Centre for Affordable Housing Finance in Africa

2015 YEARBOOK

HOUSING FINANCE IN AFRICA

A review of some of Africa's housing finance markets

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The Centre for Affordable Housing Finance in Africa
PO Box 72624
Parkview 2122
South Africa
Tel +27 11 447 9581
Contact: Kecia Rust
Mobile +27 83 785 4964
Email kecia@housingfinanceafrica.org
Website www.housingfinanceafrica.org

Centre for Affordable Housing Finance in Africa

The Centre for Affordable Housing Finance in Africa (CAHF) is a not-for-profit company with a vision for an enabled affordable housing finance system in countries throughout Africa, where governments, business, and advocates work together to provide a wide range of housing options accessible to all. CAHF's mission is to make Africa's housing finance markets work, with special attention on access to housing finance for the poor. We pursue this mission through the dissemination of research and market intelligence, supporting cross-sector collaborations and a market-based approach. The overall goal of our work is to see an increase of investment in affordable housing and housing finance throughout Africa: more players and better products, with a specific focus on the poor.

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

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

CAHF's core funders are FSD Africa, the National Housing Finance Corporation (of South Africa), and the FinMark Trust.

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

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If cities are built the way they are financed (Renaud, 1984), then Africa's cities are set to change.

Innovation in housing finance –in terms of products, players, and approaches, not to mention target markets – is a key feature across the continent, creating new opportunities for investment and delivery. As both local and international investors chase growth opportunities in a sluggish global economy, they are employing diversification strategies to manage the risks of their traditional targets – and in this, residential property is increasingly becoming an option. And while established players are getting better at what they do, new players are adding to the mix and competing for opportunities.

Investors are faced with a paradox, however. By their very nature, they are drawn to the high income markets. It is in these markets that they can price adequately for risk and realize the returns they seek. However, the real story – the scale opportunity just waiting to be cracked – is in the lower income market segments. The arguments for investment in residential – high urbanization rates, a growing middle class, a shortage of supply – these are all arguments for moving down market into the uncharted waters of affordable housing. Can investors and developers do it? In 2015, this is a very real focus.

Five stories characterise Africa's housing finance markets in 2015:

1. Innovation in financing
2. Growing awareness of the opportunity in residential
3. The identification of niche markets and an appreciation of the affordability challenge
4. Policy & regulatory evolution to match investor interest
5. Growing experience and investor sophistication

Of course, the challenges are not insignificant. But increasingly, investors and developers are noting that the potential benefits outweigh the risks. And, as governments come to appreciate the potential that this interest offers, their efforts to streamline development processes and enable their local housing markets to grow are creating new opportunities that are beginning to change the face of African cities.

About this publication

This is the sixth edition of the Housing Finance in Africa yearbook. Since last year, we have added five country profiles and one regional profile bringing the total to 48 country profiles and five regional profiles. We have again sought out new data sources, and rethought our approach to the affordability graphs. We have been monitoring the news so that this yearbook reflects the current situation of housing finance markets on the African continent in 2015.

The Yearbook is intended to provide housing finance practitioners, investors, developers, researchers and government officials with a current update of practice and developments in housing finance in Africa, reflecting the dynamic change and growth evident in the market. It is hoped that it will also highlight the opportunities available for new initiatives, and help practitioners find one another as they strive to participate in the sector. While the general aim of the Yearbook is to offer a broad overview of housing finance and housing development in Africa, special emphasis is placed on the key challenge of housing affordability, and the critical need for housing products and finance that are explicitly targeted at the income profiles of the majority.

This has been a desktop study. Using the CAHF's research as baseline material, further information on more recent developments was accessed from media reports, journal articles and practitioner websites. In some cases, material was shared with in-country practitioners. Of course, the yearbook is not comprehensive, neither in the scope of countries covered nor the data provided. It is intended as an introduction, with the hope that the detail provided will whet the appetite for more. CAHF invites readers to provide comment and share their experiences on what they are doing in housing finance in Africa.

Kecia Rust
Centre for Affordable Housing Finance in Africa
October 2015

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Abbreviations

AADL	Lease to own programme, Algeria
AAHDE	Addis Ababa Housing Development Enterprise
ACF	African Capitalisation Fund, Malawi
ACI	Agence de Cession Immobilière (Land Development Agency), Mali
ACSI	Amhara Credit & Savings Institution, Ethiopia
ADC	Arrêté de Consession Definitive, Cote d'Ivoire
AFD	Agence Française de Développement (French Development Agency)
AfDB	African Development Bank
AFRICOM	Africa Command, Djibouti
AFT	Agenda for Transformation, Liberia
AGETIP	Agence de Gestion des Travaux d'Intérêt Public, Benin
AGETU	Agency for the Equipment of Urban Land (Agence d'Equipement des Terrains Urbains), Togo
AGOA	African Growth and Opportunity Act
AH	Amiscus Horizon company, The Gambia
AIB	African Investment Bank
AMU	Arab Maghreb Union
AMT	Akiba Mashinani Trust
ANAT	National Land Development Agency, Mauritania
ANDF	National Agency for Domain and Land (Agence nationale du domaine et du foncier
ANIP	The National Private Investment Agency
APBEF	Association professionnelle des banques et établissements financiers du Mali
APIM	Association des promoteurs immobiliers du Mali
APIMA	Angolan Association of Real Estate Professionals
ARRU	Agency for Urban Rehabilitation, Tunisia
ASODEV	Action pour la Solidarité et le Développement, DRC
ASSOAL	Solidarity Actions of Support to Organisations Supporting Freedom, Cameroon
ATM	Automated teller machine
BaDEx	Bonds and derivatives exchange
BAI	Banco Africano de Investimento
BAIC	Banque africaine pour l'investissement et le commerce
BANCOBU	Commercial Bank of Burundi
BASE	Banking Association of South Africa
BBCI	Burundi Bank for Commerce and Investment
BBD	Benin Development Bank
BBS	Botswana Building Society
BCA	Banco Comercial do Atlântico
BCB	Bank Credit Bujumbura, Burundi
BCC	Central Bank of Comoros
BCDC	Banque Commerciale du Congo
BCEAO	Banque Centrale Des Etats de l'Afrique de l'Ouest
BCIMR	Banque pour le Commerce et l'Industrie – Mer Rouge, Dijoubiti
BCM	Central Bank of Mauritania
BCR	Bank Commerciale du Rwanda
BCEAO	Banque Centrale des États de l' Afrique de l'Ouest (Central Bank of West African States)
BCV	Banco de Cabo Verde
BEA	Banque El Ammane pour le Developpement de l'Habitat
BEAC	Banque des Etats d'Afrique Centrale (Bank of Central African States), Cameroon
BESA	Banco Espirito Santo Angola
BFA	Banco de Fomento, Angola
BFI	Banks and Financial Institutions
BGF	Bank Financing and Management, Burundi
BHB	Benin Housing Bank
BHBF	Housing Bank of Burkina Faso (Banque de l'Habitat du Burkina Faso)

BCM	Central Bank of Mauritania
BCR	Bank Commerciale du Rwanda
BCEAO	Banque Centrale des États de l' Afrique de l'Ouest (Central Bank of West African States)
BCV	Banco de Cabo Verde
BEA	Banque El Ammane pour le Developpement de l'Habitat
BEAC	Banque des Etats d'Afrique Centrale (Bank of Central African States), Cameroon
BESA	Banco Espirito Santo Angola
BFA	Banco de Fomento, Angola
BFI	Banks and Financial Institutions
BGF	Bank Financing and Management, Burundi
BHB	Benin Housing Bank
BHBF	Housing Bank of Burkina Faso (Banque de l'Habitat du Burkina Faso)

BHC	Botswana Housing Corporation
BHM	Banque de l'Habitat du Mali (Mali Housing Bank)
BHR	Banque de l'Habitat du Rwanda (Rwanda Housing Bank)
BHS	Banque de l'Habitat du Senegal
BIAC	Banque Internationale pour l'Afrique au Congo
BIC	Banco Internacional de Crédito
BICIA-B	Banque Internationale pour le Commerce, l'Industire et l'Agriculture du Burkina, Burkina Faso
BIM	Banque Internationale du Mali
BIMR	Banque Indosuez Mer Rouge
BIAT	Arab Bank of Tunisia
BIP	Bank for Innovation and Partnership, BIP
BK	Banque de Kigali (Bank of Kigali), Rwanda
BNDE	National Bank for Economic Development, Burundi
BNG	Building New Ground, South African housing programme
BOA	Bank of Africa
BOAD	Banque Ouest Africaine de Développement (West African Development Bank)
BoG	Bank of Ghana
BoM	Bank of Mauritius
BoN	Bank of Namibia
BOT	Build, operate and transfer model
BoT	Bank of Tanzania
BoZ	Bank of Zambia
BPC	Banco de Poupança e Crédito
Bpd	Barrels-per-day
BRB	Bank of the Republic of Burundi
BRD	Banque Rwandaise de Développement (Rwanda Development Bank)
BSIC	Sahelo-Saharan Bank for Commerce and Investment, Benin
BTCGA	Banco Totta Caixa Geral Angola
BTD	Togolese Development Bank
BTCI	Banque Togolaise pour le Commerce et l'Industrie
BUCECO	Burundi Cement Company
BVMT	Tunisian stock exchange
CABS	Central African Building Society, Zimbabwe
CAGR	Compound Annual Growth Rate
CAMCCUL	Cameroon Cooperative Credit Union League
CAPEC	Savings and Cooperative Union, Mauritania
CAPMAS	Central Agency for Public Mobilization and Statistics
CAR	Central African Republic
CBB	Construction and Business Bank, Ethiopia
CBE	Central Bank of Egypt
CBE	Commercial Bank of Eritrea
CBE	Commercial Bank of Ethiopia
CBG	Central Bank of The Gambia
CBK	Central Bank of Kenya
CBL	Central Bank of Lesotho
CBL	Central Bank of Liberia
CBL	Central Bank of Libya
CBR	Central Bank Rate
CCI	Centre for Community Initiatives, Tanzania
CCL	Centre for Housing Construction (Centre de la Construction et du Logement), Togo
CCODE	Centre for Community Organisation and Development, Malawi

CDMH	Compte de Mobilisation pour l'Habitat, Cote d'Ivoire
CDN	Crédit du Niger (a commercial bank in Niger)
CDS	City Development Strategy
CEGECI	Centre for the Management of Cities (Le Centre de Gestion des Cités)
CEMAC	Communauté Économique et Monétaire de l'Afrique Centrale (Economic and Monetary Community of Central Africa, EMCCA)
CENFRI	Centre for Financial Regulation and Inclusion
CEN-SAD	Community of Sahelo-Saharan states
CFA	Communauté Financière Africaine (currency in West Africa)
CGAP	Consultative Group to Assist the Poor
CHF	Common Humanitarian Fund
CIF	Climate Investment Fund, Madagascar
CIS	Collective Investment Schemes
CMA	Common Monetary Area
CMCA	Crédit Mutuel de Centrafrique
CMH	Companhia Mocambicana de Hidrocarbonetos
CMP	Common Market Protocol
CMU	Couverture Maladie Universelle (universal health coverage)
CMS	Credit Mutuel du Senegal
CNEC	Caisse Nationale d'Epargne et de Crédit de Djibouti
CNEL	Savings and Loans Bank, Tunisia
CNEP	Caisse National d' Épargne de Prévoyance (National Savings and Providence Fund – one of the state-owned banks), Algeria
CNSS	National Social Security Fund, Togo
CNT	Confederation Nigerienne du Travail
COBAC	Central African Banking Commission
CoK	City of Kigali
CofO	Certificate of Occupancy, Nigeria
COMESA	Common Market for Eastern and Southern Africa
CPA	Comprehensive Peace Agreement, South Sudan
CPEC	Caisse Populaire d'Epargne et de Crédit, Dijibouti
CPF	Conservation de la Propriété Foncière
CPLP	Comunidade dos Países de Língua Portuguesa (Community of Portuguese Speaking Countries)
CPIA	Country Performance and Institutional Assessment, World Bank
CPS	Contribution Pension Scheme
CRB	Credit Reference Bureau, Malawi, South Sudan and Zambia
CREPMF	Conseil Regional de l'epargne publique et des marches financiers (Regional Council of Savings Public and Financial Markets)
CRJE	China Railway Jianchang Engineering
CRI	Collateral replacement indemnity
CRRH	Caisse Regionale de Refinancement Hypothecaire (Regional Mortgage Refinance Fund), WAEMU
CRRH-UEMOA	Caisse Regional de Refinancement Hypothecaire – UEMOA
CRT	Togolese Pension Fund
CRM	Retirement Fund of Mali
CTA	Construction technical assistance
DFI	Development Finance Institution
DID	Développement International Desjardins
DNHU	National Directorate for Housing and Urbanisation
DRC	Democratic Republic of Congo
DTI	Debt to Income ratio
DUAT	Direito de Uso de Aproveitamento da Terra (right to use and benefit from and), Mozambique
EAC	East African Community
EAMU	East African Community Monetary Union
EBH	Elgin, Brown & Hamer, Namibia
ECAM	Enquête Camerounaise auprès des Ménages, or Household survey, Cameroon
ECF	Enhanced Credit Facility
ECOSAT	Encadrement des Constructions sociales et aménagement des terrains, (Framework for social engineering and land management), Burundi
ECOWAS	Economic Community of West African States
EEDC	Egypt Economic Development Conference
EFSA	Egyptian Financial Supervisory Authority
EHFC	Egyptian Housing Finance Company
EIU	Economic Intelligence Unit
EMRC	Egyptian Mortgage Refinance Company
EMSL	Ecobank microfinance Institution, Sierra Leone
ENDE	National Strategy for Development
EPS	Expanded Polystyrene
EU	European Union
FAEU	Fonds d'Amenagement et d'Equipement Urbain (Urban Development and Equipment Fund), Burundi
FDI	Foreign direct investment
FECECAM	Fédération des Caisses d'Epargne et de Crédit Agricole Mutuel
FEDEP	Federal Urban Poor
FFH	Fundo de Fomento de Habitação (Housing Promotion Fund), Mozambique
FGCMPI	Real Estate Development Guarantee Fund, Algeria
FGHM	Fonds de Garantie Hypothecaire du Mali, (Mali Mortgage Guarantee Fund)
FHA	Federal Housing Authority, Nigeria
FHRL	FMBN Home Renovation Loan
FHSE	Foundation for Rural Housing, Uganda
FIP	Finance and Investment
FLISP	Finance Linked Individual Subsidy Programme, South Africa
FMBN	Federal Mortgage Bank of Nigeria
FMO	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (Netherlands Development Finance Company)
FNB	First National Bank
FNFI	National Inclusive Finance Fund (Fonds National de la Finance Inclusive), Togo
FNM	National Microfinance Fund, Congo
FOGARIM	Guarantee Fund for mortgages for low or seasonal income groups, Morocco
Forex	Foreign exchange
FPHU	Fund for the Promotion of Urban Housing, Burundi
FSC	Financial Sector Charter, in South Africa and Namibia
FSDH	Special Fund for Housing Development (Fonds Special de Developpement de l'Habitat), Togo
FSDP	Financial Sector Development Program, Rwanda
FSH	Fonds de Soutien à l'Habitat (Fund for housing support)
FSRA	Financial Services Regulatory Authority
FTA	Free Trade Area
FUCEC	Faîtière des Unités Coopératives d'Epargne et de Crédit, Togo
GARI	Fonds Africain de Garantie des Investissements Privés en Afrique de l'Ouest
GBS	Gambia Bureau of Statistics
GDP	Gross domestic product
GHL	Ghana Home Loans
GIPF	Government Institutions Pension Fund
GIZ	Deutsche Gessellschaft für Internationale Zusammenarbeit (German Society for International Cooperation)
Global Findex	Global Financial Inclusion Database
GLS	Government Loan Scheme
GNI	Gross national income
GNC	General National Congress, Libya
GOAC	Guernsey Overseas Aid Commission
GRET	Groupe de Recherches et d'Échanges Technologiques, Mauritania
GREDA	Ghana Real Estate Developers Association
GRI	Global Real Estate Institute
GSF	Guarantee and Subsidy Fund, Egypt
GSMA	Groupe Speciale Mobile Association
GTP	Growth and Transformation Plan, Ethiopia
HCBE	Housing and Commerce Bank of Eritrea
HCF	Housing Finance Company, Seychelles
HDA	Housing Development Agency, South Africa
HDI	Human Development Index
HFB	Housing Finance Bank, Uganda
HFC	Housing Finance Company
HFC	Home Finance Company of the Gambia Limited
HFCU	Housing Finance Company of Uganda

HfH	Habitat for Humanity
HFHU	Habitat for Humanity, Uganda
HFP	Housing Finance Project
HIB	Housing and Infrastructure Board, Libya
HMF	Housing microfinance
HOFINET	Housing Finance Information Network
HSB	Housing and Savings Bank, Ethiopia
IAS	International Accounting Standards
ICF	Investment Climate Facility
IDBZ	Infrastructure Development Bank of Zimbabwe
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IDB	Islamic Development Bank
IDP	Internally Displaced Person
IHDP	Integrated Housing Development Programme, Ethiopia
IHS	International Housing Solutions
IMF	International Monetary Fund
INEP	Instituto Nacional de Estudos e Pesquisa National Institute for Studies and Research
INPS	National Institute of Social Welfare, Mali
INSS	National Social Security Institution, Burundi
IOR-ARC	Indian Ocean Rim Association for Regional Cooperation
IRS	Integrated Resort Scheme, Mauritius
ISKAN	National Land Development, Housing Development and Real Estate Promotion and Management Corporation, Mauritania
KBA	Kenya Bankers Association
KCB	Kenya Commercial Bank
KBRR	Kenya Banks' Reference Rate
KfW	Kreditanstalt für Wiederaufbau (German Reconstruction Loan Corporation)
KNBS	Kenya National Bureau of Statistics
KoS	Kingdom of Swaziland
KYC	Know Your Customer, South Sudan
LBDI	Liberian Bank for Development and Investment
LDC	Least developed country
LFS	Labour Force Survey, Liberia
LHLDC	Lesotho Housing and Land Development Corporation
LIC	Low income country
LIS	Lands Information system
LISGIS	Institute of Statistics and Geo-Information Services, Liberia
LNG	Liquefied Natural Gas
LOUAF	Loi d'Orientation sur l'Urbanisme et l'Aménagement Foncier, Niger
LPA	Commercial housing, Algeria
LPL	Public rental housing, Algeria
LPP	Logement Public Promotionnel, the assisted housing programme, Algeria
LSC	Land, Services and Citizenship, Ghana
LTV	Loan-to-value (ratio)
LUSE	Lusaka Stock Exchange
MCA	Millennium Challenge Account, Lesotho
MCB	Mauritius Commercial Bank
MCIB	Public Credit Bureau, Mauritius
MDG	Millennium Development Goal
MDI	Microfinance Deposit-taking Institution
MENA	Middle East and North Africa Region
MFC	Mortgage Finance Company
MFF	Mortgage Finance Fund
MFI	Microfinance Institution
MFSDS	Financial Sector Development Strategy 2013 – 2022, Mozambique
MHC	Malawi Housing Corporation
MHC	Mauritius Housing Company
MHDP	Mass Housing Development Programme
MHU	Ministry of Housing and Urban Development, Algeria
MHU	Ministry of Housing and Utilities, Libya
MLF	Mortgage Liquid Facility
MLSP	Mass Land Servicing Programme
MINDAF	Ministry of State Property and Land Tenure, Cameroon
MOPH	Ministério das Obras Públicas e Habitação
MOU	Memorandum of Understanding
MPD	Movement for Democracy
MSMEDF	Micro Small and Medium Enterprises Development Fund, Nigeria
MTSP	Money Transfer Service Provider
NACHU	National Cooperative Housing Union, Kenya
NAMFISA	Namibia Financial Institution Supervisory Authority
NAPSA	National Pension Scheme Authority, Zambia
NASSIT	National Social Security and Insurance Trust, Sierra Leone
NASSCORP	National Social Security and Welfare Corporation
NBFIRA	Non-Banking Financial Institution Authority, Botswana
NBBL	Norwegian Federation of Co-operative Housing Associations
NBE	National Bank of Ethiopia
NBS	New Building Society, Malawi
NDP	National Development Plan
NDP4	4th National Development Plan, Namibia
NEF	National Empowerment Foundation, Mauritius
NEMA	National Environmental Management Authority, Kenya
NGO	Non-governmental organisation
NHA	National Housing Agency, Zambia
NHA	National Housing Authority, Liberia
NHAG	Namibian Housing Action Group
NHBT	National Housing Bond Trust, Zambia
NHC	National Housing Corporation, Kenya and Tanzania
NHDC	National Housing Development Company, Mauritius
NHE	National Housing Enterprise, Namibia
NHF	National Housing Fund, Nigeria
NHFC	National Housing Finance Corporation
NHP	National Housing Programme, Egypt
NLC	National Land Commission Kenya
NIESV	Nigerian Institute of Estate Surveyors and Valuers
NMB	National Microfinance Bank, Tanzania
NMRC	Nigerian Mortgage Refinance Corporation
NOCAL	National Oil Company of Liberia
NOCIBE	Nouvelle Cimenterie du Bénin – NOCIBE
NPL	Non-performing loan
NREC	National Real Estate Company
NSDP	National Strategic Development Plan, Lesotho
NSSA	National Social Security Authority, Zimbabwe
NSSF	National Social and Security Fund, Uganda
NUCA	New Urban Communities Authority, Egypt
ODA	Official development assistance
OHADA	Organisation for the Harmonisation of Business Law in Africa
OHLM	Office des habitats à loyers moderes
OIBM	Opportunity International Bank of Malawi
OMH	Office Malien de l'Habitat (Mali Housing Agency)
OPIC	Overseas Private Investment Corporation
OTC	Office de Topographie et de Cadastre
OTR	Office Togolais des Recettes
PAGE	Programme to Accelerate Growth and Employment, The Gambia
PAMF	Première Agence de MicroFinance, Madagascar
PAICV	African Party for the Independence of Cabo Verde
PDES	Economic Social Development plan, Niger
PDU	Urban Development Programme, Mauritania
PGE	Programme Général de l'Etat
PMB	Primary Mortgage Banks
PMC	Property Management Corporation
PMI	Primary Mortgage Institution
PNEI	National Pact for Industrial Emergence, Morocco
PND	National Development Plan, Chad

