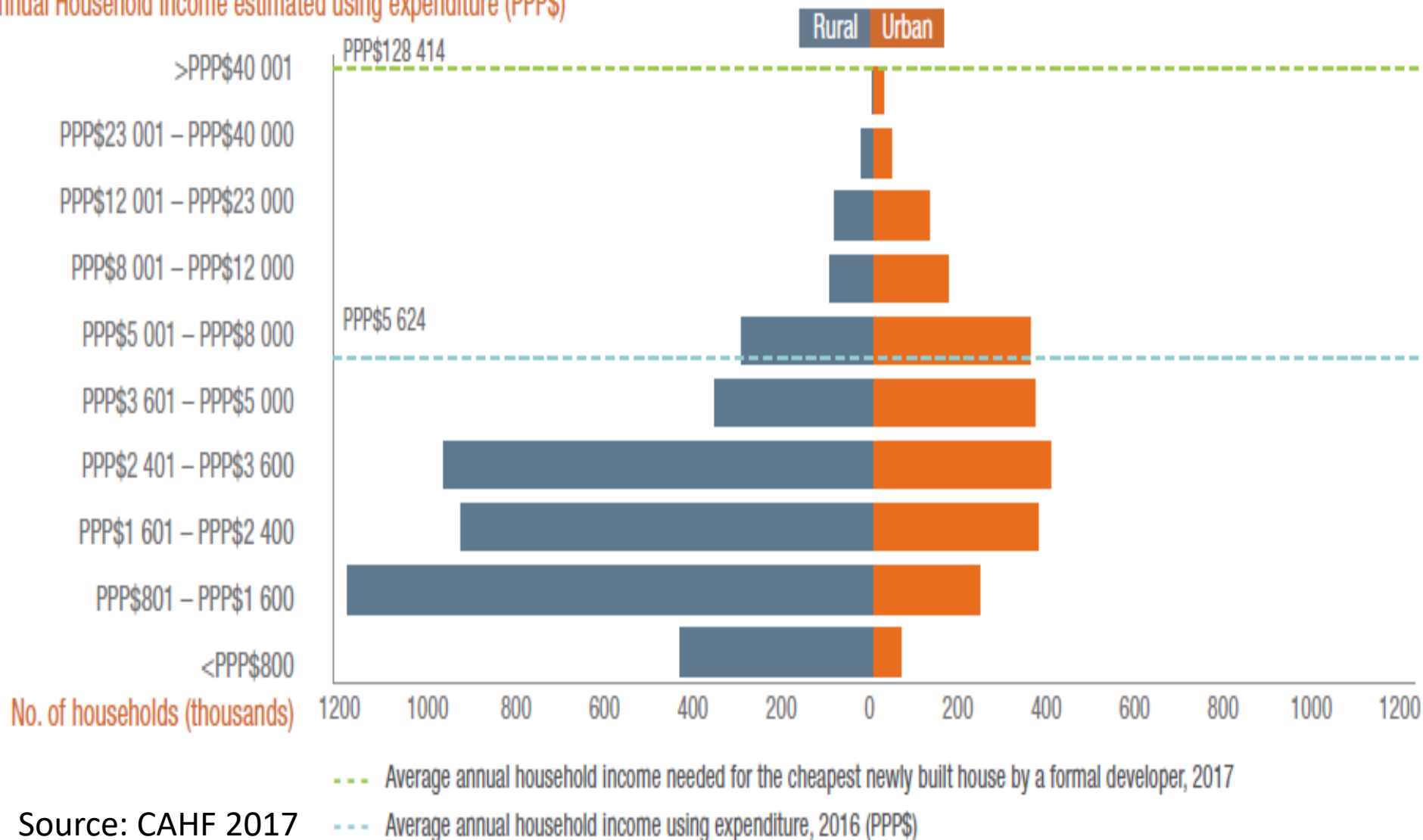
Source: CAHF 2017



# More than 70% of HH earn less US\$ 400/month

## MOZAMBIQUE

Annual Household income estimated using expenditure (PPP\$)



Source: CAHF 2017

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# Why Housing Investment Chronicles?