PNRLR	National Programme for the Resorbing of Rudimentary Lodging
PPC	Pretoria Portland Cement
PPHPZ	Peoples' Process on Housing and Poverty in Zambia
PPP	Purchasing power parity
PPP	Public-private partnership
PRS	Permanent Residence Scheme, Mauritius
PSE	Plan Sénégal Emergent
PSI	Policy support instrument
PTI	Payment-to-income ratio
PUIUR	Programme d'Urgence d'Infrastructures Urbaines, Cote d'Ivoire
RCPB	Réseau des Caisses Populaires du Burkina
RDP	Reconstruction and Development Programme, South Africa
REALL	Real Equity for All (formerly Homeless International)
REC	Regional Economic Community
RECCU	Renaissance Cooperative Credit Unions, Cameroon
REDAN	Real Estate Development Association of Nigeria
REIT	Real Estate Investment Trust
REPI	Real Estate Price Index, Morocco
RHA	Rwanda Housing Authority
RHB	Rwanda Housing Bank
RHLF	Rural Housing Loan Fund, South Africa
RISDP	Regional Indicative Strategic Development Plan (SADC)
RNHC	National Network of Inhabitants of Cameroon
RNP	National Postal Service
ROA	Return on Assets
RSNDP	Revised Sixth National Development
RSSB	Rwanda Social Security Board
SACCO	Savings and Credit Co-operative
SACU	South African Customs Union
SADC	Southern African Development Community
SALHOC	Sierra Leone Housing Corporation
SAPES	Scheme to Attract Professionals for Emerging Sectors, Mauritius
SARB	South African Reserve Bank
SBM	State Bank of Mauritius
SBS	Swaziland Building Society
SEC	Securities and Exchange Commission, Ghana
SDFN	Shack Dwellers Federation of Namibia
SDI	Shack / Slum Dwellers International
SETU	Societe d'Equipement des Terrains Urbains (Society of Urban Land Equipment), Togo
SFDN	Shack Dwellers Federation of Namibia
SGBB	Societe Generale de Banque au Burkina
SHC	State Housing Company, Ghana
SHDC	Seychelles Housing Development Corporation
SHHA	Self Help Housing Agency, Botswana
SIAB	Société Inter-Africaine de Banque, Togo
SIC	Société Immobilière du Cameroun (Cameroon Real Estate Corporation)
SID	Société Immobilière de Djibouti
SIFMA-SA	Societe Fonciere et Immobiliere du Mali
SiHA	Single Housing Agency, Botswana
SIP	Société Immobilière Publique (National Real Estate Company), Burundi
SIPIM	Societe ivoirienne de promotion immobilière
SIPO	Strategic Indicative Plan for the Organ (on Defence, Politics and Security) (SADC)
SITO	Société Immobilière Togolaise
SLIEPA	Sierra Leone Investment and Export Promotion Agency
SMB	State Bank of Mauritius
SMCP	Savings and Micro-Credit Programme, Eritrea
SME	Small and medium-sized enterprise
SNEC	National Water Supply Company of Cameroon
SNC	Societe Nigerienne de Cimenterie, Niger
SNEN	Syndicat National des Enseignants du Niger
SNHB	Swaziland National Housing Board
SNL	Swazi Nation Land
SNPSF	National Post and Financial Services Institution
SOCOGIB	Société de Construction et de Gestion Immobilière du Burkina
SOCOGIM	Société de Construction et de Gestion Immobilière, Benin
SOCOGIM	Real Estate Construction and Management Company Mauritania
SOFIA	Société Financière Africaine de Crédit
SONA	State Insurance company, Democratic Republic of Congo
SONIDEP	Société Nigérienne Des Products Pétroliers
SONUCI	Société Nationale d'Urbanisme et de Construction Immobilière
SOPROFIM	Land and Real Estate Promotion Corporation
SPI	Societé de Promotion Immobiliere, Mali
SPLM	South People's Liberation Movement, South Sudan
SRA	Swaziland Revenue Authority
SREP	Scaling Up Renewable Energy in Low Income Countries Programme, Madagascar
SRH	Société de Refinancement Hypothécaire (Mortgage Refinancing Company), Algeria
SSA	Sub-Saharan Africa
SSFR	Social Security Fund of Rwanda
SSHFC	Social Security and Housing Finance Corporation, Gambia
STZC	Zhen Gwei Technique Congo
TIPEEG	Targeted Intervention Programme for Employment and Economic Growth, Namibia
TMB	Trust Merchant Bank, DRC
TMRC	Tanzania Mortgage Refinancing Company
PROM	Togolese Sponsorship Corporation (Societe Togolaise de Promotion)
UAE	United Arab Emirates
UEAC	Union Economique de l'Afrique Central (Central African Economic Union)
UEMOA	West African Economic Monetary Union
UN	United Nations
UNCDF	United Nations Capital Development Fund
UNCHS	United Nations Centre for Human Settlements
UNDP	United Nations Development Programme
UNSMIL	United Nations Support Mission in Libya
USA	United States of America
USAID	United States Agency for International Development
USD	United States Dollar
UTB	Union Togolaise de Banque
VAT	Value added tax
WAEMU	West African Economic Monetary Union
WAMZ	West African Monetary Zone
WHPI	Women's Housing Plan Initiative, Nigeria
ZAMFI	Zimbabwe Association of Microfinance Institutions
ZAMCO	Zimbabwe Asset Management Corporation
ZHPPF	Zimbabwe Homeless and Poor People's Federation
ZIMASSET	Zimbabwe Agenda for Sustainable Socio-Economic transformation
ZINAHCO	Zimbabwe National Association of Housing Cooperatives
ZNBS	Zambia National Building Society
ZSIC	Zambia State Insurance Corporation

Overview

If cities are built the way they are financed[1] (Renaud, 1984), then Africa's cities are set to change. Innovation in housing finance –in terms of products, players, and approaches, not to mention target markets – is a key feature across the continent, creating new opportunities for investment and delivery. As both local and international investors chase growth opportunities in a sluggish global economy, they are employing diversification strategies to manage the risks of their traditional targets – and in this, residential property is increasingly becoming an option. And while established players are getting better at what they do, new players are adding to the mix and competing for opportunities.

Investors are faced with a paradox, however. By their very nature, they are drawn to the high income markets. It is in these markets that they can price adequately for risk and realise the returns they seek. However, the real story – the scale opportunity just waiting to be cracked – is in the lower income market segments. The arguments for investment in residential – high urbanisation rates, a growing middle class, a shortage of supply – these are all arguments for moving down market into the uncharted waters of affordable housing. Can investors and developers do it? In 2015, this is a very real focus.

Of course, the challenges are not insignificant, and cannot be easily wished away. But increasingly, investors and developers are noting that the potential benefits outweigh the risks. And, as governments come to appreciate the potential that this interest offers, their efforts to streamline development processes and enable their local housing markets to grow are creating new opportunities that are beginning to change the face of African cities.

There are five stories that characterise Africa's housing finance markets in 2015:

1. Innovation in financing
2. Growing awareness of the opportunity in residential
3. The identification of niche markets and an appreciation of the affordability challenge
4. Policy & regulatory evolution to match investor interest
5. Growing experience and investor sophistication

1. Innovation in financing

A key challenge facing investors has been the inability to find investment targets in the residential real estate space that are sufficiently substantial to warrant their attention. International and local institutional investors generally seek large investment targets where they can place their money and realise a steady return that isn't drained by the administrative and organisational weight of multiple projects. With the exception of South Africa, African housing markets lack the capacity to receive big money. Developers haven't the capacity to build housing at scale and municipalities haven't the capacity to receive large scale housing developments. Some investors are noting a change, however: investment in large scale infrastructure – roads, energy, even telecommunications – clears the way and reduces some of the transaction costs associated with housing developments. As the African head of Real Estate Finance for Standard Bank, Gerhard Zeelie, says[2] "economic growth and ongoing investments in infrastructure are opening up previously inaccessible markets."

Given this, investors have been looking for innovative ways to make the connection between their capital and potential investment opportunities. The introduction of Real Estate Investment Trusts (REITs) is perhaps the most significant of these – these create a vehicle that investors understand and can trust, aggregating diverse sources of funding from international and institutional investors through to households, and targeting them into a portfolio that extends beyond the limitations of individual projects.

REITs are new in Africa – having developed through the promulgation of legislation and issuing of regulations only in the past three years, in South Africa, Nigeria, Tanzania, Kenya, Ghana, Morocco, and Zimbabwe. Initially used for the retail and commercial real estate sectors, residential REITs are now also emerging. The first residential-only REIT in South Africa, Indluplace, listed on the Johannesburg Stock Exchange in June 2015. Promoted by Arrowhead Properties, which has been bringing residential properties into its REIT portfolios since 2013, Indluplace focuses on affordable rental.

In some jurisdictions, the REIT legislation allows for a housing development focus. This was a Kenyan innovation, which allows for the Development REIT (D-REIT). Investors take some of the project risk, so the regulations limit D-REITs to professional investors. A D-REIT can be converted into an Income REIT (I-REIT) which realises returns through rental cash flows, when the bulk of the assets have completed the construction phase and rentals begin to flow[3]. In Tanzania, the Capital Markets and Securities Authority (CMSA) approved Watumishi Housing Company REIT in early 2015. WHC-REIT aims to mobilise funding for the development of low-middle income housing, both for sale and for rent, and the development of commercial properties. WHC-REIT was created explicitly to target public sector workers' housing demand, and the Public Service Pension Fund, Government Employees Provident Fund, PPF Pension Fund, LAPF Pension Fund, National Security Authority, National Health Insurance Fund, and National Housing Corporation are the unit holders. Over time, WHC-REIT intends to float units on the Dar es Salaam Stock Exchange to allow members of the public to also invest[4].

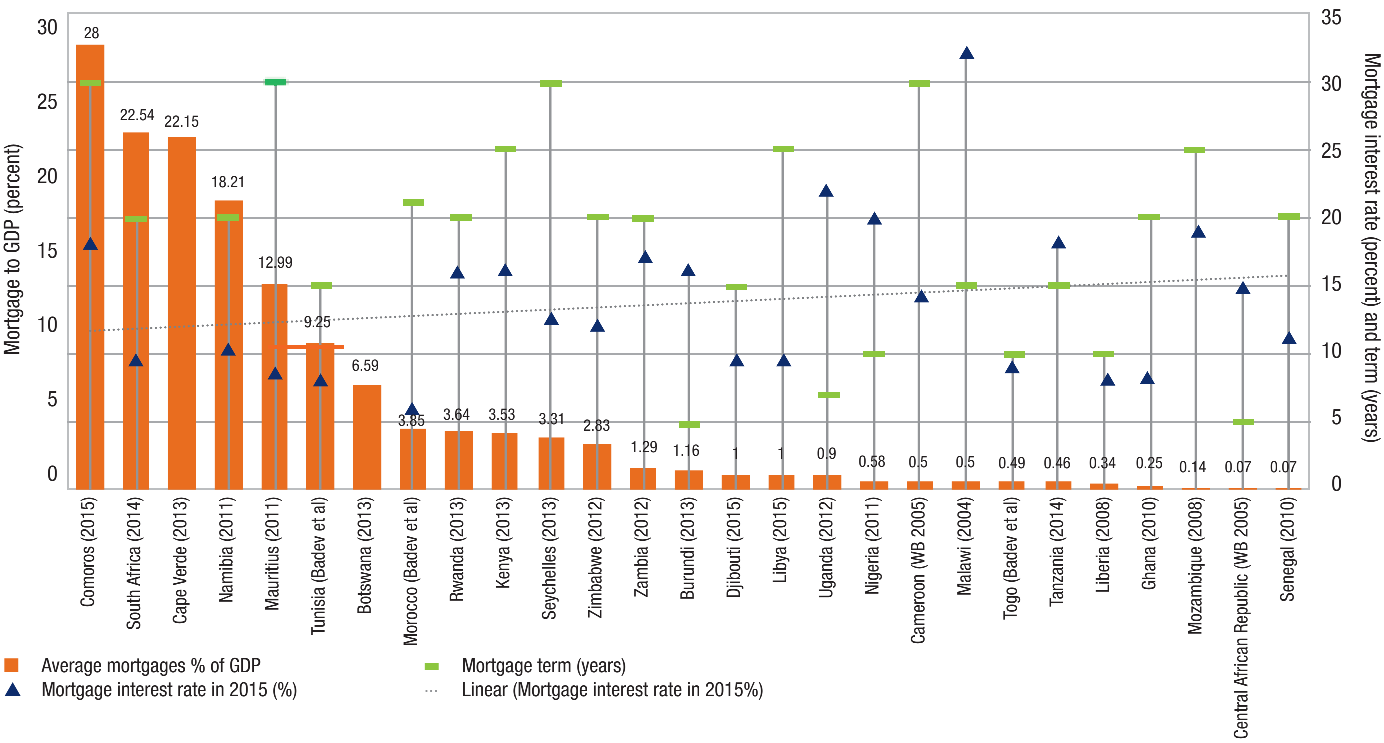
Listed groups create a credibility on which investors can rely. As listed groups – REITs and others – explore the affordable property sector, investors can begin to develop an understanding of this market opportunity through their arms-length relationships with developments that their investment in the REITs facilitate.

Another innovation whose practice has been evolving as its been tried in different countries, is the mortgage liquidity facility. Originally introduced in Africa with the establishment of the Egyptian Mortgage Refinancing Company in 2007, this was soon followed by the establishment of the Tanzania Mortgage Refinance Company in 2010, the Caisse Regional de Refinancement Hypothecaire-UEMOA in 2012, and the Nigerian Mortgage Refinance Company in 2014. While there are variations from one to the next, the model essentially allows for the liquidity facility to purchase mortgages from mortgage lenders, giving them the liquidity to fund further mortgages. In order to engage with multiple lenders, the facility requires standardisation of mortgages, which over time makes them more accessible to investors. Access to funding from the liquidity facility both reduces the cost of capital and increases the loan tenor, which in turn makes the mortgages much more affordable to borrowers, and lower income borrowers can then also participate. An increase in effective demand on this basis encourages developers to build to this market, and over time, the virtuous cycle sees more housing at more affordable prices for a widening market of borrowers[5].

Mortgage markets across Africa are tiny by international comparisons, but this is part of their attraction – there is space to grow. Lower interest rates, achievable in part through liquidity facilities, seem to correlate with larger mortgage markets. But it is still early days and our data collection is imprecise. The data illustrated in the following graph comes from multiple sources – central banks, the Housing Finance Information Network (Hofinet), the World Bank, and from CAHF's own research. Aside from North African and certain markets such as South Africa and Namibia, most countries barely achieve 5 percent mortgage debt to GDP. Growing these markets will not only encourage investors to treat them more seriously, they will also encourage developers to be more targeted in their delivery, and this will support the economic development that the rest of the world knows goes with housing.

Mortgage to GDP vs prevailing mortgage interest rate and term

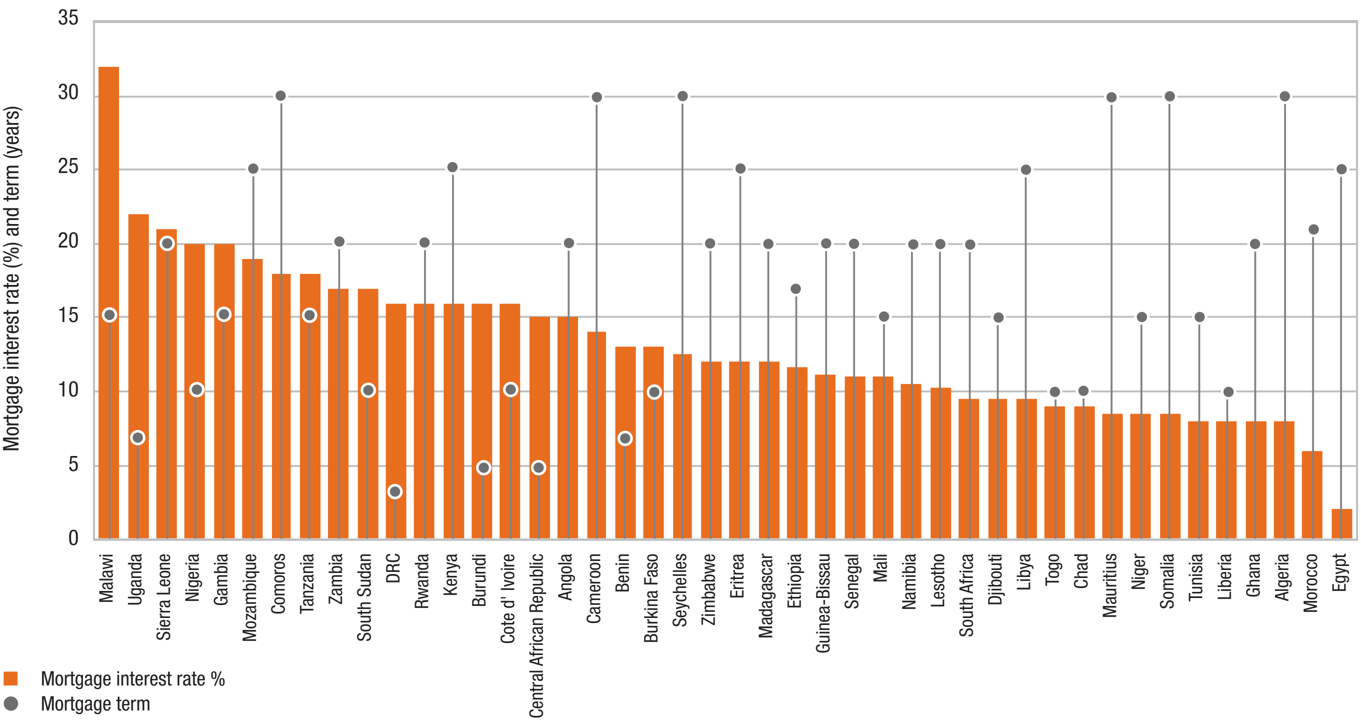
Source: Hofinet, World Bank, CAHF research, other sources.



Of course, mortgages are only feasible when they're affordable. Mortgage rates above fifteen percent, and offered at tenors below ten years, are unhelpful. Beyond the factors that liquidity facilities address, macro-economic factors – the pricing of Treasury Bill rates, inflation, the availability of long term capital, the strength of capital markets, and so on – are behind a lender's ability to make the mortgage work. In Malawi, a borrower might as well buy their house with their credit card. It is unsurprising therefore, that mortgages comprise only 0.5 percent of GDP. Interestingly, a number of countries are offering mortgages at rates below 15 percent and for tenors over 15 years, and some now at even less than 10 percent and over 20 years.

Prevailing mortgage interest rates, and term

Source: CAHF Research, September 2015.



Of course, exposure is still very limited. If booming Kenya is celebrated for its mortgage market of just over 22 013 mortgages as at the end of 2014, then we know mortgage markets are tiny and we can suspect that there is a substantial opportunity for growth.

As mortgage markets develop further, they create exit opportunities for developers and construction financiers, supporting further investment in residential development, greater housing supply, and the growth of cities with more formal housing. New financing approaches are changing the shape and look of African cities.

2. Growing awareness of the opportunity in residential

The investment potential in Africa is, of course, not new. Since the early "Africa rising" narrative, analysts have been citing the potential to be found in a young, growing middle class becoming economic participants in countries where the rate of urbanisation outpaces the rate of population growth. This, together with the commodities boom, spurred investment in infrastructure, which then facilitated investment in real estate – largely commercial and retail. In 2014, foreign direct investment into real estate was second behind coal, oil and natural gas, comprising 14 percent market share and US$12 billion[6]. South African retailers pushed north into Zambia, Botswana, Mozambique, Tanzania, Kenya, Nigeria, Ghana, seeking new markets. New shopping malls were opened, and the "African real estate market" became a focus of more detailed analysis and investor interest. With the commodities downturn, the fall in the oil price, and the depreciation of many local currencies against the strengthening dollar, however, investors are being forced to diversify their strategies. Their local experience has shown them the housing backlogs that beset virtually all African cities, and while they now have a better understanding of the target market, residential becomes a new opportunity.

Arrowhead, a REIT operating in South Africa, has a diverse portfolio, including office, retail, industrial and residential real estate. In an environment where mortgage lending is increasingly constrained, Arrowhead has positioned itself as an exit for residential property developers. It is these global forces on capital and on investment opportunities that are shifting a focus towards residential as a parallel investment strategy. PwC's Global Real Estate Leader, Kees Hage, says[7] that "real estate investors have a wide range of issues to consider when making investment decisions. What is clear is that they may have to approach those decisions in a completely different way in the future. Capital allocations may need to be made to a wider range of asset types than ever before, ranging from retirement and student housing to data centres and self storage."

Promoting the residential construction industry is also a diversification strategy for the public sector. In Nigeria, the emphasis on the residential real estate sector comes at the same time as the oil price has fallen by 40 percent. Can Nigeria shift its economic drivers away from commodities and use housing as its engine for growth? This must be at least in part what is behind the central government's enabling interventions into real estate. In the past four years, Nigeria's real estate sector has grown to become one of the main, non-oil sector contributors to the country's rebased GDP, contributing 11 percent by 2014. It is estimated that the N6.5 trillion market will grow at an average of ten percent over the next few years. The 2015 Real Estate Review[8] explicitly states that "the major growth drivers in the sector have been credited to: an increased inflow of foreign investment; increased institutional investment from local companies including PFAs and Mutual Funds; the growing population of High Net Worth individuals; and the targeted intervention of the Federal Government in the housing finance sector."

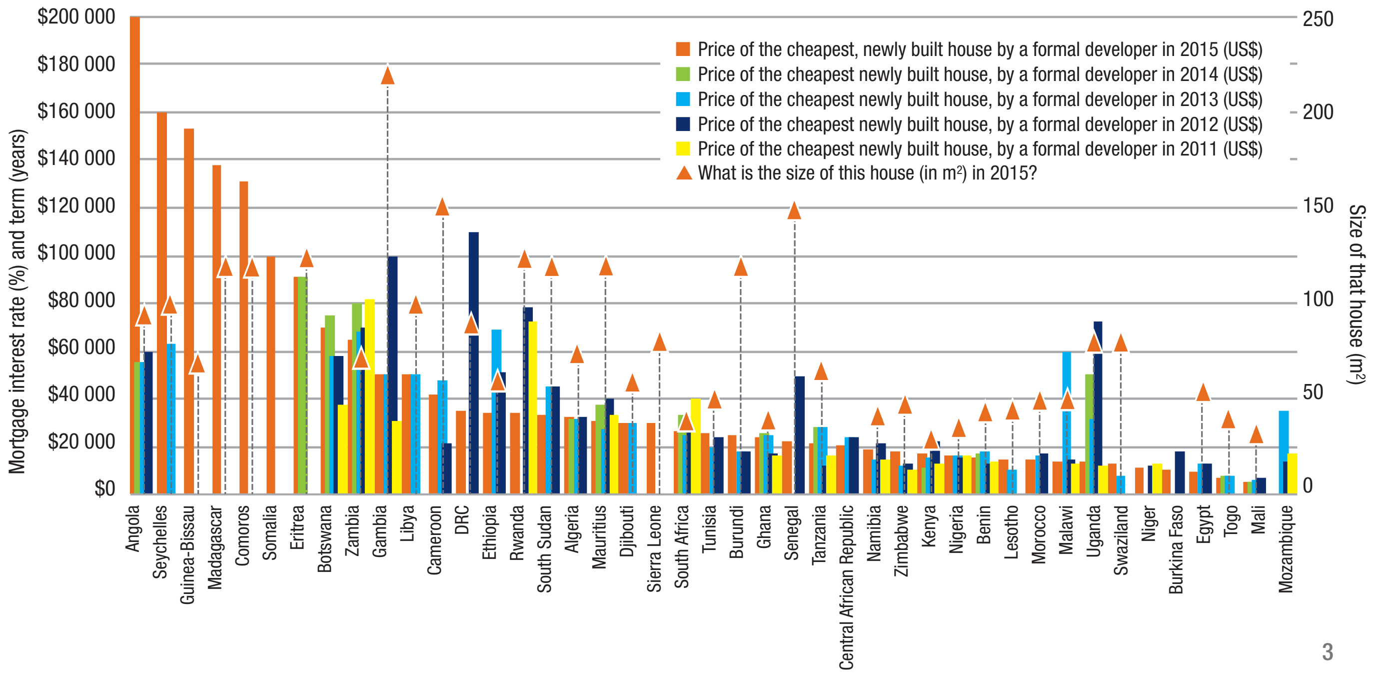
3. The identification of niche markets and an appreciation of the affordability challenge

And yet, the enthusiasm with residential will be misplaced if it is only focused on the top end. The bulk of the backlog is not in the high end property market, but rather in what is being called the affordable market – home to new entrants to the middle class. Affordability is higher in urban areas, of course, where residents are more likely to have an income stream that can support a long term mortgage obligation – but even so, less than ten percent of households across the continent are likely to afford a mortgage for even the cheapest, newly built house, built by a private developer.

CAHF has been collecting data on house prices across Africa for the past six years. We ask two simple questions: what is the price of the cheapest, newly built house, built by a private developer, and what is the size of that house. The answers we receive tell us nothing about scale – we have no idea if enough of these houses are being built annually to satisfy demand, though we suspect that in most cases they're not. And because most countries do not collect this data in any formal way, the information we receive cannot be taken as representative – the responses we receive are based on the opinions and experience of the respondents. However, it gives us an indication of the range of house prices, the possible relationship this may have to size, and what this means for housing affordability.

Price of the cheapest, newly built house by a formal developer

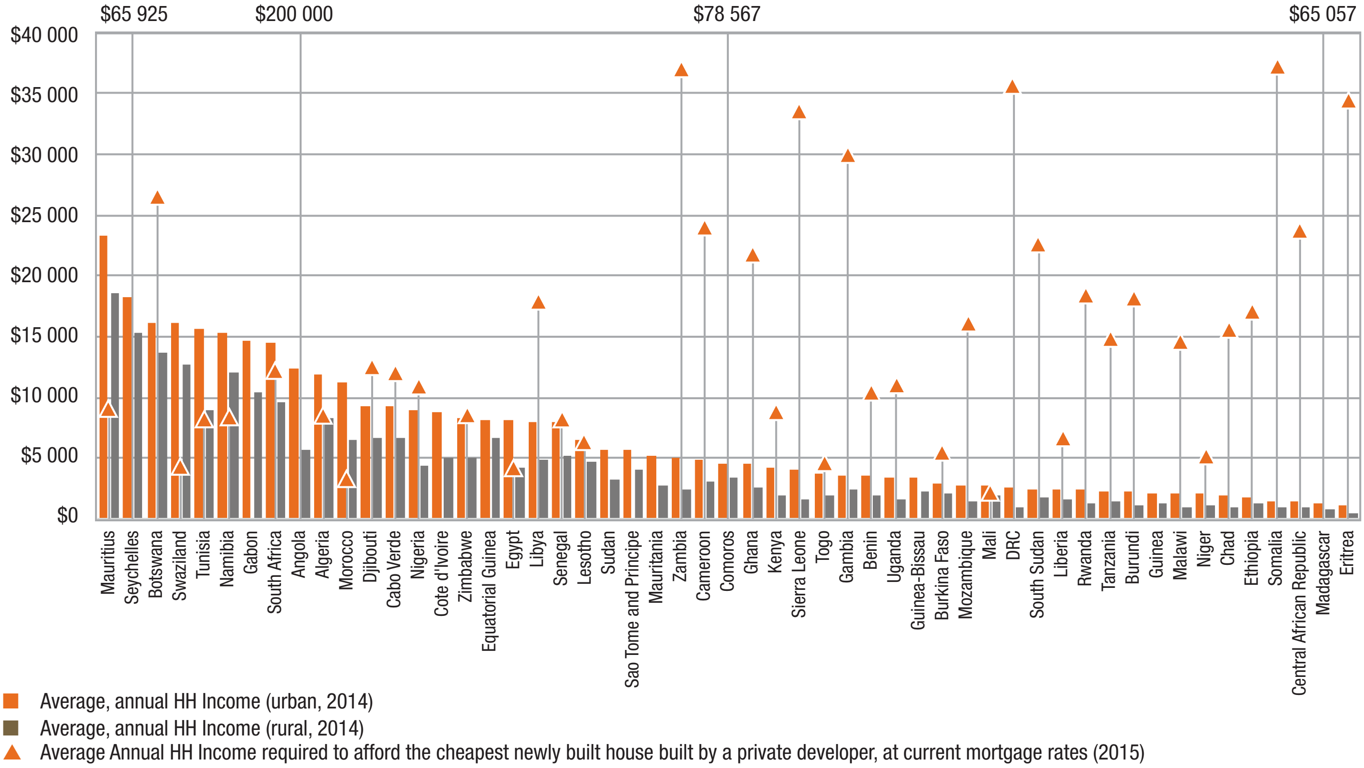
Source: Annual CAHF survey of local housing practitioners



If we compare this data with average annual household income in urban and rural areas, we can see some countries with very serious gaps, which, in most cases, are not easily overcome with end-user finance.

Average annual household income and housing affordability

Source: Annual CAHF survey of local housing practitioners and C-GIDD data



Given these affordability challenges, and the very real need and obvious demand for housing, investors and developers are targeting specific niche markets that pull together resources in innovative ways. An important niche is the rental market. This was the focus of two recent symposia hosted by development financier Shelter Afrique this year, one of which was in Ghana. Across these two events, proponents highlighted the opportunity for regular cash flow and increasing rentals as a hedge against the long term expectation for property appreciation. The rental sector offers strong synergies with pension fund liabilities, and provides opportunities for diversification. Demand is obvious: Africa's cities are welcoming streams of new migrants, and the middle class is young and both upwardly and geographically mobile in their pursuit of employment. This, plus the simple absence of housing for ownership, makes rental an obvious target. And critically, a growing track record is showing impressive results.

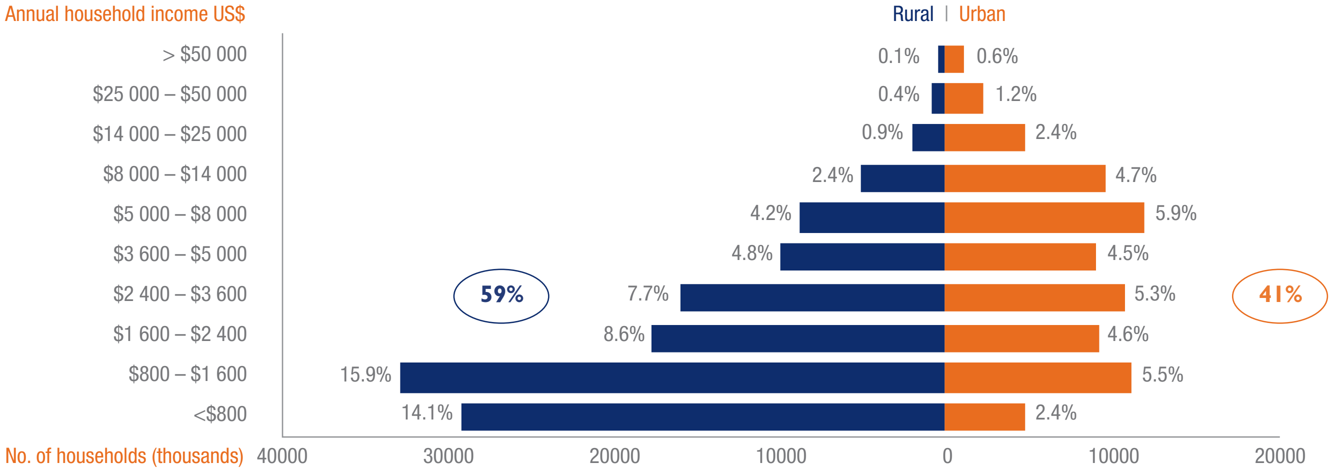
Within the rental sector, student housing has been a critically overlooked housing niche. A key challenge in making this market segment work, has been the need for property managers that are specialist in this market segment. As the demand for diversification shifts practitioners in the direction of residential, however, the student niche offers a focus that is attracting some investors.

In many countries, housing investors are targeting employers, whether public or private, as critical role players that can facilitate their workers' access to the resources they need to pay for their housing. In South Africa, Pretoria Portland Cement has embarked on a "Home Owners Support Programme", assisting its lower grade employees to improve their housing circumstances[9].

Certainly, a key determinant of market demand is income – both in terms of quantum and source. The graphs that follow provide an indication of the nuance of this demand. This sort of market segmentation can enable a more careful targeting, and changes the affordability challenge. While the majority of households cannot afford the mortgage that would buy them the cheapest, newly built house by a private developer, they may afford to buy a plot of land, servicing it collectively with members of their community, and then financing the incremental construction of their housing in stages, using housing microfinance.

As we better understand the size and scope of housing affordability – even at the very general level offered by these graphs – we can better understand what sorts of investment can be targeted where, and what sort of market will support these kinds of decisions.

AFRICA



The affordability graphs use C-GIDD (Canback Global Income Distribution) 2014 data[10] and apply various assumptions relating to house price and mortgage affordability. Plotting the number of households by **annual household income,** in **rural** and **urban areas,** the graphs offer an indication of housing affordability, and suggest where investors and developers might target which efforts.

Splitting the population into urban and rural households (represented in thousands across the bottom, horizontal axis) assists us in understanding key market differences: housing supply/delivery systems, the scale of delivery and density, land tenure, access to finance/financing instruments, housing typologies, building materials are very different for rural and urban households. Africa is still largely a rural continent, with 59 percent of households living in rural areas. However, urbanisation rates are high – 5.4 percent in Uganda, for example. This shifting of populations from rural to urban is an important factor in understanding housing demand.

The income brackets are constant – the same for each graph, and are broken down into custom ranges of annual household income, from less than US$800 per annum (less than about US$2/day) to more than US$50 000 per annum (more than about US$137/day). Of course, this is a general indication of affordability: household sizes vary, they can contain more than one income earner, and expenditure patterns will be very different from one household to the next, not to mention the household's debt burden. Still, the indication is helpful in showing where the bulk of the population will lie. Generalised across the continent, 37.6 percent of the population (urban and rural combined) earn less than US$1 600 per annum (or about US$4 per day). The bulk of these are in rural areas, however, where housing finance is likely to be less of an issue. Countries with populations earning above US$8 000 per annum (or about US$20 per day) may well be able to support a growing mortgage (or at least micro-mortgage) market, although this also depends on very affordably priced housing stock. In these markets, as well as those with high urbanisation rates, rental accommodation would also be an important market niche to consider. Countries with populations where the bulk earn below US$8 000 per annum would need to incorporate strategies that allow for incremental housing construction and self-build. In these cases, investment in housing microfinance and other aspects of the incremental housing delivery chain would likely find demand.

Using the C-GIDD data, we calculate the average annual urban household income for the country – a very rough figure illustrated with the blue dotted line – as a comparator for mortgage affordability. We then calculate the average household income needed to afford the cheapest, newly built house by a formal developer (the green dotted line), drawing on data sourced from our annual survey and responses from the authors of the country profiles. Of course, the prevailing mortgage loan interest rate, term, and down payment required differ per country and are assumptions made are based on information provided from authors of the country profiles and CAHF research. Use this data with caution – they are simply meant to provide an indication of the extent to which the so-called cheapest house is affordable to the general population.

Think about these graphs in terms of the relative population of each country, and the urbanisation rates that they are experiencing, which impacts directly on demand for housing. The cost of the unit is what is true, according to our country researchers, this year – there may be cheaper houses available or possible, but this is what is being built by a private developer this year. We also don't have a sense of scale – how many of these houses are being built? So when a graph suggests that 57.1 percent of urban Algerian households can afford the cheapest newly built house (delivered this year at US$32 500), we don't know if there are enough houses being built to serve this population. In very many countries, the opportunity lies in finding something that will serve just below this affordability threshold – in Algeria, for example, what are the possibilities of delivering housing for less than US$32 500? There seems to be a market that could afford such an offering. This is certainly true in Angola, where only 2.2 percent of urban households can afford a US$200 000 house.

The question of affordability is difficult, however. These are generalised annual household income figures, averaged for a nation, and hiding what goes on in individual households. This is critical information that developers and investors will need to explore further if they are to truly understand the opportunities available. In a country like South Africa, for example, credit indebtedness is a critical factor: only 42.8 percent of credit active consumers were current on their accounts at the end of the second quarter of 2015. This has a severe impact on affordability for housing. In the graphs that follow, therefore, the "% of urban households that can afford this house" is a rough figure – indicative of the region in which investors and developers can explore opportunities. More detailed, local work is necessary to understand these opportunities better.