- Everyone lives in a house. How do people pay for their houses if not with formal housing finance?
- Households build their housing incrementally;
- Big potential market - US\$3 billion invested in informal housing in Maputo alone (UN Habitat) by families;
- But 2.5 million families (an est. 60% of the population) live in substandard housing.



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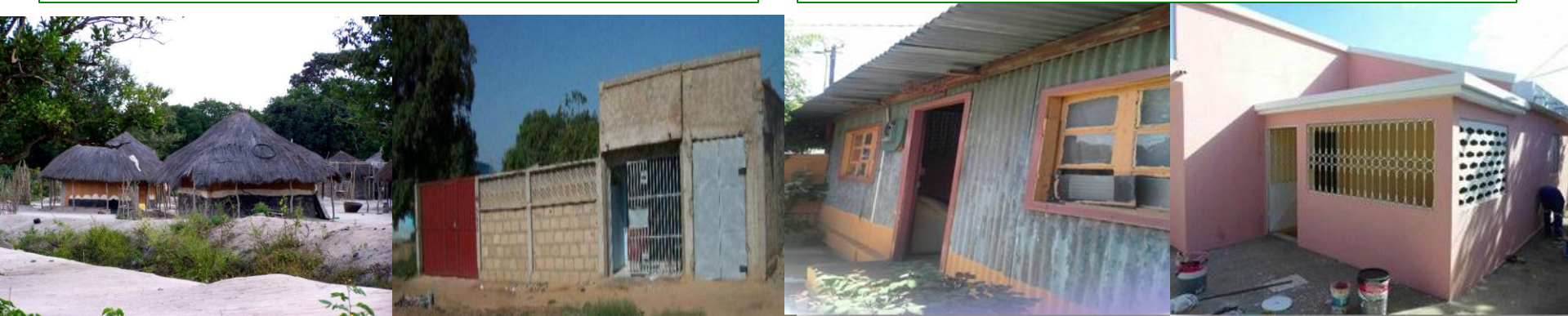
# Research objectives

- Housing investment behaviour at BOP
- Provide insights
- Define interventions.



# Survey & Methods

- Qualitative survey
- Those with no access to mortgage finance
- Those have used informal sources
- 219 HH interviewed
- 55 comprehensive chronicles documented



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# Insights, potential and needs in four themes...

## The Housing Investment Decision



## Securing Land



## The Housing Construction Process



## Financing the Housing Investment



# The Housing Investment Decision

- Independent decision
- Incremental acquisition of land and building
- High awareness of the social, financial and economic value
- Start with rental but to keep up
- Preference to acquire





# Securing Land

- DUAT and Declaração System;
- Secure formally documented tenure;



- Efficient and accessible land & property registration process



# The Housing Construction Process

- Purchase of materials for concrete blocks
- Quotation from builder and then start saving;
- Foundation - Walls – House Cover .... years;
- Own pockets & move once habitable;
- Duration and completion dependent on savings;
- Subject to unforeseen events & natural disasters



# Financing the Housing Investment

- Sources: Personal responsibility

- Process: Incrementally, with savings



- Time: About ten years to complete

- Challenges: Financial illiteracy

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# Government



# Private sector

- Land & property registration;
- Basic infrastructures and urban planning;
- Building materials / Incentives;
- Basic information on construction process;
- Research & test new approaches;
- Strategy & housing policy;
- Rules & regulations.