ALGERIA

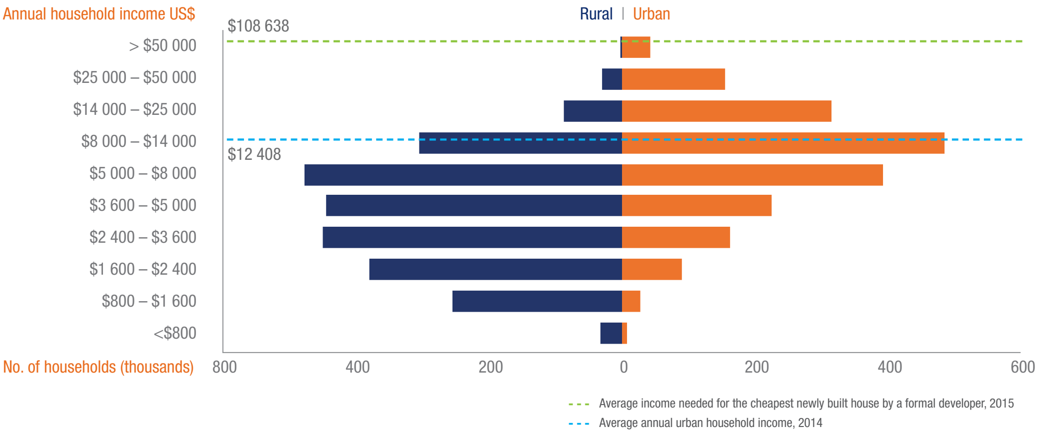
Population:
39 928 947

Urbanisation rate:
2.71

Cost of Unit (US$):
32 500

% of urban households that can afford this house:
57.1%

ANGOLA



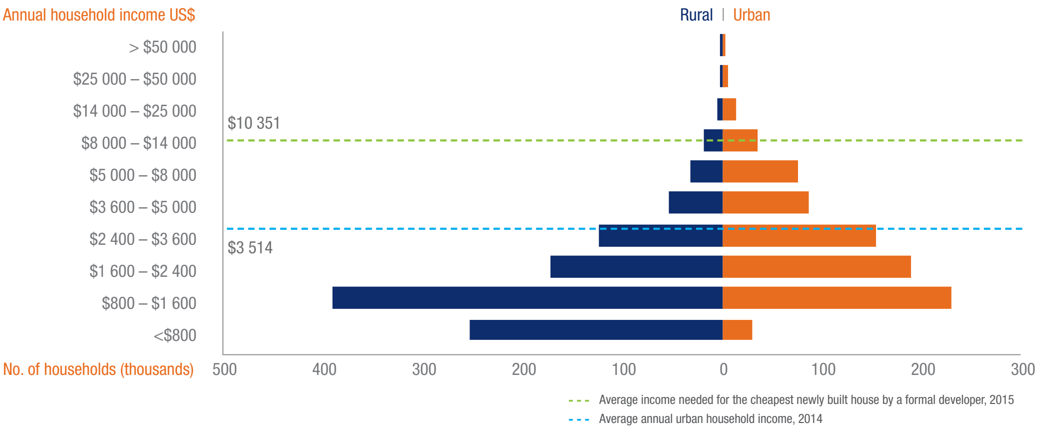
Population:
24 400 000

Urbanisation rate:
4.88

Cost of Unit (US$):
200 000

% of urban households that can afford this house:
2.2%

BENIN



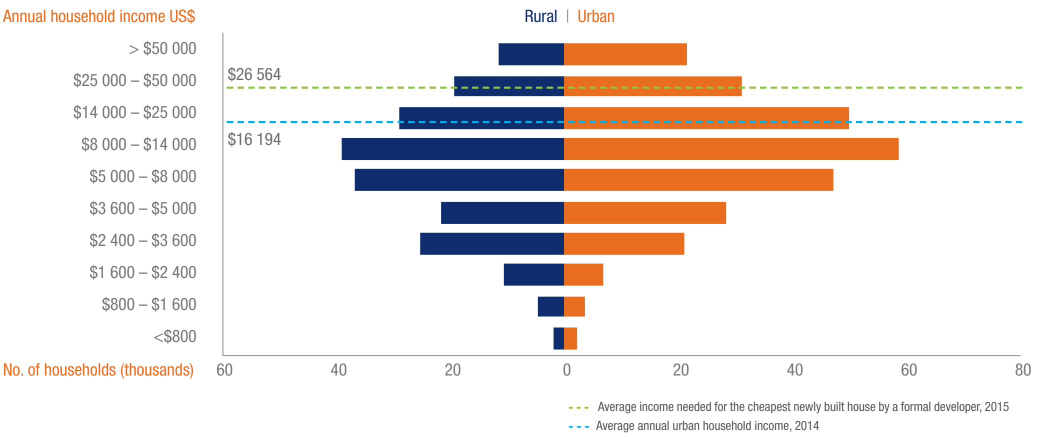
Population:
10 599 510

Urbanisation rate:
3.63

Cost of Unit (US$):
15 188

% of urban households that can afford this house:
6.8%

BOTSWANA



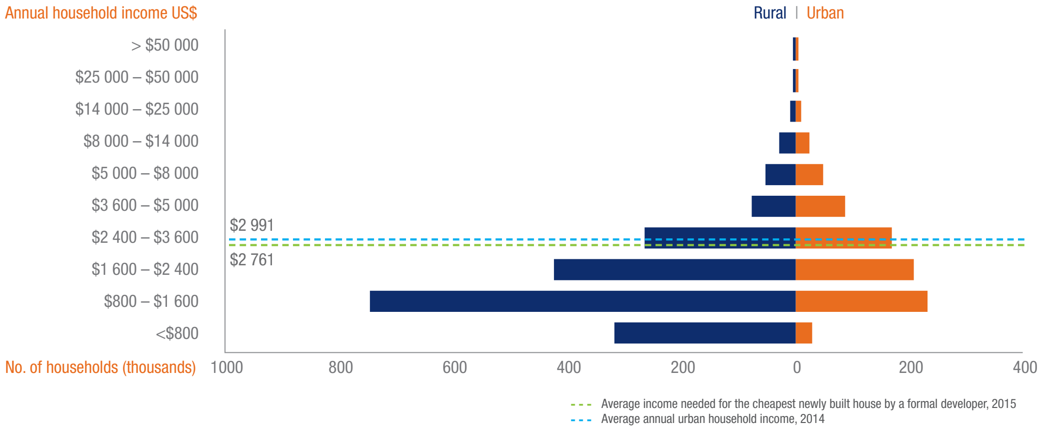
Population:
20 38 587

Urbanisation rate:
1.3

Cost of Unit (US$):
69 640

% of urban households that can afford this house:
19.0%

BURKINA FASO



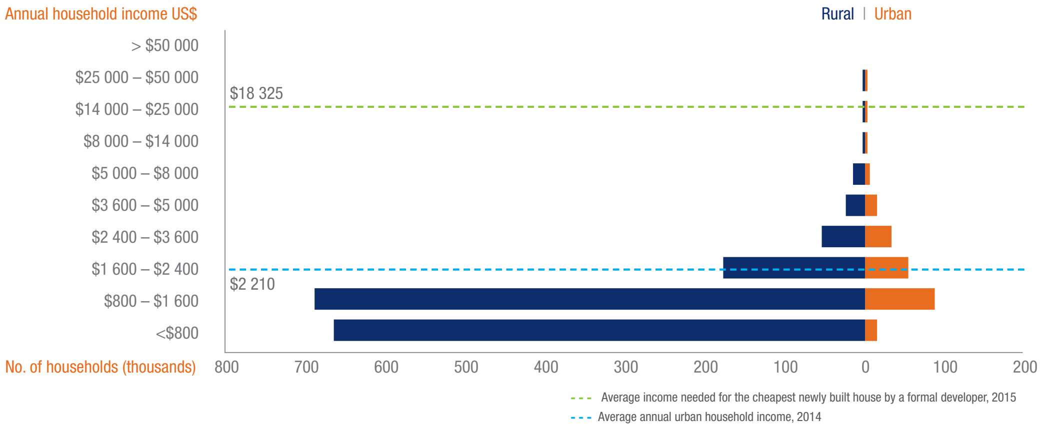
Population:
17 419 615

Urbanisation rate:
5.75

Cost of Unit (US$):
8 429

% of urban households that can afford this house:
41.7%

BURUNDI



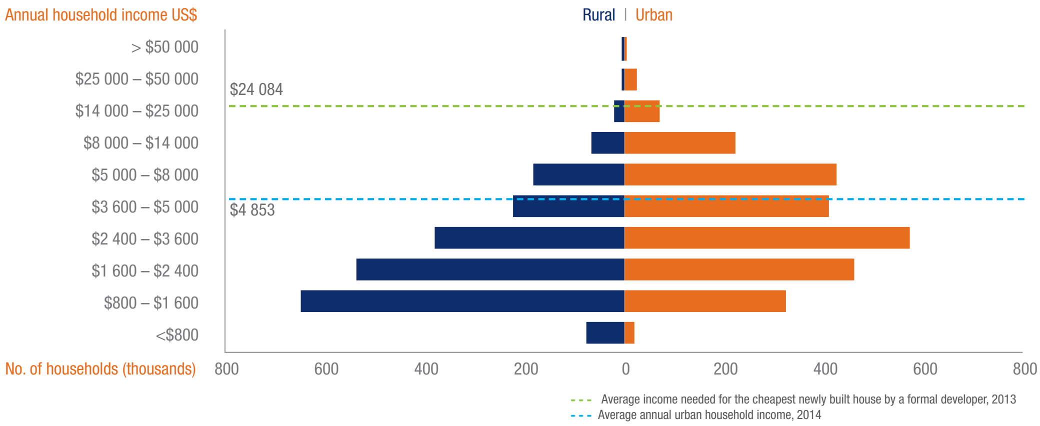
Population:
10 482 752

Urbanisation rate:
5.59

Cost of Unit (US$):
25 000

% of urban households that can afford this house:
0.4%

CAMEROON



Population:
22 818 632

Urbanisation rate:
3.57

Cost of Unit (US$):
42 163

% of urban households that can afford this house:
3.7%

CABO VERDE

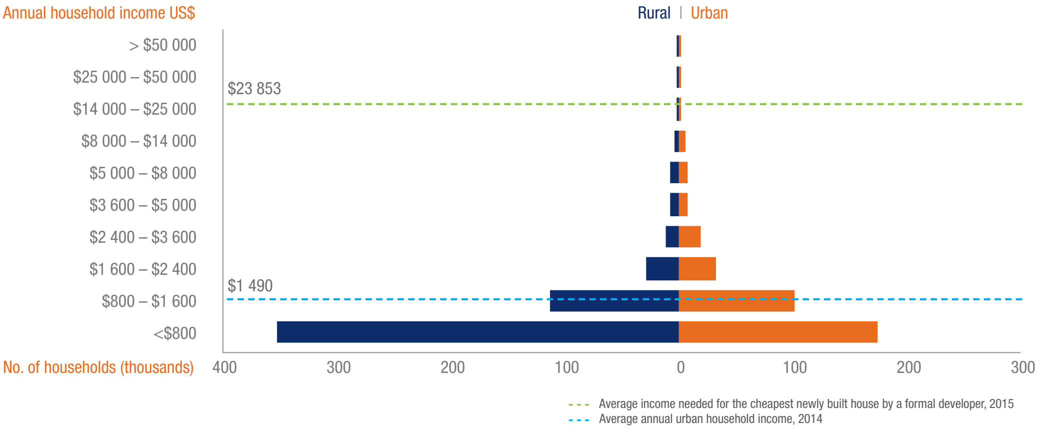
Population:
503 637

Urbanisation rate:
2.05

Cost of Unit (US$):
28 000

% of urban households that can afford this house:
36.5%

CENTRAL AFRICAN REPUBLIC



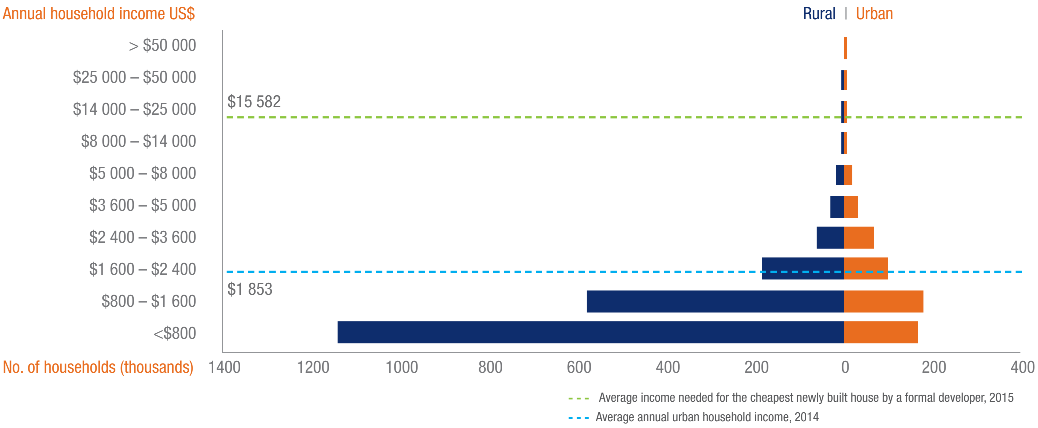
Population:
4 709 203

Urbanisation rate:
2.64

Cost of Unit (US$):
20 229

% of urban households that can afford this house:
0.9%

CHAD



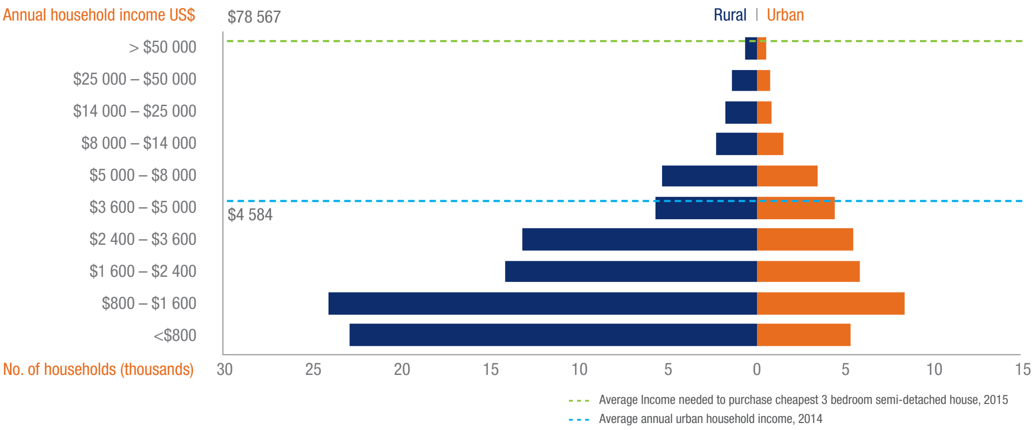
Population:
13 211 146

Urbanisation rate:
3.48

Cost of Unit (US$):
25 000

% of urban households that can afford this house:
0.4%

COMOROS



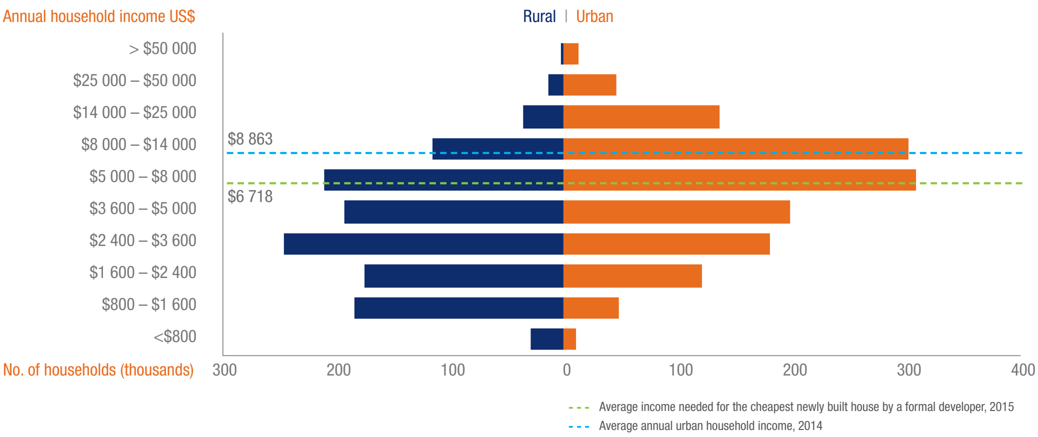
Population:
752 438

Urbanisation rate:
2.67

Cost of Unit (US$):
131 000

% of urban households that can afford this house:
1.4%

CÔTE D'IVOIRE



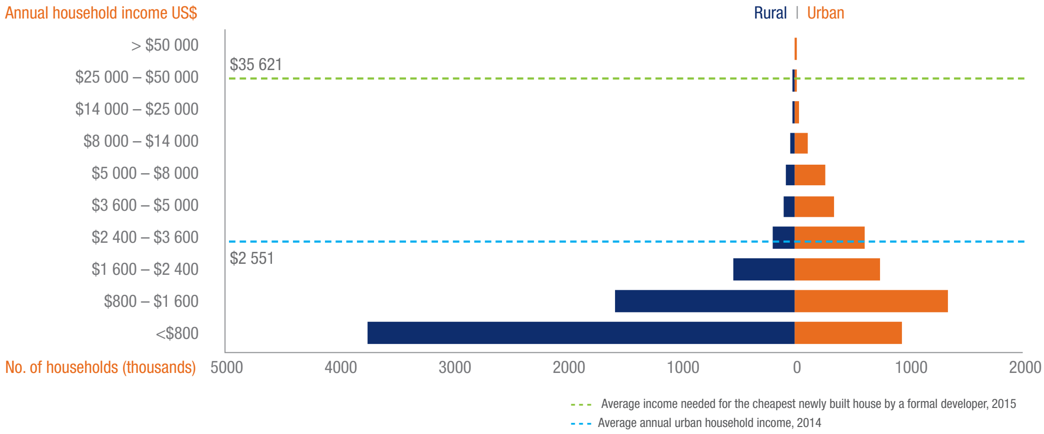
Population:
20 804 774

Urbanisation rate:
3.72

Cost of Unit (US$):
16 858

% of urban households that can afford this house:
59.1%

DEMOCRATIC REPUBLIC OF CONGO



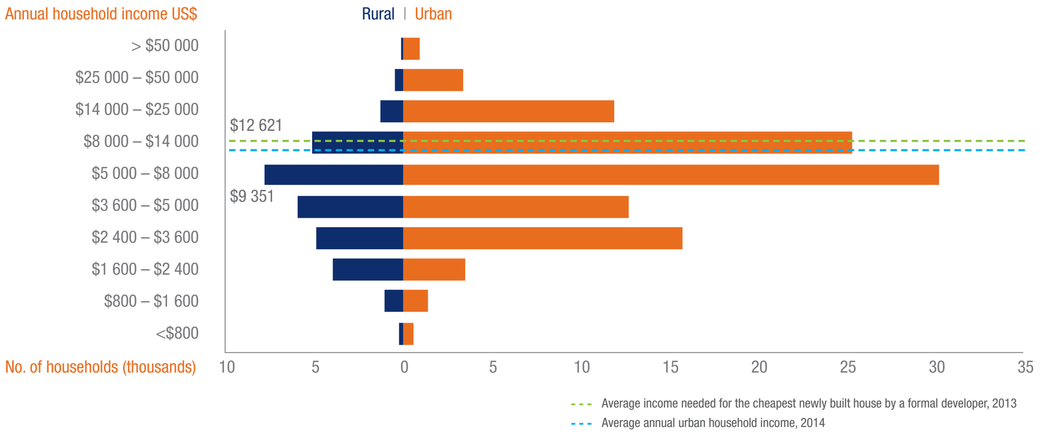
Population:
69 360 118

Urbanisation rate:
3.93

Cost of Unit (US$):
25 000

% of urban households that can afford this house:
0.3%

DJIBOUTI



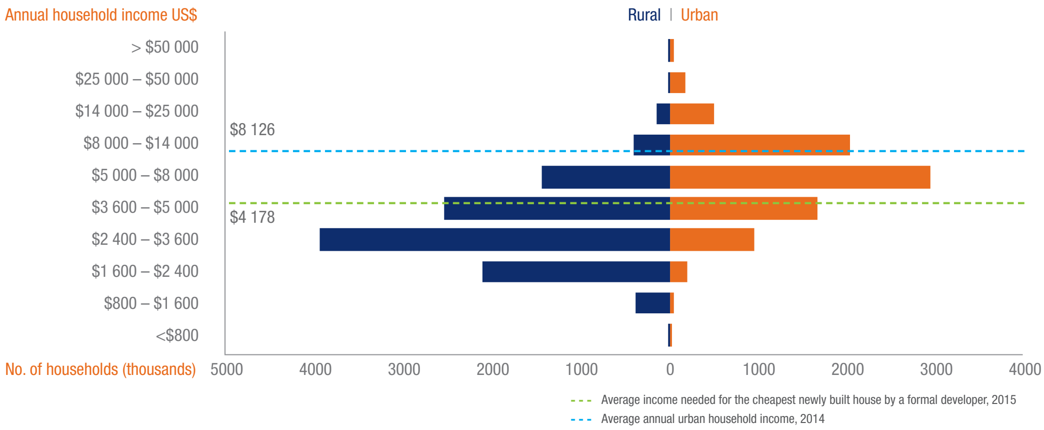
Population:
886 313

Urbanisation rate:
1.62

Cost of Unit (US$):
30 000

% of urban households that can afford this house:
39.3%

EGYPT, ARAB REP.



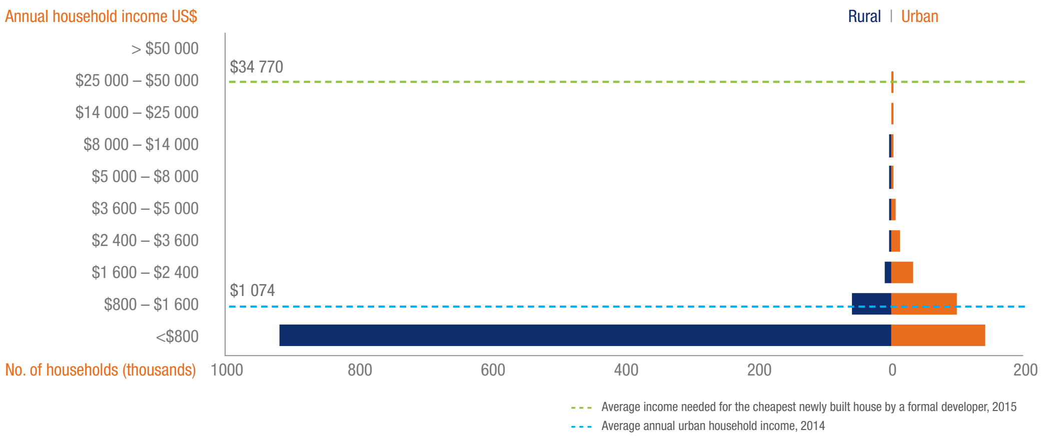
Population:
83 386 739

Urbanisation rate:
1.71

Cost of Unit (US$):
9 102

% of urban households that can afford this house:
86.3%

ERITREA



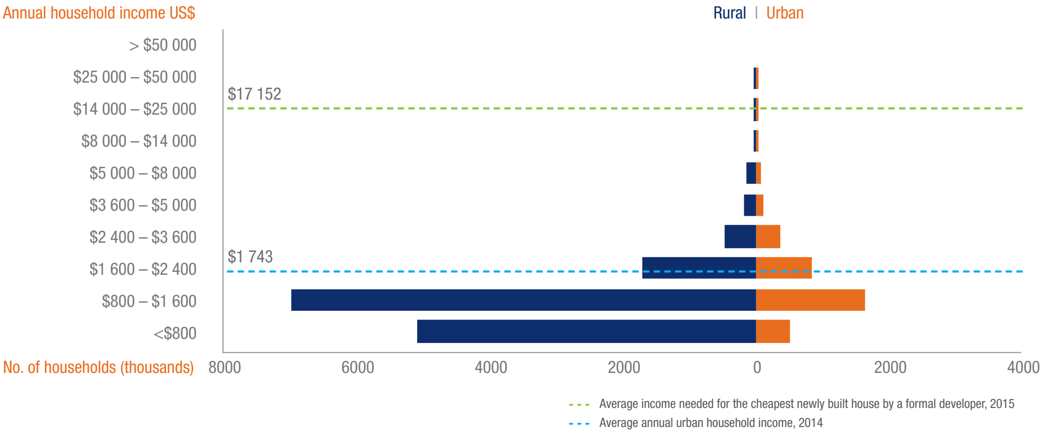
Population:
6 536 176

Urbanisation rate:
5.10

Cost of Unit (US$):
90 901

% of urban households that can afford this house:
0.0%

ETHIOPIA



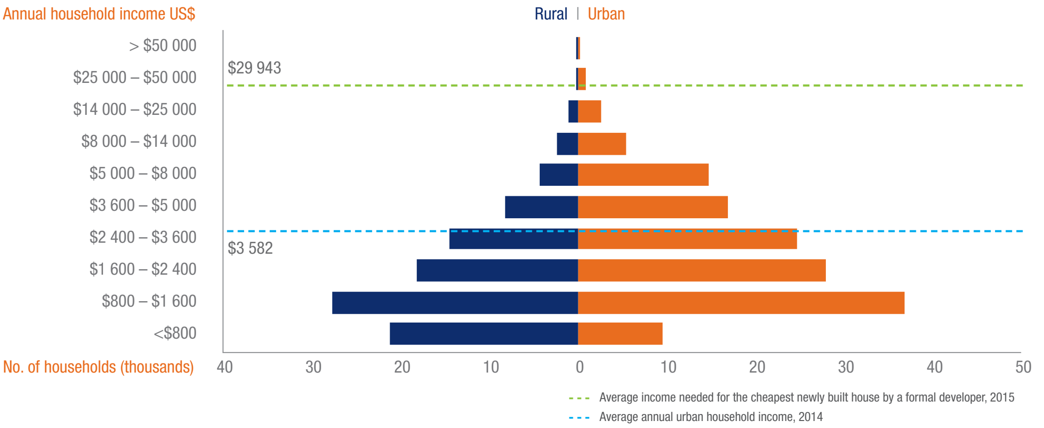
Population:
96 506 031

Urbanisation rate:
4.85

Cost of Unit (US$):
34 515

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

GAMBIA, THE



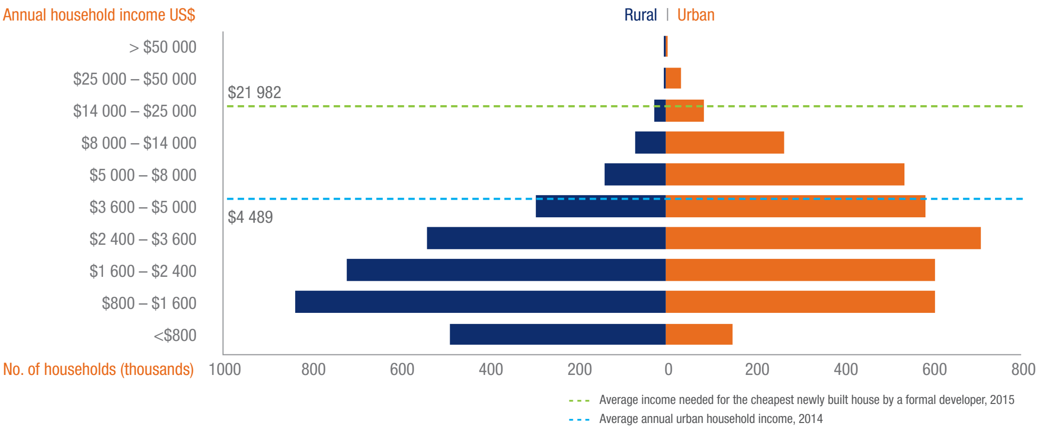
Population:
1 908 954

Urbanisation rate:
4.27

Cost of Unit (US$):
50 000

% of urban households that can afford this house:
0.8%

GHANA



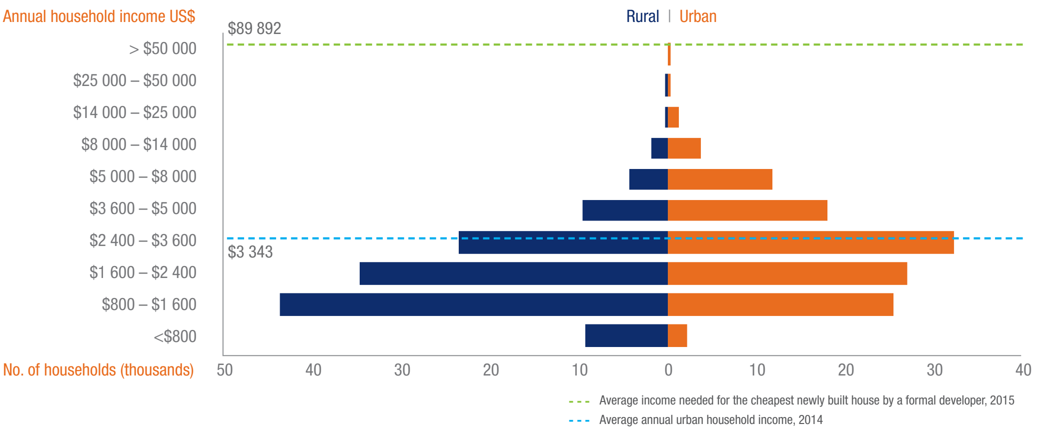
Population:
26 442 178

Urbanisation rate:
3.29

Cost of Unit (US$):
24 359

% of urban households that can afford this house:
3.4%

GUINEA BISSAU



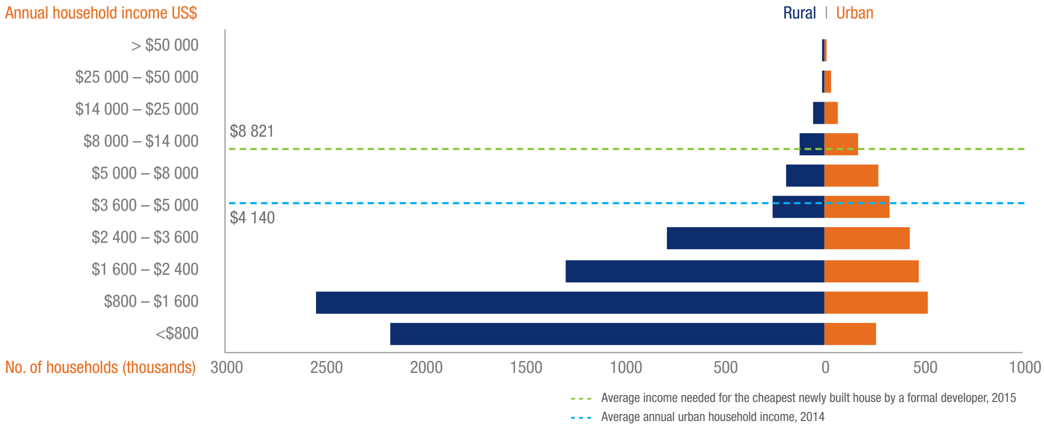
Population:
1 745 798

Urbanisation rate:
4.08

Cost of Unit (US$):
153 429

% of urban households that can afford this house:
0.0%

KENYA



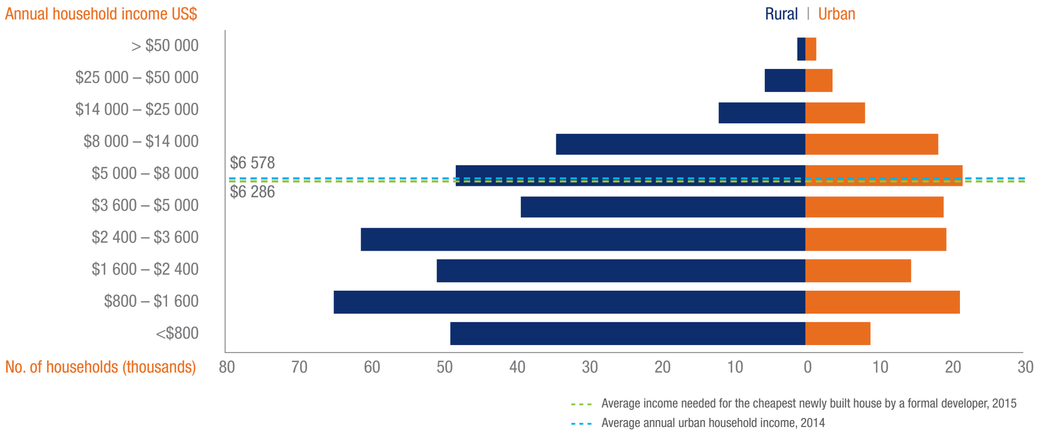
Population:
45 545 980

Urbanisation rate:
4.32

Cost of Unit (US$):
17 000

% of urban households that can afford this house:
10.2%

LESOTHO



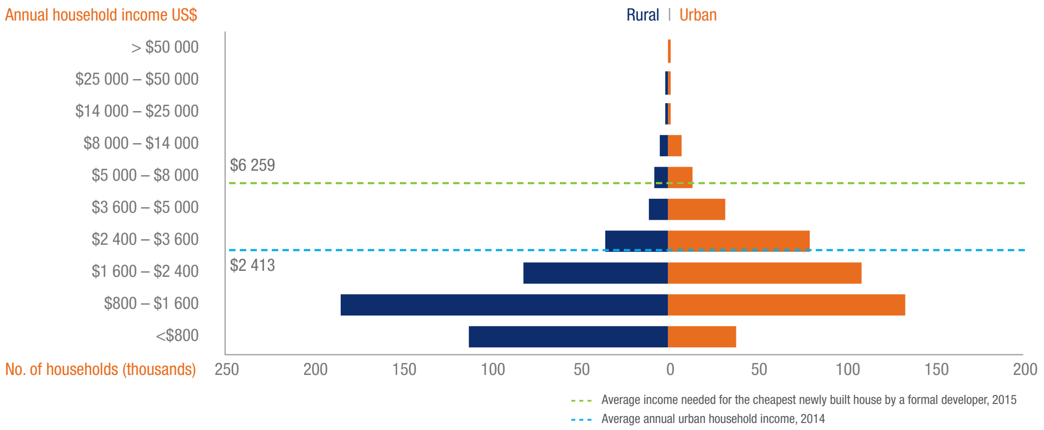
Population:
2 097 511

Urbanisation rate:
3.06

Cost of Unit (US$):
14 615

% of urban households that can afford this house:
39.0%

LIBERIA



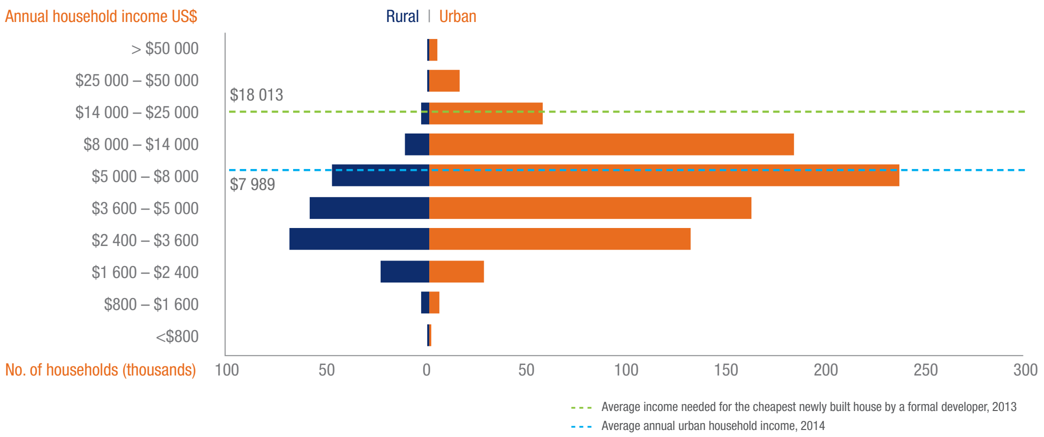
Population:
4 396 873

Urbanisation rate:
3.15

Cost of Unit (US$):
15 000

% of urban households that can afford this house:
5.9%

LIBYA



Population:
6 253 452

Urbanisation rate:
1.08

Cost of Unit (US$):
50 000

% of urban households that can afford this house:
9.3%

MADAGASCAR

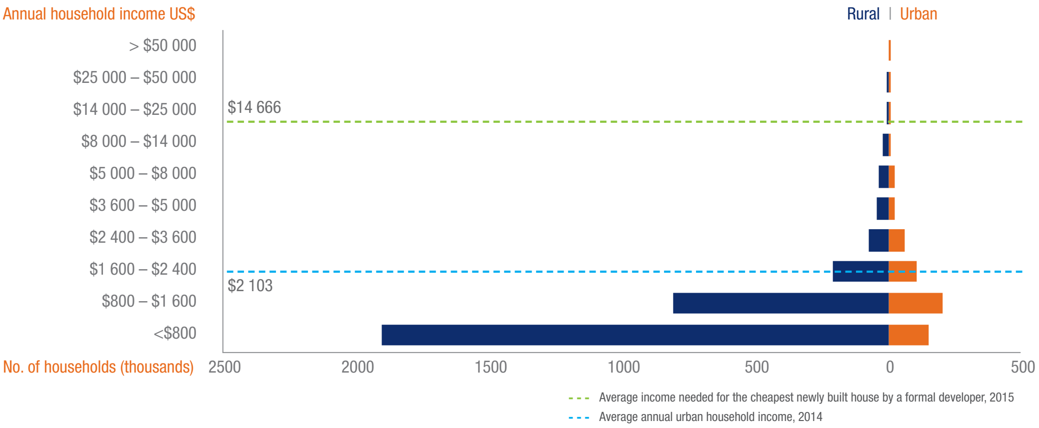
Population:
23 571 962

Urbanisation rate:
4.65

Cost of Unit (US$):
138 000

% of urban households that can afford this house:
0.0%

MALAWI



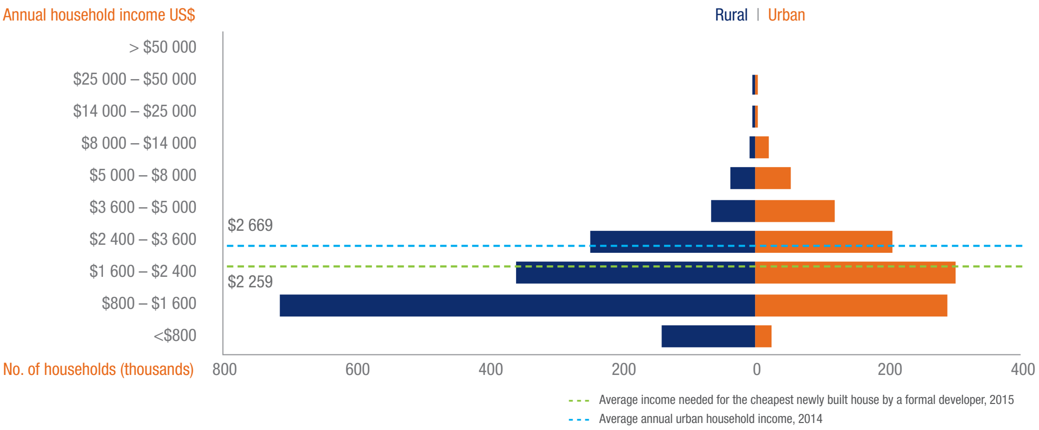
Population:
17 964 697

Urbanisation rate:
3.77

Cost of Unit (US$):
14 100

% of urban households that can afford this house:
1.1%

MALI



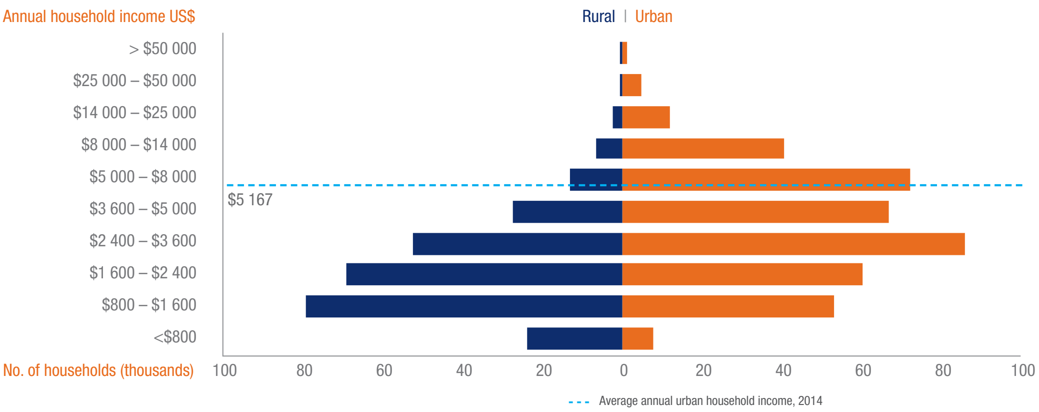
Population:
15 768 227

Urbanisation rate:
5.02

Cost of Unit (US$):
5 802

% of urban households that can afford this house:
39.4%

MAURITANIA



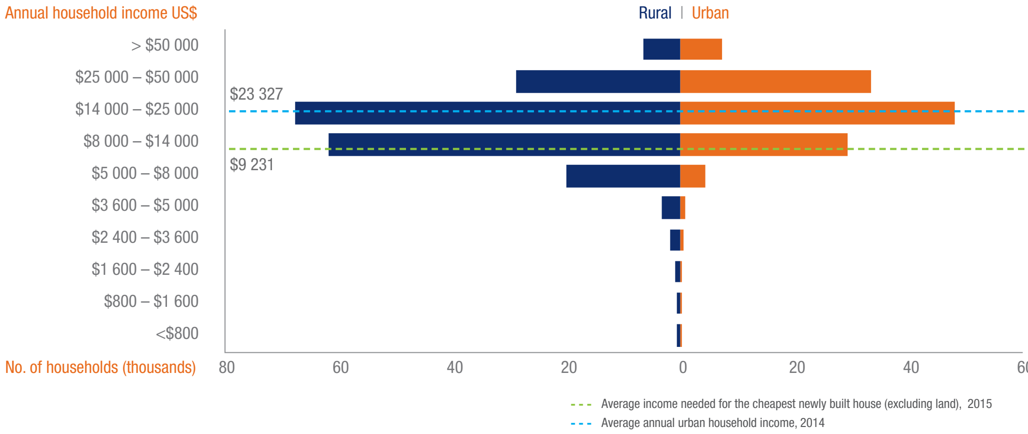
Population:
3 984 457

Urbanisation rate:
3.45

Cost of Unit (US$):
–

% of urban households that can afford this house:
–

MAURITIUS



Population:
1 260 934

Urbanisation rate:
-0.23

Cost of Unit (US$):
31 000

% of urban households that can afford this house:
94.4%

MOROCCO

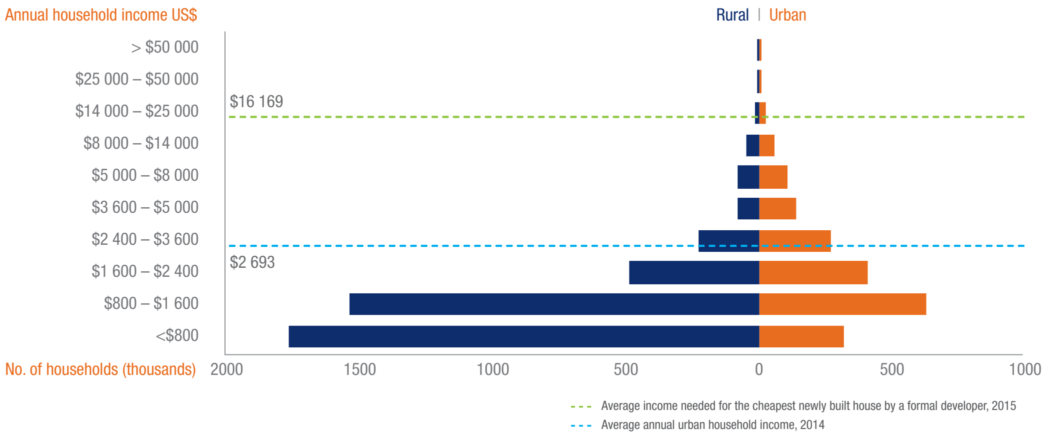
Population:
33 492 909

Urbanisation rate:
2.30

Cost of Unit (US$):
14 478

% of urban households that can afford this house:
88.4%

MOZAMBIQUE



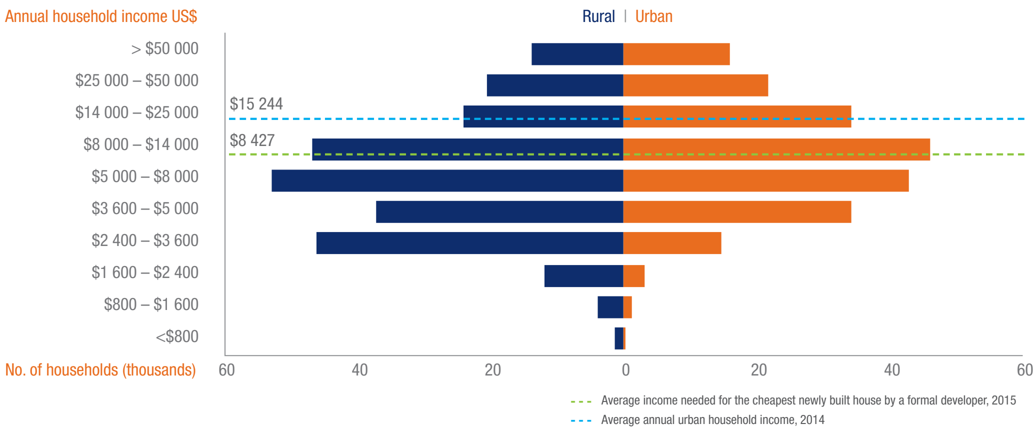
Population:
26 472 977

Urbanisation rate:
3.28

Cost of Unit (US$):
30 000

% of urban households that can afford this house:
1.7%

NAMIBIA



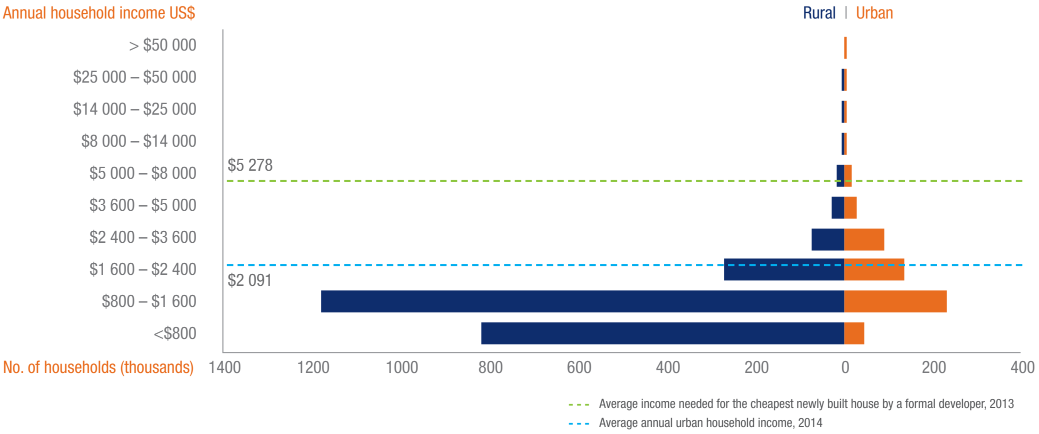
Population:
2 347 988

Urbanisation rate:
4.13

Cost of Unit (US$):
18 563

% of urban households that can afford this house:
55%

NIGER



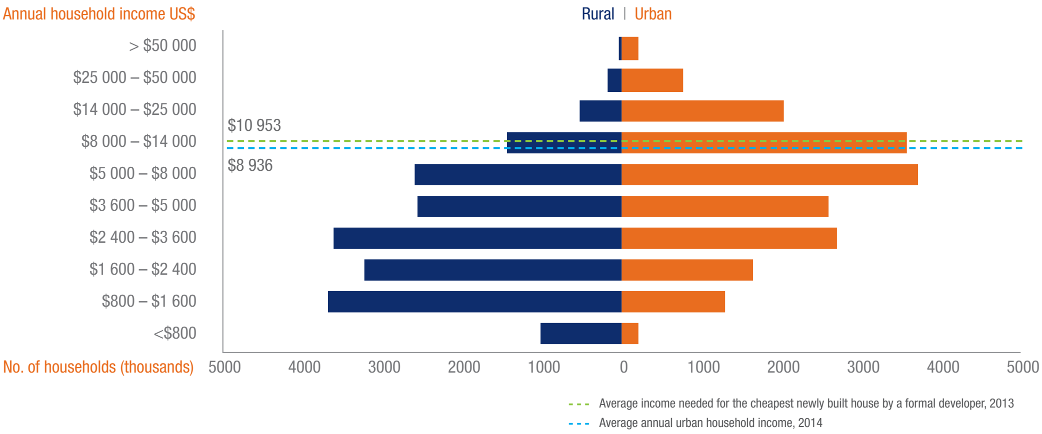
Population:
18 534 802

Urbanisation rate:
5.23

Cost of Unit (US$):
10 958

% of urban households that can afford this house:
4.1%

NIGERIA



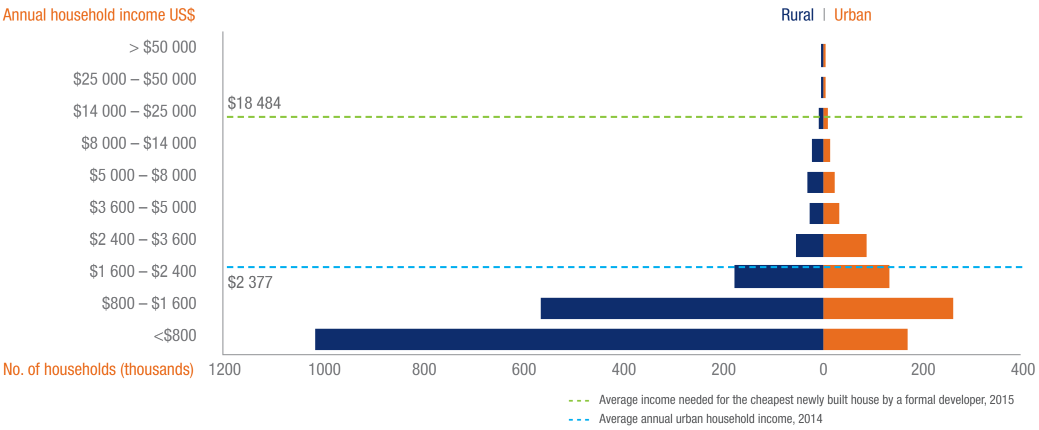
Population:
178 516 904

Urbanisation rate:
4.61

Cost of Unit (US$):
16 400

% of urban households that can afford this house:
35.2%

RWANDA



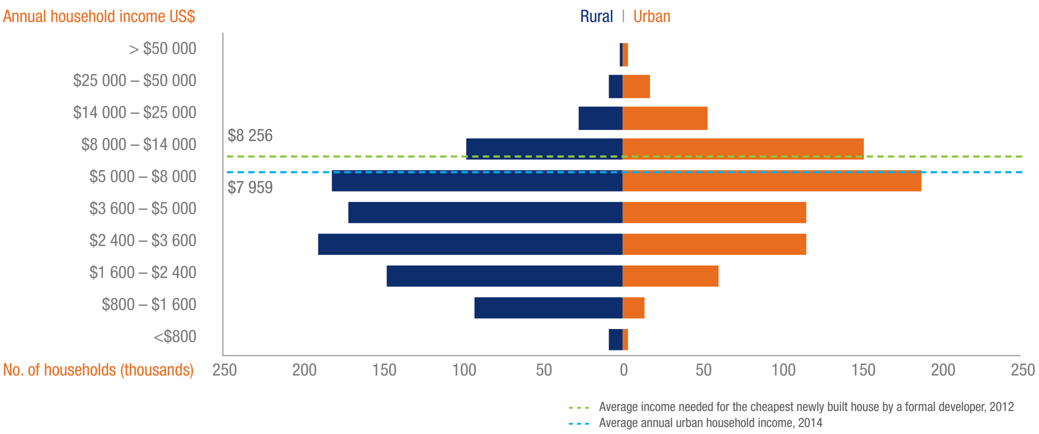
Population:
12 100 049

Urbanisation rate:
6.26

Cost of Unit (US$):
34 247

% of urban households that can afford this house:
2.0%

SENEGAL



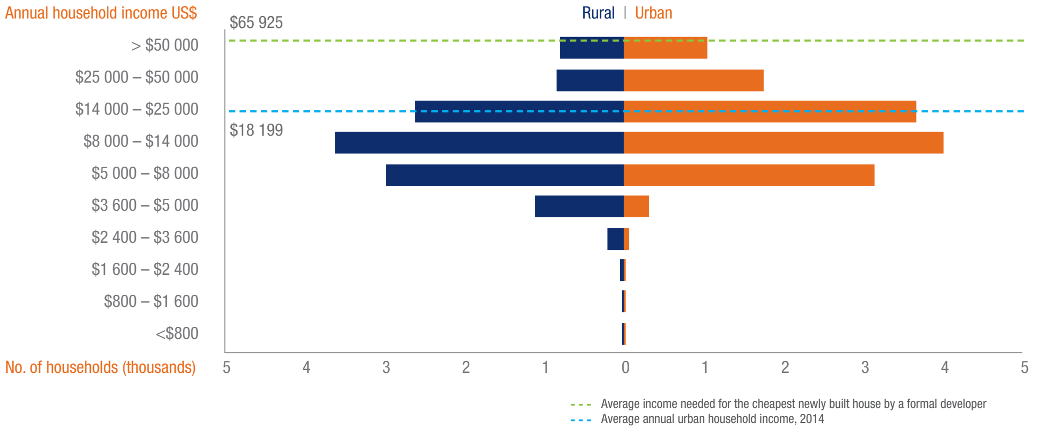
Population:
14 548 171

Urbanisation rate:
3.62

Cost of Unit (US$):
21 915

% of urban households that can afford this house:
31.4%

SEYCHELLES



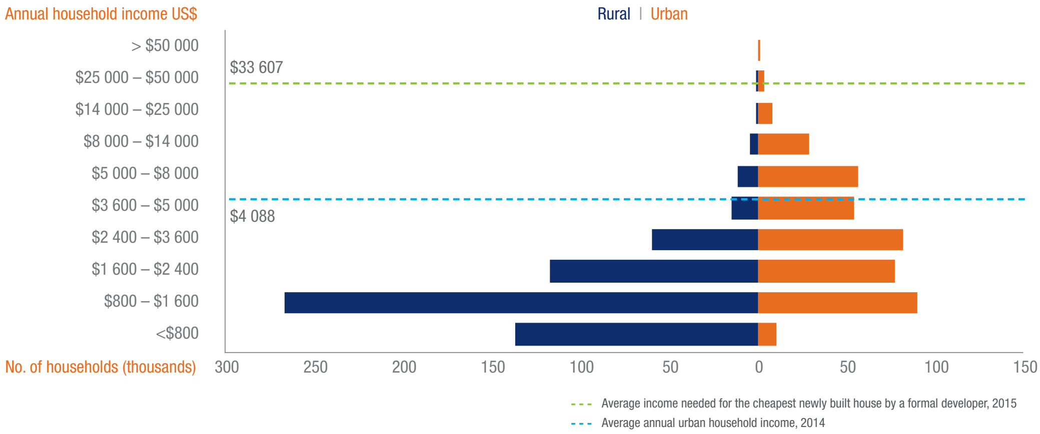
Population:
91 526

Urbanisation rate:
2.41

Cost of Unit (US$):
160 000

% of urban households that can afford this house:
7.4%

SIERRA LEONE



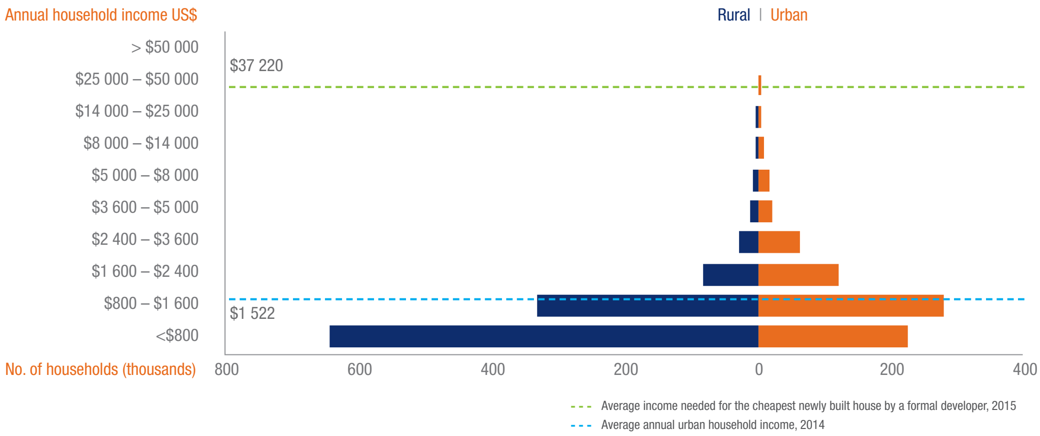
Population:
6 205 382

Urbanisation rate:
2.74

Cost of Unit (US$):
50 000

% of urban households that can afford this house:
0.7%

SOMALIA



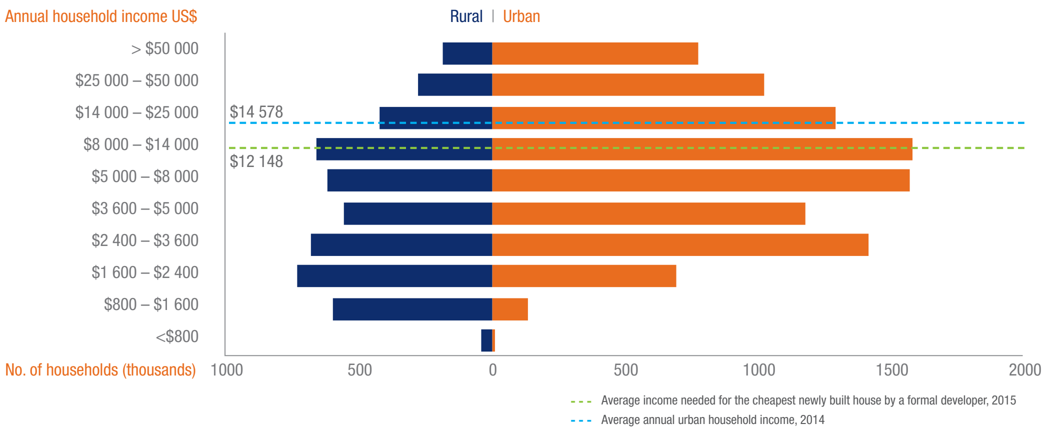
Population:
10 805 651

Urbanisation rate:
4.11

Cost of Unit (US$):
100 000

% of urban households that can afford this house:
0.0%

SOUTH AFRICA



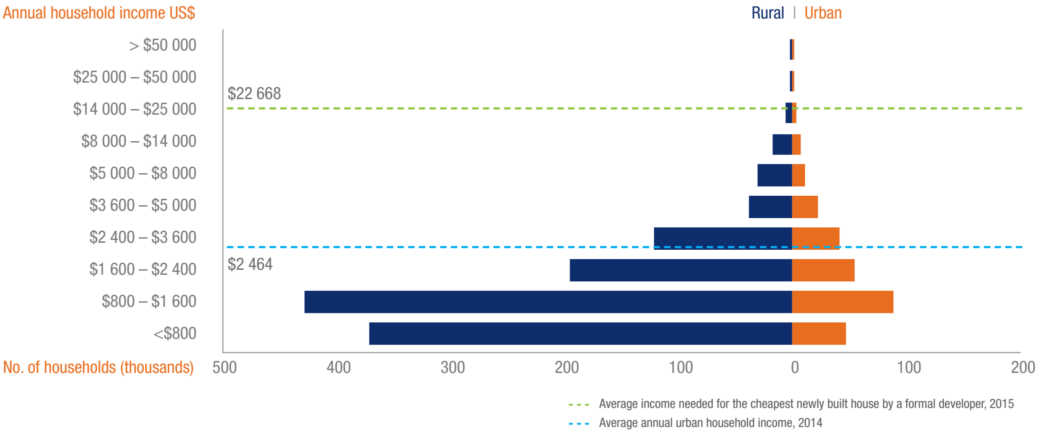
Population:
54 001 953

Urbanisation rate:
2.37

Cost of Unit (US$):
26 763

% of urban households that can afford this house:
48.3%

SOUTH SUDAN



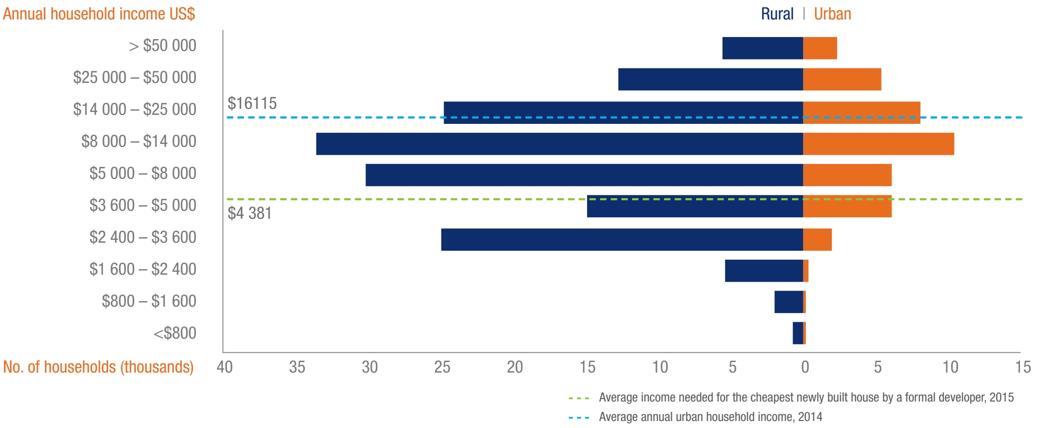
Population:
11 738 718

Urbanisation rate:
4.93

Cost of Unit (US$):
33 000

% of urban households that can afford this house:
1.2%

SWAZILAND



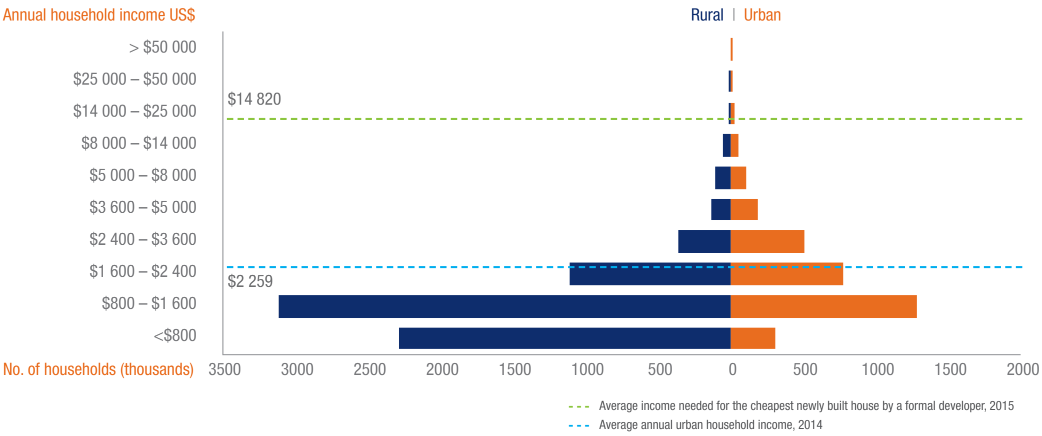
Population:
1 267 704

Urbanisation rate:
1.34

Cost of Unit (US$):
12 718

% of urban households that can afford this house:
93.2%

TANZANIA



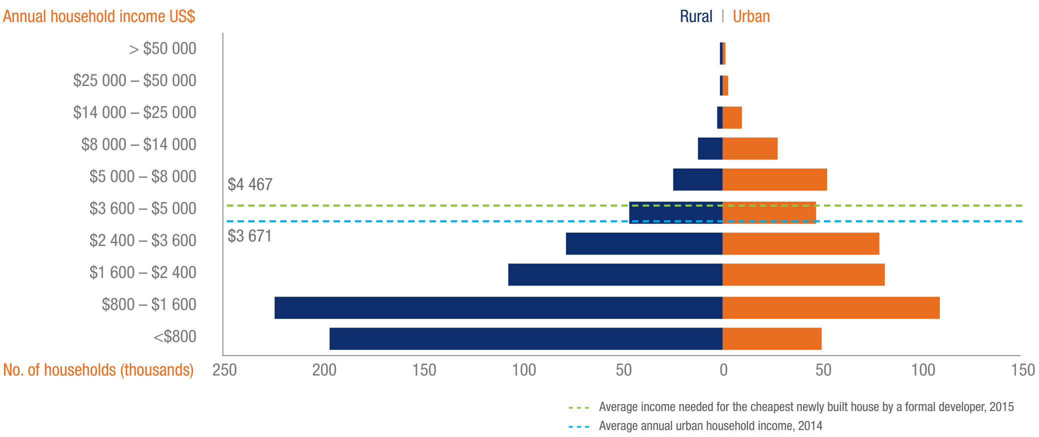
Population:
50 757 459

Urbanisation rate:
5.32

Cost of Unit (US$):
20 992

% of urban households that can afford this house:
0.7%

TOGO



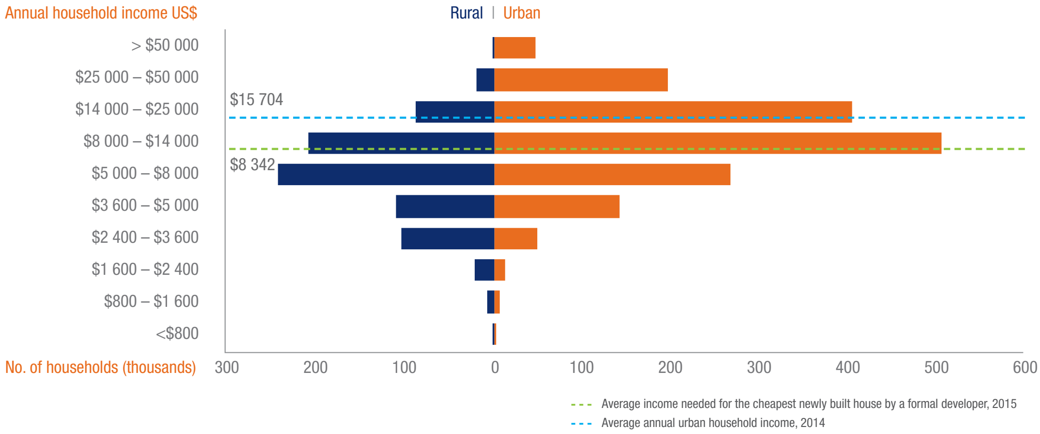
Population:
6 993 244

Urbanisation rate:
3.8

Cost of Unit (US$):
11 945

% of urban households that can afford this house:
30.2%

TUNISIA



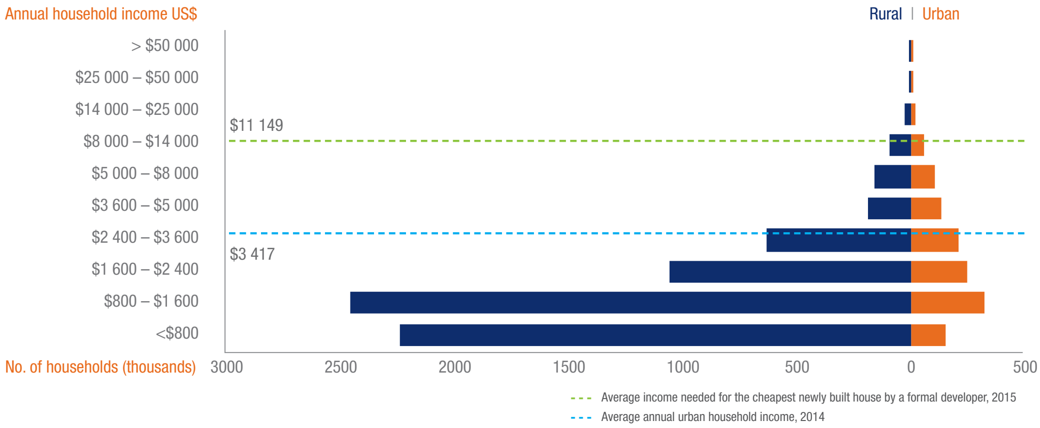
Population:
10 996 600

Urbanisation rate:
1.29

Cost of Unit (US$):
25 500

% of urban households that can afford this house:
70.6%

UGANDA



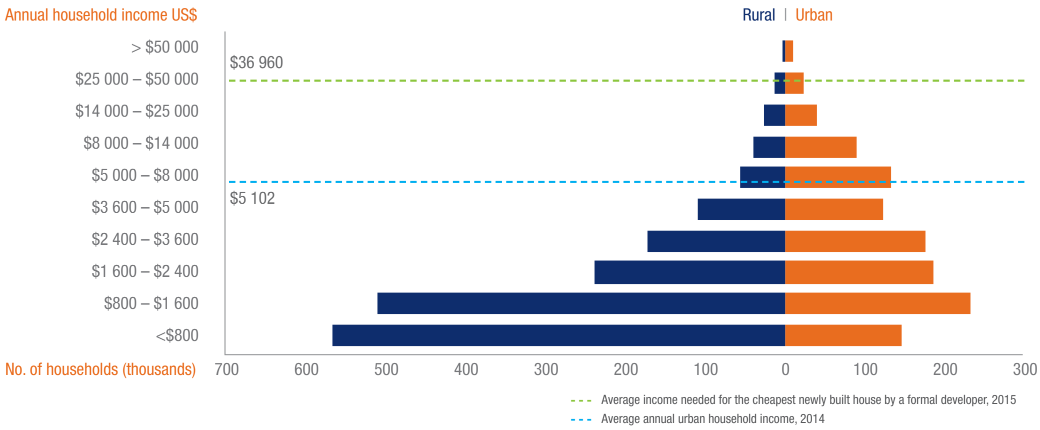
Population:
38 844 624

Urbanisation rate:
5.42

Cost of Unit (US$):
13 600

% of urban households that can afford this house:
7.4%

ZAMBIA



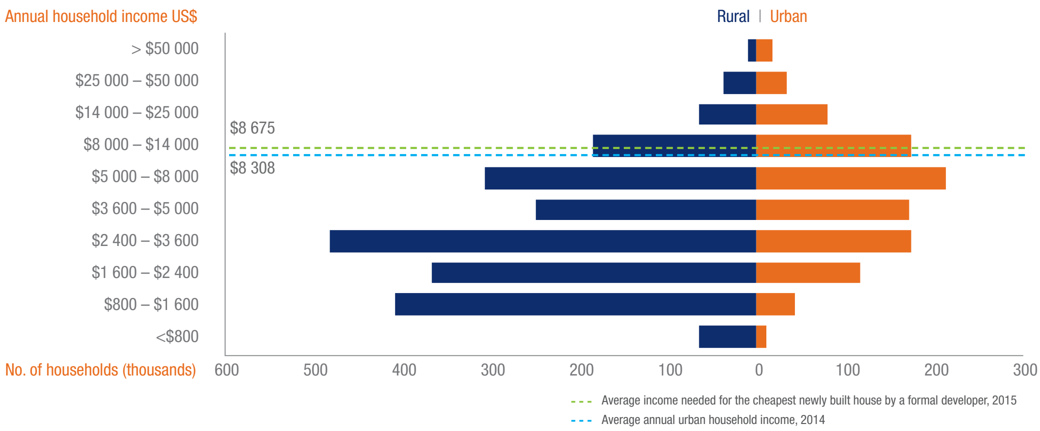
Population:
15 021 002

Urbanisation rate:
4.37

Cost of Unit (US$):
65 000

% of urban households that can afford this house:
3.1%

ZIMBABWE



Population:
14 600 000

Urbanisation rate:
2.66

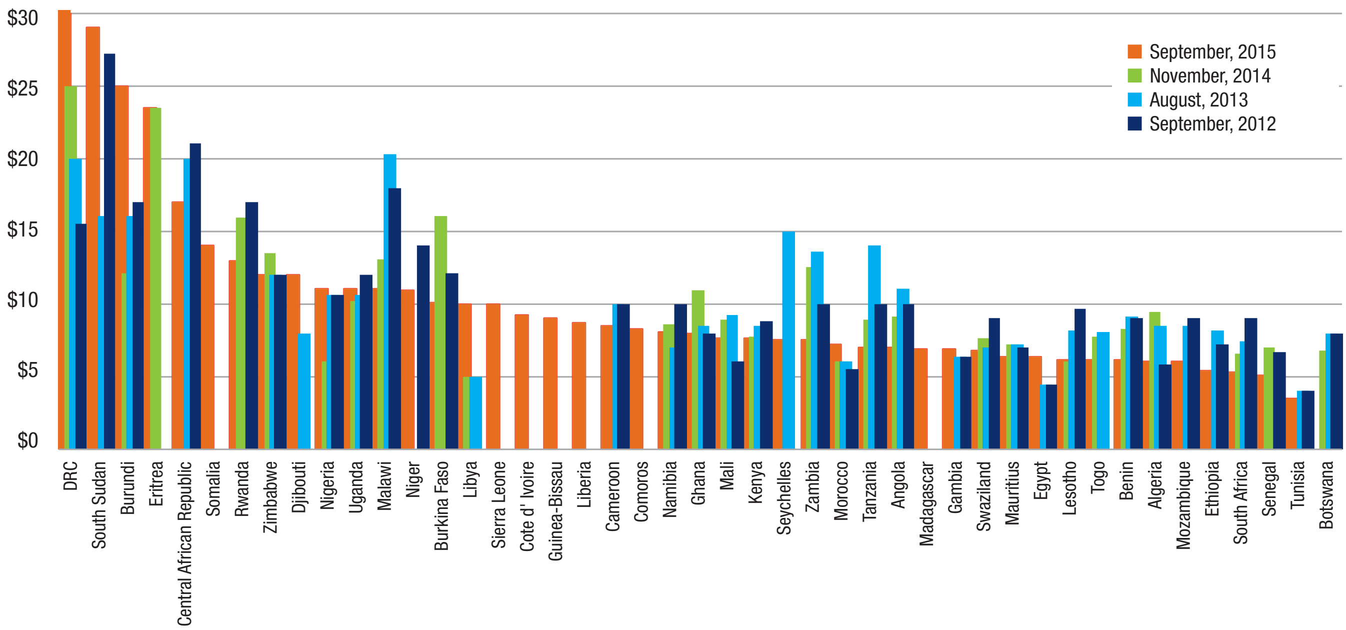
Cost of Unit (US$):
18 000

% of urban households that can afford this house:
29.6%

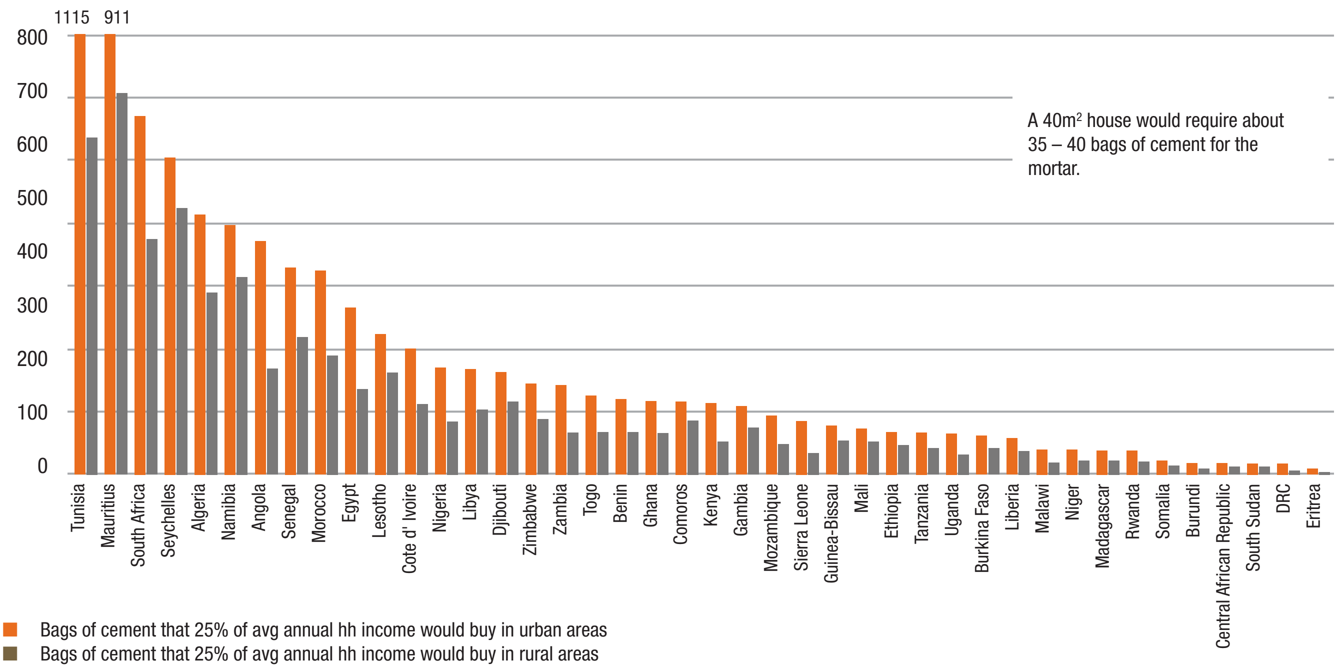