## Partnerships (invest):

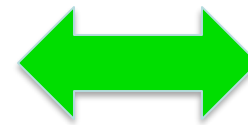
- Alliance banking/building materials suppliers
- Build on local knowledge and promote dialogue;
- Consider rental and home ownership;
- Basic services, renting and housing provision
- Insurance product







# FSD Mozambique



## Partnerships (Support):

- Designing and test specific products & services;
- Programs / projects / entities - value chain – communities
- Explore linkages along the HF value chain;
- Leverage on Savings Groups and M-Pesa
- FSPs, building materials suppliers, developers, etc,:

## Research & Tech. Assistance:

- Design **financial literacy** interventions;
- Explore housing as a social, financial economic asset;
- Find **local solutions** and pilot test through implementation;

## Advocacy and Lobbying:

- Awareness, Strategy and Housing Policy, and Research





*We might be doing the things right ...  
But we may not be doing the right things ...*

**Questions & Comments!!!**







Muito Obrigado



Thank you!

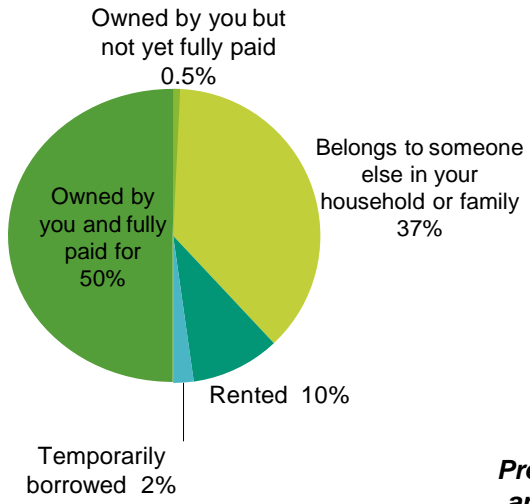




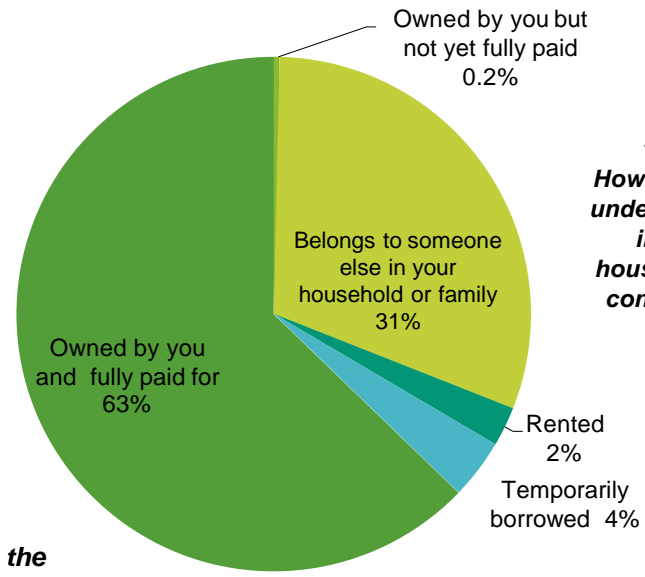
# More than 50% of households own their house and is fully paid. How?

## HOME OWNERSHIP\* (The house where you live is...)

**Urban:**  
1,745,271  
households



**Rural:**  
3,907,566  
households



??  
*How is this understood in a household context?*

*Preferable to do the analysis using the household head, but that data is not available*