Housing affordability and urban population figures bring into sharp focus the relevance of the recent trend of megacities. Across the continent, greenfield city projects are being developed: mixed residential, commercial and retail developments, such as Kenya's Garden City, which opened in September 2015. Others include Tatu City in Nairobi, Kenya; Eko Atlantic in Lagos, Nigeria; La Cite de Fleuve in Kinshasa, DRC; Hope City in Accra, Ghana; Kigamboni New City in Dar es Salaam, Tanzania; and Diamniadio Valley digital city, planned in Senegal[11]. These projects are hugely ambitious involving massive investments by the private sector and substantial regulatory support and administrative engagement by the public sector. But when the entry level unit in La Cite de Fleuve is US$190 000, or when Garden City yields a total of 400 units, their relevance for meeting the breadth of the demand comes into question. Will developers (and governments) manage to shift their efforts from these high value initiatives targeted at high net-worth individuals and the diaspora, to engaging with the realities of affordability that truly shape the backlogs on which their diversification and investment strategies are justified? This is the challenge of the future.

A further perspective. The housing affordability story is significantly influenced by the price of building materials, and this is an issue that CAHF is exploring with its partners in the coming year. Key among these is the price of cement. If it takes 35-40 bags of cement for the construction of a 40m² brick and mortar house, the per bag cost is a critical factor. In 2015, the most expensive country with respect to cement, at US$30,30 for a 50kg bag, was the DRC, followed closely by South Sudan, where the same bag cost US$29,00. Compare this with Nigeria (US$11,00), Kenya (US$7,60), and Senegal (US$5,06), and the cheapest source of cement, Tunisia (US$3,53), and the capacity of a household to build their home with cement becomes somewhat more clear.

Cost of a standard 50kg bag of cement



Assuming 25% of annual household income is spent on cement, how many bags could a household buy?



Bags of cement that 25% of avg annual hh income would buy in urban areas
Bags of cement that 25% of avg annual hh income would buy in rural areas

Given these challenges, opportunities for innovative building materials that reduce the burden of cement, have become niches that investors are exploring. At the same time, cement manufacturers themselves are also exploring new niches in this space – Lafarge Malawi, for example, has launched a new cement binder specially formulated for use in soil stabilised bricks. The process uses much less cement, which means that low income households who might otherwise have foregone the use of cement entirely, can now afford to use it to improve the durability of their homes. Lafarge argues that the houses built with this technology can be 20-40 percent cheaper than houses constructed with conventional material. Meanwhile, Lafarge Malawi has found itself a market that was previously excluded from buying its product[12].

4. Policy & regulatory evolution to match investor interest

Even in 2015, the key challenge that investors and developers highlight from their experiences across the continent, and including South Africa, is regulatory and policy uncertainty and instability. This factor is critically important because of the long term nature of housing investments. Unpredictable regulatory changes, complex legal frameworks and volatile local currencies all limit investment timeframes and challenge exit strategies, encouraging investors to look elsewhere while governments get their house in order, so to speak. Government policy can have a significant impact on investor interest and market participation, simply by being reliable.

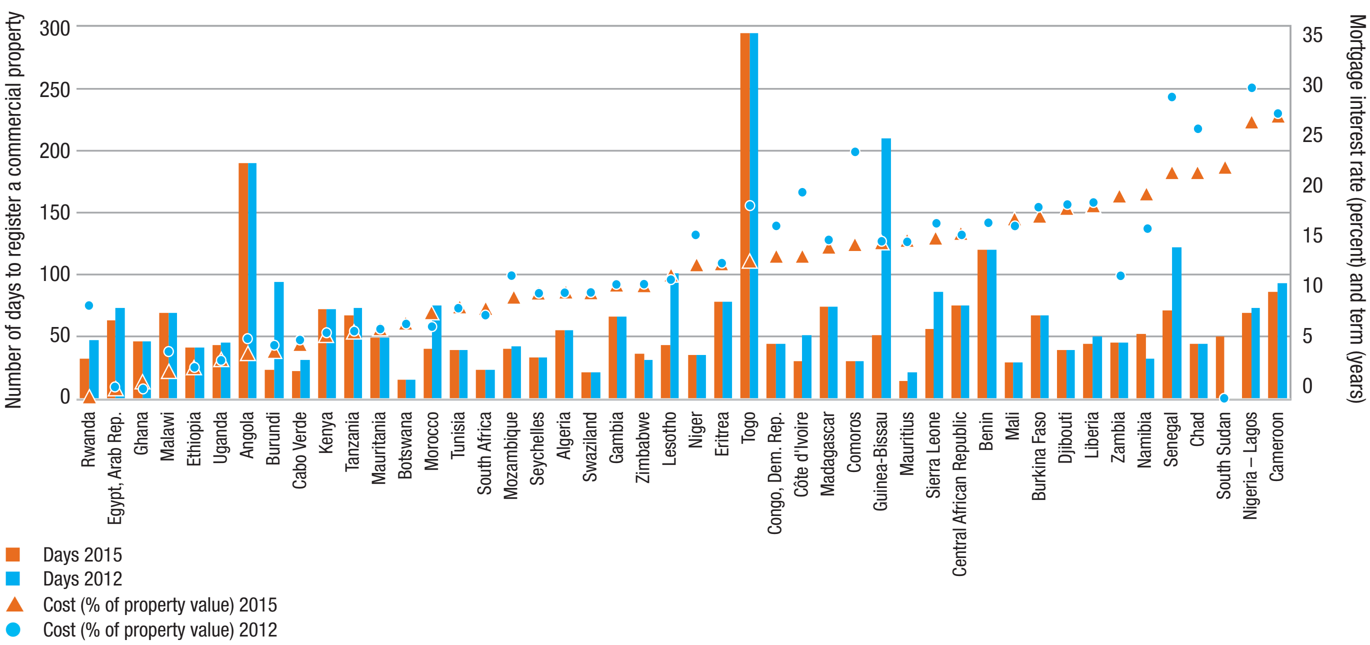
Access to land is a key factor, and regulatory challenges in this regard also undermine the capacity to deliver at scale. At the I H S affordable housing summit, a Nigerian developer, Resilient Africa, reported that of the ZAR28 billion (US$ 2.139 billion) worth of 'large lot size property' sold across the continent in 2014, ZAR26 billion (US$1.986 billion) was in South Africa. The ability to acquire large tracts of land for property development is constrained in very many jurisdictions by the capacity of local governments to package and present that land as required by legislation – and to administer and manage it over time, thereafter.

Ironically, Kenyan REIT legislation requires that the property development option (the D-REIT) is restricted to 15 percent of the REIT value to help manage the risks – many of which are regulatory in nature. If REITs are to have a significant impact on the financing of housing development, governments must focus on the risks inherent in the development process, which undermine investment, or at best, make it more expensive.

And they are. A key indicator offered by the World Bank as part of its "doing business indicators" is the number of days and cost involved to register property (a commercial property, in this instance, but indicative nonetheless). Comparing data from 2012 and 2015, it is clear that there have been improvements: Rwanda, Burundi, Morocco, Lesotho, Cote d'Ivoire, Guinea-Bissau, Sierra Leone, and Senegal have all shown noticeable improvements in the time it takes to register a property, with Guinea-Bissau being the star performer. In Namibia, however, the time increased by a few days. In terms of cost, Rwanda, Malawi, Angola, Mozambique, Niger, Togo, DRC, Cote d'Ivoire, Comoros, Sierra Leone, Senegal and Nigeria have all improved, with the most significant savings in Senegal. The cost of registering property in Zambia and Namibia increased in the period.

Number of days, and cost, to register a commercial property: 2015 vs. 2012

Source: Doing Business Indicators, 2012 and 2015



As governments better come to understand the capacity that investors have to offer and the significant impact that their interest can have on the progress of their local housing markets, the incentive to address time delays and stumbling blocks becomes clear. World Bank support tied to the development of mortgage liquidity facilities in Egypt (previously) and currently in Tanzania, Nigeria and the WAEMU region, is having a significant impact, and in those countries, Central Banks are increasingly assertive in championing effective housing markets. This is also the case in South Africa, where the challenge of housing for the working class was an issue highlighted very recently by the national Finance Minister.

5. Growing experience and investor sophistication.

Its worth noting that investors who have lasted this long aren't frightened – and the potential returns are enough to keep them focused on the long haul. In June 2014, private equity investor I H S announced the first close of their second fund, following the strong, risk-adjusted returns achieved in its first fund, worth ZAR1,8 billion, which provided financing for over 28 000 units across South Africa. Announcing their second fund, I H S said that the strong returns achieved with the first fund provided clear proof that the affordable housing market, targeted at middle and low income earners, was a sound investment, and a strong base for ongoing inflows into the sector[13].

A separate example is that of Housing Finance Kenya, a leading mortgage provider in Kenya. Over the course of its operations, from its founding in 1965 by the Commonwealth Development Corporation (CDC) and the Government of Kenya, to its listing on the Nairobi stock exchange in 1992, to issuing Rights Issues of Shares and a Corporate Bond, to launching the HF Group, an integrated property, banking and investment solutions company, in 2015, HF Kenya has increasingly engaged with the capital market[14]. Its first bond issue in 2010 was hugely oversubscribed, demonstrating investor confidence in the focus and operations of this company which targeted the residential real estate market in Kenya.

These experiences are not lost on investors, and the success of companies like the HF Group bode well for other players also operating in the market and seeking market participation in their activities.

At the other end of the income spectrum, over the course of the past ten years, Habitat for Humanity Egypt has realized a home improvement lending model that is both effective and sustainable – although the loans are subsidized with charitable assistance from Habitat for Humanity, they have achieved 98 percent repayments[15]. Lessons generated by this model demonstrate how sound lending practice can even reach the lowest income earners, and offer insights into how the subsidy / finance mix might be effectively achieved. This will be useful for both governments, NGOs and impact investors who are keen to work together to achieve a broader reach with respect to each of their target markets.

In many ways, 2015 has been a hard year. Lower commodity prices, and notably, a 40 percent fall in the oil price since June 2014, have impacted on the growth forecasts for many countries. The value of local currencies has also fallen – in Ghana, by as much as 50 percent. And political instability in many regions has made any sort of investment much more difficult. These factors haven't changed the reality of an affordable housing shortage, however, and may well be stimulating investors and developers to think differently about what and to whom they deliver. The space for conversation is certainly opening up. Governments are much more open about partnering, whether formally through public-private partnerships, or simply through regular engagement with the private sector, to achieve goals they now realize to be mutual. In some cases, real capacity constraints hamper their efforts, but generally there are efforts to resolve these issues too. For its part, the private sector is beginning to understand the imperative of affordability, and the opportunities that open up when this is engaged with substantively. African cities are set to change dramatically – more houses for more people – as practitioners in both the public and private sectors pay increasing attention to the reality of and opportunity for investment in affordable housing.

1 Renaud, B (1984) Housing and financial institutions in developing countries. World Bank Staff Working Paper 658.
2 As reported in Africa Property News (2015-08-25) Real estate in Africa continues to drive growth potential.
3 Dick, W (2013) What's in a REIT? Africainvestor, 1 November 2013.
4 CMSA approves first real estate investment trust in East Africa. www.tanzaniadiaspora.org 23 February 2015.
5 Langhan, S (2015) The role of mortgage liquidity facilities in housing finance: lessons learned from Egypt, Tanzania, Nigeria and Malaysia. Case study prepared for CAHF.
6 fdiIntelligence (2015) The Africa Investment Report 2015.
7 As reported in Africa Property News (2015-03-04) Global megatrends driving Real Estate growth opportunities in Africa.
8 Detail Commercial Solicitors (2015) Nigeria Real Estate Guide, Volume 1, 2015 Edition.
9 Gordon, R (2015) Case study: the PPC Home Owners Support Programme – Programme managed by the South African Housing Club. Case study prepared for CAHF.
10 C-GIDD is a global database for GDP and income distribution data. The dataset covers 212 countries, 694 subdivisions (states, provinces, etc.) and 997 major cities from 2000 till 2025. See www.cgidd.com
11 Africa Property News (2015-04-14) Africa on a roll with a clutch of new Cities.
12 See www.lafarge.com/en/durabric-earth-cement-solution-cities-challenges-malawi
13 International Housing Solutions (June 2014) News Release: Major investments flow into Affordable Housing Fund.
14 Shah, S and R Ruparel (2015) The Transformation of the Housing Finance Company of Kenya. Case study prepared for CAHF.
15 LaTowsky, R (2015) Sustainable NGO Microfinance of Poor and low income Housing in Egypt. A case study of Habitat for Humanity, Egypt, prepared for CAHF.

Explaining the indicators

Each of the country profiles has a set of indicators on the right hand side of the page. The figures have been drawn from various sources, most notably the African Economic Outlook database, the World Bank database, and the United Nations Development Programme. The Global Financial Inclusion (Global Findex) Database includes data that measures how people in 148 countries save, borrow, make payments and manage risk. The prices of cement, the formal house, and plot size within each country was drawn from an informal survey of practitioners that CAHF conducts annually, and adapted by the authors for the purpose of this report.

- **Main Urban Centres:** These include the capital city of the country and any other largely populated city. The United Nations World Urbanisation Prospects[1] estimates that Africa's urban population will increase from 455 million in 2014 to about 1.33 billion in 2050, – about three times the current population. This means that we can expect about 20 million new urban households by 2050. This will put pressure on existing housing stock and provision of essential services which is already inadequate.
- **Exchange Rate:** The rate for all currencies to the US dollar currency was obtained through the forex website www.coinmill.com. The exchange rate used per country varies according to the period when the profile was written - generally between the months of July and September 2015. Exchange rates can fluctuate widely, however – it is therefore merely indicative of the current situation.
- **Inflation Rate:** Inflation as measured by the consumer price index reflects the annual percentage change in the cost to the average consumer of acquiring a basket of goods and services that may be fixed or changed at specified intervals, such as yearly. The Laspeyres formula is generally used.
- **Population:** Population counts all residents regardless of legal status or citizenship – except for refugees not permanently settled in the country of asylum, who are generally considered part of the population of their country of origin. The values are midyear estimates drawn from the World Bank's World Development Indicators..
- **Population growth rate:** This is the rate of growth of population, measured in the middle of the year, from one year to another. The data is drawn from the World Bank's World Development Indicators.
- **Urban population:** Refers to people living in urban areas as defined by national statistical offices. It is calculated using World Bank population estimates and urban ratios from the United Nations World Urbanisation Prospects.
- **Urbanisation growth rate:** Refers to the rate of increase in the country's urban population as defined by national statistical offices, expressed as a percentage. Uganda and Burkina Faso have the highest urbanisation rates in Africa, at just under six percent.
- **GDP per capita:** This is the gross domestic product (GDP) divided by the midyear population. GDP is the sum of all value added, or simply the gross value of output, by all resident producers in the economy without making deductions for depreciation of assets or for depletion and degradation of natural resources. Data is expressed in current U.S. dollars. It provides a rough indication of the residents' standard of living, but misses the important factor of inequality, and so must be read together with the Gini Coefficient and the percent of the population below the poverty line. This data is drawn from the World Bank's World Development Indicators.
- **GDP growth rate:** Is the annual percentage growth rate of GDP at market prices based on constant local currency. Aggregates are based on constant 2005 U.S. dollars. GDP growth rate measures the growth in the economy. This data is also drawn from the World Bank's World Development Indicators.
- **GNI Per Capita, Atlas method:** GNI per capita (formerly GNP per capita) is the gross national income, converted to U.S. dollars using the World Bank Atlas method, divided by the midyear population. GNI is the gross national income of a country: the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad. To smooth fluctuations in prices and exchange rates, a special Atlas method of conversion is used by the World Bank. This applies a conversion factor that averages the exchange rate for a given year and the two preceding years, adjusted for differences in rates of inflation between the country, and from 2001, countries in the Euro area, Japan, the United Kingdom, and the United States. Some argue that it is a better measure of the standard of living than GDP per capita. It is measured in US dollars. The data is drawn from the World Bank's World Development Indicators.
- **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,therefore, some countries have established national poverty lines that better reflect the reality of poverty in their own local economies. This data is drawn from African Economic Outlook and is a rough measure of living standards. A benchmark that is used within this yearbook is percentage of the population earning less than US$ 2 per day ppp.
- **Unemployment rate:** The share of the labour force that is without work but available for and seeking employment. The number typically does not include discouraged job seekers. This data was drawn from the World Bank database.
- **GINI Coefficient:** This measures levels of inequality in a country, based on the extent to which the distribution of income or consumption expenditure among the population deviates from a perfectly equal distribution. A Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality. The data relates to various years, depending on when the calculation was done for a particular country, and is drawn from the World Bank's World Development Indicators.
- **Human Development Index (Global Ranking):** The Human Development Index is a composite statistic, a multi-dimensional concept. It is a summary measure of average achievement in key dimensions of human development including life expectancy, education, and per capita income indicators. The HDI is the geometric mean of normalised indices for each of the three dimensions used to rank countries. The index score is drawn from the UN Development Programme. The global ranking is out of 187 countries.
- **Lending Interest Rate:** This is the prevailing interest rate in the country, charged as a percentage of the loan amount that usually meets the short- and medium-term financing needs of the private sector. While the rate offered will differ from one lender to the next, and be adjusted to the creditworthiness of borrowers and objectives of the loan, the number offered is indicative of the state of lending in the country. The data is drawn from the World Bank's World Development Indicators.
- **Mortgage Interest Rate:** The rate of interest charged on a mortgage loan to purchase a property. Coupled with mortgage term and the loan to value ratio, this determines loan affordability and the percentage of the population that can afford to participate in the housing market unassisted. The mortgage interest rate is usually linked to prime, and is influenced by the central bank rate in the country. It also incorporates the cost of capital to a particular lender, and so varies from one lender to the next. This data was collected by the country-profile authors for CAHF.
- **Mortgage Term:** Given the size of the loan, mortgage terms are generally long, and can be anywhere up to 30 years. However, a lender's capacity to offer a long term loan is determined by their source of capital. If they rely on deposits, their ability to offer a long term loan is constrained. This is the classic challenge in most African countries: overcoming the capital mismatch where lenders use short term savings to fund long term loans. The liquidity facilities introduced in Egypt, Tanzania, Nigeria and the WAEMU region address this particular challenge. Generally, mortgage terms across the continent vary from five to 20 years.
- **Credit % of GDP:** This indicator is written in full as domestic credit to the private sector as a percentage of GDP. It measures the financial resources provided to the private sector – such as through loans, purchases of non-equity securities, and trade credits and other accounts receivable – that establish a claim for repayment. It offers an indication of the extent or sophistication of the country's credit market. For some countries these claims include credit to public enterprises. It has been expressed as a percentage of GDP. This data is drawn from the World Bank's World Development Indicators.

1 esa.un.org/unpd/wup/

- **Average Mortgages % of GDP:** This indicator measures the value of mortgages outstanding in a country as a percentage of GDP. It's often regarded as a rough measure of the size of the mortgage market in a country relative to the size of the economy. This data is not yet collected on a consistent basis across Africa – this is something that CAHF wishes to address. Current data provided in this report is drawn from various sources – Central Banks, World Bank research, and the Housing Finance Information Network (Hofinet).
- **Price To Rent Ratio:** This ratio provides a comparison between owning and renting properties in certain cities. It is calculated by dividing the average house price by the average yearly rent price. In some cities, the ratio could vary drastically between properties within the city centre and outside the city centre. Of course, this data is skewed towards the high income, formal market, but is nonetheless indicative of what is formally available. The data is drawn from Numbeo, 2014.
- **Gross Rental Yield:** This is the amount of annual rent collected, expressed as a percentage of the total cost of the rental property. It is used to compare properties in different locations against each other. Rental yields also signify the rate of return from investing in the rental property. The yield may differ significantly between properties within city centre and away from the city centre. Again, the data is skewed towards the high income, formal market. The data is drawn from Numbeo, 2014.
- **Outstanding home loan (% age 15+):** The Global Findex database is the world's most comprehensive database on financial inclusion. The data is collected in partnership with the Gallup World Poll, and is based on interviews with about 150 000 adults in over 140 countries. Among the questions, respondents were asked if they had an outstanding loan from a bank or another type of financial institution to purchase a home, an apartment, or land. This figure would include both mortgage and non-mortgage loans for housing, and represents the situation in 2014.
- **Cost of standard 50kg bag of cement:** This is a rough indicator of the relative cost of construction across countries. CAHF collects this data annually, from building material supplier websites, phone calls made to suppliers, or in-country researchers.
- **Price of the cheapest, newly built house by a formal developer:** This is a rough indicator of the minimum price of the cheapest, newly built housing unit, by a formal developer. The indicator does not tell us how many of these houses are built annually, and only provides an indication of the cheapest house under construction in that particular year. It is indicative of the target of the construction industry. CAHF collects this data through an email survey of researchers and practitioners across Africa, and from the authors of the country profiles.
- **Average rental price for a formal unit:** This is a rough indicator to understand the range of average rentals per country – another indicator of housing affordability. CAHF collects this data through an email survey of researchers and practitioners across Africa, and from the authors of the country profiles.
- **Minimum stand or plot size for residential property (m^2):** This indicator (which is country specific) is the minimum size of a stand/plot that the house will be built on. CAHF collects this data through an email survey of researchers and practitioners across Africa, and from the authors of the country profiles.
- **Ease of Doing Business:** Ease of Doing Business ranks economies from 1 to 189, with first place being the best. A high numerical rank means that the regulatory environment is not conducive to business operations. The index averages the country's percentile rankings on 10 topics covered in the World Bank's Doing Business Survey, conducted annually. The ranking on each topic is the simple average of the percentile rankings on its component indicators. Property-related indicators are for commercial, not residential property, but are nonetheless a useful indicator.
- **Number of Procedures to Register Property:** Part of the Ease of Doing Business survey, this represents the number of procedures required for a business to secure rights to a commercial property.
- **Time (days) to Register Property:** Part of the Ease of Doing Business survey, this represents the number of calendar days needed for businesses to secure rights to a commercial property.
- **Cost (% of property value) to Register Property:** Part of Ease 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.

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

CAHF is also working hard to improve the data situation. At the time of going to print, we are in the process of commissioning a study looking at the relative costs of building materials for a basic, entry level house across the main and secondary cities in about fifteen countries. We are also about to embark on a programme to develop "Doing HOUSING Business Indicators". Please continue to visit our website for details on our progress, or contact us directly.

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

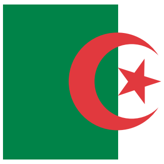
Websites

http://data.worldbank.org
www.doingbusiness.org
www.africaneconomicoutlook.org
http://hdr.undp.org/en/statistics
http://www.numbeo.com/property-investment/
http://datatopics.worldbank.org/financialinclusion/
www.hofinet.org
www.cgidd.com

Data sources

Indicator's Name	Source	Short Comment
Main Urban Centres	Collected by CAHF	
■ Exchange Rate: 1 US$ = ■ Inflation ■ Population below national poverty line ■ Unemployment rate (%)	African Economic Outlook	Highly reliable data, periodically updated and sourced from primary sources, national statistical offices, World Bank and other reliable sources
■ Population ■ Population growth rate ■ Urban population (% of total) ■ Urbanisation rate ■ GDP per capita (current US$) ■ GDP growth rate ■ GNI per capita, Atlas method (current US$) ■ Lending Interest Rate ■ Credit % of GDP	World Bank's World Development Indicators	World Development Indicators is a highly recommended economic data source. Data in this databank is sourced of national statistical offices and World Bank's own surveys. Highly reliable and periodically updated
■ Gini co-efficient ~	World Bank's Povcal tool	PovcalNet is an interactive computational tool that allows you to replicate the calculations made by the World Bank's researchers in estimating the extent of absolute poverty in the world. PovcalNet also allows you to calculate the poverty measures under different assumptions. Data is collected by World Bank at different years for each country
■ HDI (Global Ranking and Index)	UN Development Programme	The HDI was created to emphasize that people and their capabilities should be the ultimate criteria for assessing the development of a country, not economic growth alone. Annual surveys and report s are published by the UNDP's Human Development Report Office (HDRO).
■ Average Mortgages % of GDP°	The Housing Finance Information Network (HOFINET)	HOFINET is a quality-assured web portal that consolidates international housing finance knowledge. Data is sourced from Central Banks of the countries reported.
■ Price To Rent Ratio City Centre** ■ Gross Rental Yield City Centre**	Numbeo online property database	Numbeo is the world's largest database of user contributed data about cities and countries worldwide. This data fills in very important data gaps in property market. However, sources should be used carefully and in limited circumstances, unless substantiated by other sources.
■ Outstanding home loan (% age 15+)	Asli Demirguc-Kunt, Leora Klapper, Dorothe Singer, and Peter Van Oudheusden, "The Global Findex Database 2014: Measuring Financial Inclusion around the World". Policy Research Working Paper 7255.	The data is drawn from a survey of 150 000 people in 143 economies. The survey was carried out in 2014 by Gallup World Poll.
■ Cost of a standard 50kg bag of cement ■ Price of the cheapest, newly built house by a formal developer or contractor ■ Size of this house ■ Average rental price ■ Minimum stand or plot size for residential property	2015 (and past years) CAHF 2015 (and past years) CAHF 2015 (and past years) CAHF 2015 (and past years) CAHF 2015 (and past years) CAHF	CAHF collects these datasets annually by email questionnaires, through consultants working on profiles and sometimes from online sources. Although very important, the samples used are usually very small and therefore, this data should be used only as indicative values.
■ Ease of Doing Business Rank ■ Number of Procedures to Register Property ■ Time (days) to Register Property ■ Cost (% of property value) to Register Property	World Bank's Doing Business Survey	Quantitative data is gathered and analysed in order to compare business regulations environments across economies and over time. Survey is done annually using adequate sample sizes in each country. Highly reliable.
■ Number of households per income bracket – data used to inform the affordability graphs	C-GIDD, 2014 www.cgidd.com	C-GIDD is a comprehensive database for GDP and income distribution data from 2000 – 2025. Data collected from the C-GIDD database was used per country to show an indicative split of rural and urban households per income category. The income categories used were customised by CAHF.

Algeria



KEY FIGURES

Main Urban Centres	Algiers (capital), Oran.
Exchange Rate: 1 US$***	98.96 Algerian Dinar (DA)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	3.3 | 3.0 | 4.0 | 4.0
Population^ | Population growth rate (2013)^	39 928 947 | 1.82
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	70.13 | 2.71
GDP / capita (current US$)^ | GDP growth rate (annual %)^	5 361.10 | 4.10
GNI / capita, Atlas method (current US$) ^	5 340
Population below national poverty line*	23 (2006 est.)/
Unemployment rate (%)*	9.8
Gini co-efficient (year of survey)^^	36.06 (2010)
HDI (Global Ranking)" | HDI (Country Index Score)"	93 | 0.717
Lending Interest Rate^	8.00
Mortgage Interest Rate (%) | Mortgage Term (years)#	8.00 | 30
Credit % of GDP^	18.51
Average Mortgages % of GDP°	...
Price To Rent Ratio City Centre** | Outside City Centre**	32.55 | 24.7
Gross Rental Yield City Centre** | Outside of City Centre**	3.07% | 4.05%
Outstanding home loan (% age 15+)##	3.86
What is the cost of standard 50kg bag of cement (in US$)? #	5.00
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	32 500
What is the size of this house (in m²)? #	75
What is the average rental price for a formal unit (in US$/month)#	200
What is the minimum plot size for residential property (in m²)#	80
Ease of doing business rank !	154
Number of procedures to register property !	10
Time (days) to register property !	55
Cost (% of property value) to register property !	7.10

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database
/ CIA World Factbook

Overview

The People's Democratic Republic of Algeria is a North African Maghreb state, with a population of 39.5 million inhabitants in 2015. At 2 381 000km², it is the largest country in Africa. Algeria has had modest, yet steady growth over the past few years, accelerating to four percent in 2014 from 2.8 percent in 2013, with GDP per capita of US$5 503. Inflation stabilised in the past years dropping from a 15 year high of around nine percent in 2013 to 3.3 percent in 2014. This is due to the government carrying out fiscal consolidation and measures to control and improve distribution channels for consumer goods.

The economy remains heavily dependent on the petroleum industry, which accounts for around 60 percent of budget revenues and 98 percent of export earnings. Government revenue reduced substantially with the external shock of record low oil prices, which resulted in a continued high fiscal deficit, at around 20 percent of GDP, despite a slow-down in public expenditure in 2014. This deficit was covered mainly by government reserves, which were estimated at US$ 185 billion by end of September 2014.

President Bouteflika announced a third five-year investment programme of US$262 billion for the period 2015 – 2019. However, government subsequently decided to revise this policy in order to restrict public spending in 2015, due to the dramatic fall in oil prices in 2014. The aim is to cope with lower oil prices and five consecutive years of fiscal deficits. This has included a freeze on hiring government workers (except in education and healthcare), postponing major non-priority investment projects (railways, tram networks) and the use of local banks to fund projects within the five-year development plan that are outside the equipment budget. This may put additional pressure on the need to diversify the Algerian economy and continue the government's large-scale social housing programmes, with 1.6 million units planned for 2015 to 2019.

Access to finance

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

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

A four-year ban on consumer lending was ended in 2014, so banks have now been able to offer new loan products on consumer goods. However, domestic credit to the private sector remains low overall (18.5 percent of GDP in 2014). Housing finance is a particularly underdeveloped sector, despite the liquidity of the banking sector. In 2015, mortgage lending was still only equivalent to about one percent of GDP, making up six percent of the US$31.4 million total lending of banks which is dominated, at 90 percent, by business loans. In general, commercial real estate finance in Algeria represents a larger share of total bank lending than retail housing finance.

State-owned banks make up nearly all mortgage loans, more than 60 percent of which are attributable to the CNEP (Caisse National d'Épargne de Prévoyance – National Savings and Providence Fund). Housing finance products range in duration from 20 to a maximum of 40 years at a mortgage lending rate of 6.5 to 8 percent. The maximum loan-to-value ratio for non-government programmes is capped at 70 percent of the total unit cost. Government offer upfront down-payment assistance for households qualifying for social housing programmes, which amounts up to 20 percent of the value of the unit. The level of non-performing loans (NPLs) is very high, though it has been decreasing, from 21 percent in 2009 to 11.5 percent in 2012. Until now, rather than repossessing homes, most NPLs have usually been restructured, either through swaps for T-bonds (in public sector banks) or rescheduling repayment schedules, the costs of which have been absorbed by the state.

A mortgage refinancing facility was created in 1997 (Societe de Refinancement Hypothecaire – SRH) with the goals to improve banking intermediation for housing finance, and promote the use of secondary financial markets to facilitate access to long-term finance for mortgage loans. SRH was capitalised with a fund of US$52.3 million held at the treasury, and US$12.5 million of its own funds. The SRH facility was complemented by the new securitisation law that came into force in 2006. The objective of the legislation was to free up capital to support banks to fund housing construction yet this financial instrument has not been effective in practice. The expansion of secondary mortgage markets has been limited by the lack of development of primary mortgage markets and high rate of NPLs.

Lease-to-own programmes have recently become a very popular way to access housing in Algeria. In 2011, the SRH facility received approval to operate directly in real estate leasing. There are now 5 non-bank financial institutions specialising in leasing services, including real estate, which includes Ijar Leasing Algérie and El Djazaïr Ijar. SRH has supported the expansion of the leasing sector, but the main factor for growth has been the stagnation in the authorisation of new bank licenses.

The main institution providing microfinance services is Algérie Poste, which was set up as a government corporation on January 14, 2002 to provide both postal and financial services. Algérie Poste has a large branch network, especially in rural areas. In 2014, there were 3 309 postal bank branches, compared to just under 2 000 commercial bank branches or 5.1 branches per 100 000 inhabitants. In 2012, Algérie Poste counted 13 million accounts, compared to 10 million in commercial banks. There are no specialised housing microfinance products, but Algerie Poste offers a savings for housing account, with two percent interest, and acts as a service branch for CNEP accounts, Algeria's largest housing finance lender. In 2014, Algerie Poste started offering online and mobile banking services for the first time.

Affordability

Housing affordability is a significant problem in Algeria and the cause of substantial social unrest. While the supply of housing for high income and expatriate buyers appears to be sufficient, there is a distinct undersupply of affordable housing for the bottom 60 percent of the population. Prices in the main urban centres are equivalent to those of major European cities. In 2015, the ratio of home price to the average annual income in Algiers was estimated to be 20.93. It is therefore extremely difficult for households, especially low and middle income, to access housing on the private market.

Average annual household income in Algeria was US$11 900 in 2012. Although inequality is low, with the Gini coefficient last measured at 36.06 in 2010, there are still 28.2 percent of households that earn less than US$460 per month, 52.6 percent that earn less than US$710 per month, putting the price of housing beyond the means of most households.