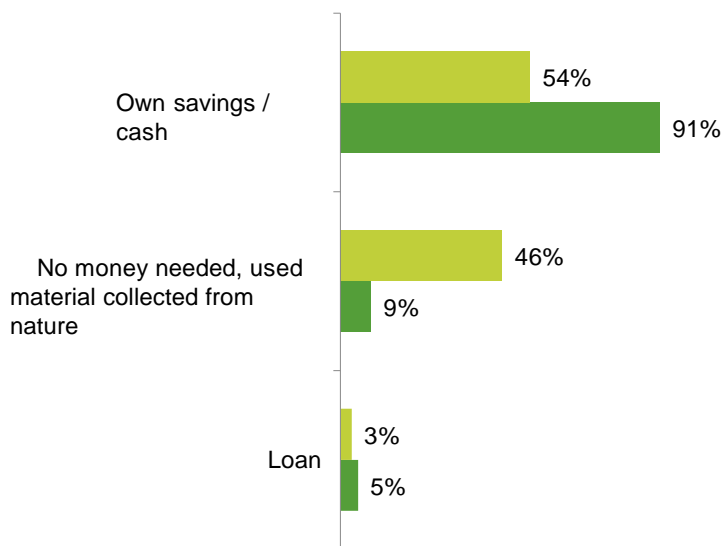
Source: FinScope Mozambique 2014

# Acquiring property is heavily contingent on saving, limiting access to home ownership

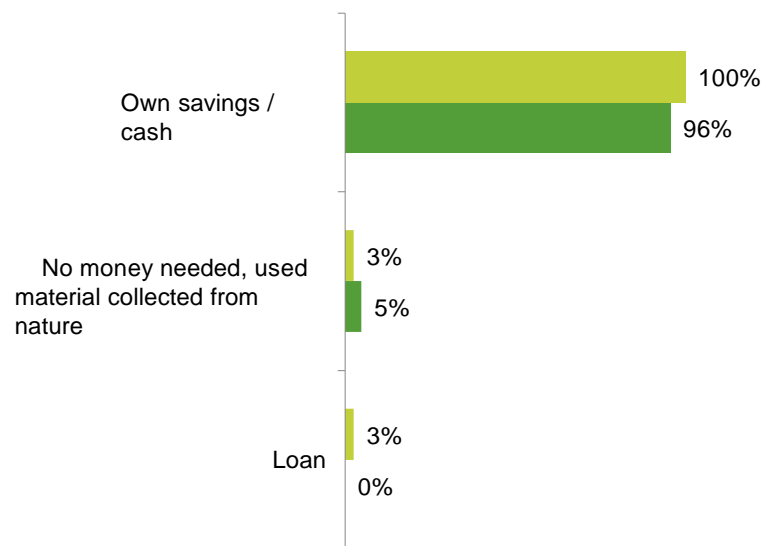
## METHOD OF FINANCE FOR THE CONSTRUCTION OR PURCHASE OF HOUSE

*(Own the dwelling, Self-constructed or purchased)*

### SELF-CONSTRUCTION



### PURCHASED



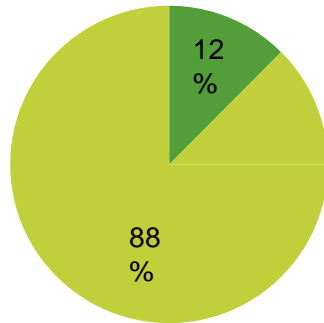
■ Rural ■ Urban

Source: FinScope Mozambique 2014

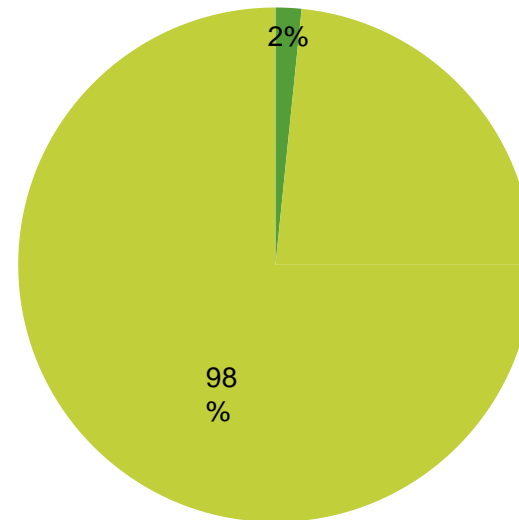
# 12% of HH in urban areas who say they own their dwellings have title deeds

## POSSESSION OF TITLE DEED

Urban: Own dwelling  
883,664



Rural: Own dwelling  
2,458,364



■ Yes  
■ No

Source: FinScope  
Mozambique 2014

# Activities leading to change

# Outputs

Outcome Housing Finance