Public policy is focussed on building a large amount of very low-cost rental and subsidised housing units, yet government supply is not able to respond entirely to demand. Occupancy rates are high in Algeria, estimated at 4.6 persons per household in 2013. Population growth, measured at 1.8 percent per annum, and an urbanisation growth rate of 2.7 percent per annum in 2014, fuels new demand each year for housing units in cities. However, waiting lists are long and the down payment to buy a dwelling can also be prohibitive. For the middle-income housing programme, between DA700 000 and one million (US$7 000 – 10 000) is required upfront.

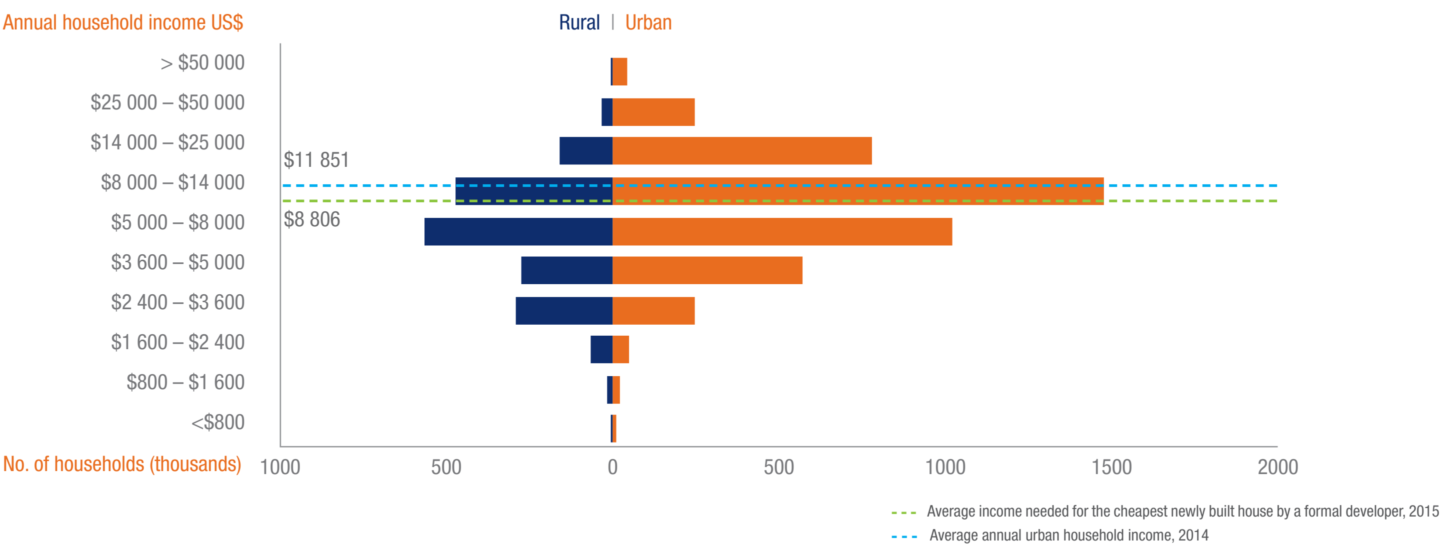
Housing supply

In 2011, the Ministry of Housing and Urban Development (MHU) announced that there was a national housing stock of 7.4 million units for an estimated 5.7 million households. Within this stock, MHU estimates that up to 20 percent are vacant, which largely act either as investment properties or second homes for the higher-income. Meanwhile, 560 000 are designated precarious dwellings and two million are in poor condition, having been constructed prior to independence in 1962.

Annual supply is estimated at 80 000 dwellings, while annual demand is estimated at 200 000 to 250 000 units per year. The national housing shortage in Algeria is reported at 1.2 million units. The MHU announced goals to overcome the backlog in July 2013 with mass-scale public construction of social units of various types.

The state is the major supplier of various types of housing through the use of national budget. In May 2014, the Ministry of Housing and Settlements announced the construction target of 1.6 million units over a five-year period from 2015 – 2019 with an estimated cost of US$56 billion, in addition to the 650 000 units that were already in progress in 2014. Around 50 percent of these units will be public rental housing (LPL), 40 percent will be homes in rural areas, 15 percent will be subsidised low-cost units (LPA), a small number will be built as part of the lease-to-own programme (AADL) and 15 000 units will be part of a new government programme started in 2014, aimed at the middle income band known as LPP. Overall, housing programmes have delivered a large number of units, with MHU reporting that 810 000 housing units were built under the 1999 – 2004 housing programme and 912 326 units

ALGERIA



under the 2005 – 2009 programme. A massive DA 3 500 to 4 500 billion (US$46 billion – 60 billion) was committed, yet only half of the 2.2 million units planned in the 2010 – 2014 period were produced. Land disputes over some project sites and mismanagement of funds contributed to this shortfall.

These programmes have required an enormous effort that is both widely publicised and visible. Thousands of housing units have been built by the state-owned firm Cosider. Of the estimated 1 800 building developers constructing the rest of the public housing, 1 500 are local Algerian firms, usually working on smaller projects of 100, 200 or 500 units. Three hundred of the developers that are carrying out the rest of the public housing projects are foreign, many from Turkey and China, with an estimated 35 000 – 60 000 Chinese construction workers in Algeria at any one time.

Despite the extent of housing construction, there is still a backlog. In the Wilaya Province of Algiers, for example, 24 300 temporary structures were built between 1998 and 2008 and substandard housing as a percentage of total housing stock rose from 5.9 percent to 9.1 percent, over the same period. In 2014, 72 000 residents were surveyed as still living in precarious housing in Algiers. There have been additional initiatives to clean up shantytowns with the slum eradication project *Résorption de l'Habitat Précaire,* a programme that included slum-upgrading, redevelopment or resettlement. Started in 1999 with a World Bank loan of US$150 million, this programme initially identified 65 target sites, accounting for 30 390 inadequate units, housing 172 000 residents. In July 2014, this programme gained a further commitment of US$90 million from the new government for the improvement of inadequate units. Within a year, 20 000 families living in temporary sites in Algiers have been given public rental housing units in the first phase of this programme.

Property markets

Constraints to the availability of land have severely restricted the emergence of a formal real estate market. The state is the primary owner of land in Algeria and only very limited supply is made accessible to private individuals or developers. Furthermore, the land registration system is cumbersome and unclear. Algeria has continued to maintain a low ranking of 157th in the 2015 Doing Business report for registering property, with 10 procedures, taking an average of 55 days (increasing from 48 days in 2012), and costing 7.1 percent of the property value. Many apartments or plots are left vacant due to disputes over tenure.

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

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

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

Policy and regulation

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

Target Group	Income Level (DA)	Income Level (USD)	Programme
1 – 6 SMIG	18 000 – 108 000	180 – 1 090	**The Rural Housing Programme** for rural areas, where a household receives a subsidy of US$8 800 for renovation or new home construction, which is disbursed as progress is made.
<1.5 SMIG	<24 000	<240	**Public Rental Housing** for households earning less than 1.5 times the minimum wage, in which construction is entirely financed by the budget on free government land and rent is extremely low, ranging from US$12 – 23 per month. To make more transparent the allocation, the government has created a scoring system for applicants that take into account a range of conditions.
1.5 – 6 SMIG	24 000 – 108 000	$40 – 1 090	**AADL (Agence de l'Amélioration et du Développement du Logement):** AADL was introduced in 2001 and operates a lease-to-own Programme for households with little down-payment capacity. Units range in size from 70m² to 85m². Small upfront payments are required for entry, and then the lease is guaranteed 100 percent by the state on a zero interest basis.
1.5 – 6 SMIG	24 000 – 108 000	240 – 1 090	**LPA (Logement Promotionnel Aidé): The Assisted Housing Programme,** started in 2010, LPA aims to facilitate home ownership for households earning up to six times the minimum wage. There is an upfront grant of either US$5 000 or US$8 700 to assist with down-payments and subsidised loan finance with interest rates between one to three percent. Land is provided by the government at discounted rates to developers for these projects to reduce overall cost, but demand is very high. Units cost between US$32 500 and US$36 800.
6 – 12 SMIG	108 000 – 216 000	1 090 – 2 180	**LPP (Logement Public Promotionnel): The Commercial Housing Programme.** A newer housing programme aimed at assisting the middle class to purchase housing, started in 2012. There are three classes, units of 80m² for US$60 400, units of 100m² for units of US$92 800, and units of 120m² for US$113 000. Households are eligible to access housing finance at three percent interest and require a 10 percent payment to be eligible. Much of these units are financed by the national public developer, ENPI (Entreprise Nationale de Promotion Immobilière).
Civil Servants	N/A	N/A	Government Employees are also offered low-cost finance, at one percent for a house up to US$86 600 for higher dignitaries, and US$50 000 for others.

Demand for all these programmes is high and supply is insufficient. Allocation procedures have been brought under scrutiny for mismanagement and arguments over allocations which are the cause of many protests. In the first half of 2015, there were 974 registered protests related to housing, compared to 710 in all of 2014. This rise is due to the large number of resettlements that have been taking place. Efforts to better regulate the application and waitlisting procedures have made some progress, yet have not gone far enough to alleviate this social unrest.

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

Opportunities

The outlook for growth in the Algerian housing finance sector remains largely positive, given the liquidity of the financial system, the development of stronger legal frameworks for mortgages and growing number of banks offering varied housing finance options, including housing microfinance. Yet, progress is slow due to delays in reforms of the financial sector and the large drop in oil prices which threatens to destablise fiscal stability and public programmes that require large expenditures. There has also been a sharp decline of European investment and a revival of interest from Gulf investors and the country has introduced a 49/51 rule, which limits the participation of a foreign investors in local companies to 49 percent.

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

Earlier this year, the government stated its intention to shift the housing delivery emphasis from the provision of public housing towards the facilitation of privately-developed affordable housing, financed through long-term mortgage loans. The government commitment made in 2014 of another major public investment in a five-year housing construction programme demonstrates that government still feels responsible for low income housing. There have been very few concrete attempts to facilitate private sector activity, so many Algerians simply wait and rely on these public delivery systems.

The government has stated its intention to shift the housing delivery emphasis from the provision of public housing towards the facilitation of privately-developed affordable housing, financed through long-term mortgage loans. Yet, the recent announcement of yet another public push on housing construction demonstrates that there have been very few concrete attempts to facilitate private sector activity, so many Algerians must simply wait and rely on the public delivery systems.

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Angola

KEY FIGURES

Main Urban Centres	Luanda (capital), Lubango, Benguela, Huambo
Exchange Rate: 1 US$***	125.50 Angolan Kwanza (Kz)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	8.8 | 7.4 | 8.0 | 8.7
Population^ | Population growth rate (2013)^	24 400 000~~ | 3.05
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	62.00~~ | 4.88
GDP / capita (current US$)^ | GDP growth rate (annual %)^	5 935.72 | 3.90
GNI / capita, Atlas method (current US$) ^	5 300
Population below national poverty line*	36.6
Unemployment rate (%)*	26.0
Gini co-efficient (year of survey)^^	42.66 (2008)
HDI (Global Ranking)" | HDI (Country Index Score)"	149 | 0.526
Lending Interest Rate^	16.38
Mortgage Interest Rate (%) | Mortgage Term (years)#	15.00 | 20
Credit % of GDP^	24.98
Average Mortgages % of GDP°	...
Price To Rent Ratio City Centre** | Outside City Centre**	10.29 | 7.34
Gross Rental Yield City Centre** | Outside of City Centre**	9.72% | 13.62%
Outstanding home loan (% age 15+)##	2.16
What is the cost of standard 50kg bag of cement (in US$)? #	7.00
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	200 000
What is the size of this house (in m²)? #	95
What is the average rental price for a formal unit (in US$/month)#	...
What is the minimum plot size for residential property (in m²)#	500
Ease of doing business rank !	181
Number of procedures to register property !	7
Time (days) to register property !	190
Cost (% of property value) to register property !	3.00

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database
~~ Government of Angola National Census 2014

Overview

Angola is an oil-rich nation located in southern Africa, on the Atlantic coast of Africa, and bordered by Namibia, Zambia and the Democratic Republic of Congo. President Jose Eduardo dos Santos' ruling party, the People's Movement for the Liberation of Angola (MPLA), holds a strong majority, having taken 72 percent at the August 2012 polls. The country has come a long way since its civil war ended in 2002. In 12 years, Angola has managed to transform its war-torn economy into the fifth biggest in Africa. This growth has been mainly fuelled by a doubling of oil production, turning Angola into Sub-Saharan Africa's second largest oil producer after Nigeria. Rising oil revenues have allowed for large-scale state investments, mainly in the construction and rehabilitation of public infrastructures, leading to a massive construction boom and double digit GDP growth rates which reached 23.4 percent in 2007 up from 3.3 in 2003.

Poverty rates have been reduced in post-war years, but about 40 percent still lives below the poverty line[1]. While non-oil economic sectors, notably in services such as banking and telecoms, have been thriving in the past years, the benefits of this growth have been limited to a growing but still small urban middle class. Due to high birth rates and the continued underdevelopment of Angola's countryside, its urban population has been growing rapidly in the past years, with nearly a third of its 24.4 million population now living in the capital of Luanda[2]. Average incomes are higher in urban areas compared to rural ones, but rapid urbanisation and high costs of living in the city mean that at least two thirds of Luanda's residents depends on the informal sector[3]. In recent years the Angolan government has come to play an active role in housing development through the construction of mass scale housing projects. Nevertheless, informal self-built housing remains the predominant method of housing development.

Access to finance

As of 2014, there were 24 banks in Angola, four of which are state owned; half of which have entered the market in the past six years[4]. The Angolan banking sector the third largest in Sub-Saharan Africa after Nigeria and South Africa. However, levels of financial inclusion in Angola remain low[5]. Only 39.2 percent of Angolans have a bank account at a formal financial institution. This percentage is somewhat higher in urban areas, where 56.5 percent have an account, compared to 33.8 percent in rural areas[6].

The National Bank of Angola (BNA) has made a concerted effort to increase the use of banking services in recent years. In the past, commercial banks were restricted to the few who could meet the deposit requirement of about US$200 to open an account. In 2011, the National Bank of Angola launched the Bankita programme in partnership with most of the commercial banks that operate in Angola in an effort to improve access to banking services amongst low income households. This matched savings programme offers people the possibility to open a bank account with only Kz100 (about US$1)[7]. However, data on the holders of Bankita bank accounts indicate that their use is limited to urban, male and formally employed individuals[8].

The post-war construction boom has resulted in a growing interest in the mortgage market and most large banks now offer loans for housing. BAI, for example, offers terms of up to 20 years and financing up to 85 percent of the value of the property. Interest rates for mortgages generally vary between eight and 14 percent. Other banks finance house acquisitions as unsecured consumer loans. These products typically have much higher interest rates, reaching up to 24 percent, and shorter repayment periods of around 36 months[9]. In practice the lack of instruments to gauge the creditworthiness of prospective borrowers due to the lack of a credit information and a national identification system means that collateral is required for nearly all loans. The absence of a functioning property registration system remains an obstacle and rejection rates of loan applications are high.

As a result, only 7.6 percent of housing credit held by households came from banks in 2009, with the rest obtained from family and friends, savings and employers. In 2010, lending for housing picked up from Kz84 billion (US$900 million) in July to Kz189 billion (US$2 billion) in August of the same year. By mid-July 2013, according to the Governor of the National Bank, individual housing loans were still under eight percent of all loans. However 16 percent of overall investments from banks went into housing, the majority of which was for construction by commercial companies[10]. Most of these companies are large, established and often foreign-owned firms, as smaller domestic start-ups experience similar kind of difficulties as private individuals when it comes to accessing finance.

Nevertheless, Angolan banks investment in the real estate sector in 2014 from data released in July 2015 by the National Bank indicates an increase by approximately US$6 billion over the year[11]. In order to overcome some of the obstacles related to access to housing finance, the Angolan government has taken an active role in the area of housing development through the construction of new urban centres, or *centralidades*, across the country. These have generally been financed through oil-backed credit lines from China. Housing in these projects is subsidised through a rent-to-buy scheme launched in 2013 by SONIP, the real estate arm of the Angolan national oil company. This scheme offers a three percent interest rate on twenty-year mortgages for apartments in the new *centralidades*. In August 2014, the SONIP housing portfolio was transferred to the Angolan private housing management company Imogestin SA.

The government has also created a Housing Development Fund (FFH) (Decree 54/09 of 2009) and adopted new legislation on housing finance with the aim of encouraging commercial financial institutions to provide credit for the construction or purchase of a house. This is done by providing subsidies to banks to reduce interest rates and by providing financial guarantees to reduce risk. Agreements to this effect have been signed with several banks, but so far the portfolio of the FFH is limited to the provision of subsidised loans for public servants. These loans are restricted to the 5 500 units in the *centralidades* of Kilamba and Cacuaco/Sequele in Luanda, which are managed by the FFH. Loans are extended for 30 years with a three percent interest rate.

The penetration rate of microfinance institutions (MFIs) remains low, with little more than 30 000 active clients. Three MFIs are currently registered with the BNA, but new MFIs have started to enter the market[12]. Of these, only KixiCredito and Novo Banco Angola report to MIX Market, an online source of microfinance performance data and analysis, which recorded a combined US$20.6 million worth of loans disbursed in 2011[13]. Most microfinanciers in Angola are financial banks; in 2007 BAI moved into microfinance by acquiring Novo Banco Angola. The African Development Bank expected that the adoption of new regulations on micro-finance institutions in 2011 should accelerate the development of the sector going forward[14].

KixiCredito is the largest non-bank microfinancier, launched by local non-governmental organisation (NGO) Development Workshop Angola. In 2014, KixiCredito had a gross loan portfolio of US$32 million, with loans to 20 000 borrowers. In addition to microfinance for small business, it also offers a housing microfinance product known as KixiCasa. This was developed on the realisation that more than 30 percent of business loans were being diverted for housing purposes. The product enables groups of between three and five people to access 36-month loans from US$1 000 to US$10 000. In 2012, Homeless International (now Reall) gave Development Workshop access to its CLIFF line of financing for a new social housing project in Huambo province. End-user finance for incremental housing is being provided by KixiCasa. KixiCrédito is also finalising a relationship with IFC to finance the institution's scale-up and its new housing product.

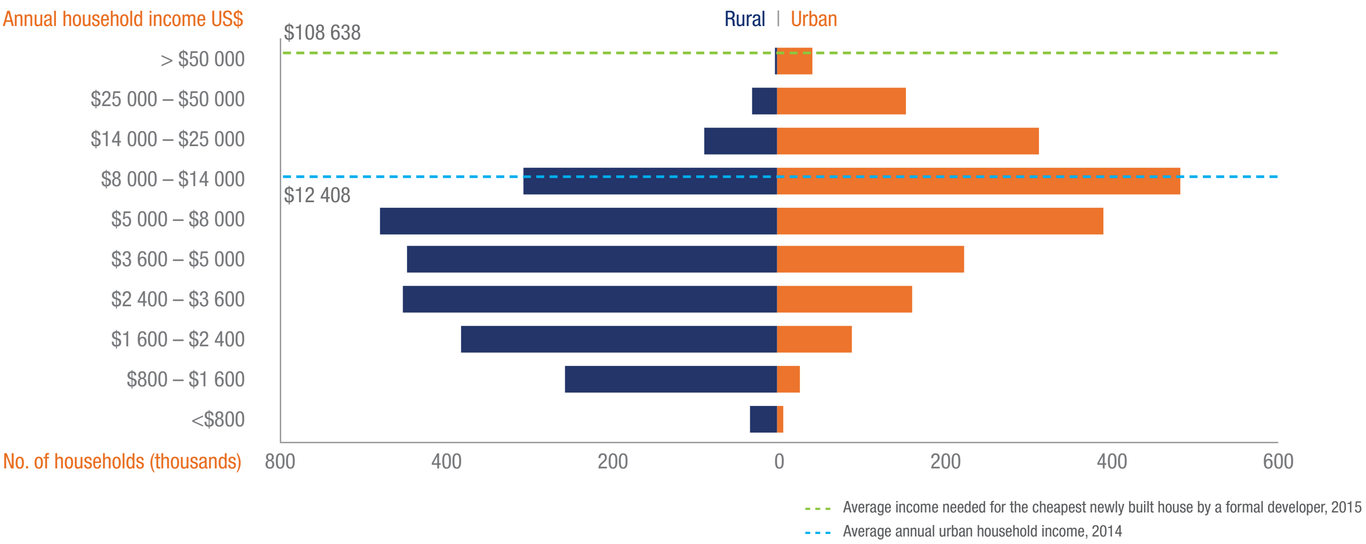
The social security system in Angola covers less than 10 percent of the economically active. There are some special pension funds set up for war veterans and oil sector workers, and there is scope for harnessing these resources for housing. Plans to set up a stock market have been underway since before the end of the war. Government bonds started to be sold to investors in December 2014 and equity trading is expected to start by the end of 2015[15].

Affordability

The Angolan population is a young; almost half are under the age of 15. The average Angolan household consists of five members. A government household survey conducted in 2008-2009 calculates average income per person at about US$90 a month, but almost double in urban areas than in rural areas: US$110 against US$60[16]. The minimum wage in Angola is about US$150 and the average monthly salary is estimated to be approximately US$ 500, but skilled private sector employees generally earn over 20 times more than those in the lowest income bracket[17]. For (expatriate) oil company employees, this income is even higher with employers generally picking up the bill for accommodation.

The demand for high-end, quality housing in secure developments, with the reliable provision of utilities, and the substantial budgets of oil companies means that rental and sale prices have become among the most expensive in the world. Prices dropped somewhat after the economic downturn in 2008, caused by a fall in oil prices. Nevertheless, the focus of formal commercial developers remains on the higher income category. In this market, a two-bedroom apartment of about 180 m² in downtown Luanda reaches an average of US$8 525 a m² or nearly US$1.5 million a unit, while a three bedroom house of about 190 m² in a residential compound in the suburb of Luanda Sul costs about US$1 million per unit or US$5 269 a m². The cheapest commercial properties are found in Camama, an hours drive from central Luanda, where there are limited asphalted roads and poor electricity supplies. There, a two-bedroom apartment costs approximately US$200 000, compared to US$840 000 in Maianga, an inner-city district[18].

ANGOLA



The are government schemes aimed at making housing more affordable. In the beginning of 2013 the Angolan government substantially reduced the selling price of apartments in several of its large-scale housing projects in Luanda. Apartments in these projects were initially priced between US$125 000 and US$200 000 a unit. The introduction of subsidised rent-to-buy schemes through SONIP and the Housing Development Fund (FFH) reduced apartment prices to US$80 000 for a three bedroom apartment, with monthly payments of US$390. This brought ownership within the reach of early career professionals and mid-level civil servants earning over US$1 500 a month. While the FFH kept non-payments low through automatic debit orders, Imogestin has not charged any payments since it took over from SONIP. Residents are expected to start paying their monthly instalments from October 2015 onwards[19].

It has been reported that in the future, the rent-to-buy option for housing units in government housing projects currently under construction in other parts of the country will be limited to public servants, while other prospective buyers will need to apply at commercial banks for loans that will benefit from state subsidies to keep interest rates low[20].

It is evident that the rapid rise of house prices and rental prices are slowing, partly due to the government subsidised units. Despite budget cuts in other areas of the social sector due to the most recent fall in oil prices in 2014, investment in housing remains considerable at 4.7 percent of the state's budget, up from 1.07 percent in 2012. However, government housing schemes do not address the costs of living in government housing projects, which are mostly located on the city periphery. A lack of public transport means that many residents rely on costly private transport. Moreover, government housing projects have been largely unsuccessful in terms of reaching low income households.

Housing supply

The civil war in Angola left a legacy of a highly urbanised population, living in areas with little developed infrastructure – some 30 percent of the population have no access to electricity and less than 42 percent have access to clean water. The limited infrastructure restricts development by drastically increasing the cost of developing. This has led to a severe shortage of habitable housing in urban areas.

In the first post-war years, a number of government housing projects were developed for low income households, such as war veterans or people. However, rapid urbanisation means that these projects contributed little to overcome the housing deficit, estimated at just below two million units. In the run-up to the country's first post-war elections in 2008, the government announced a plan to build 1 million houses by 2012. Accompanied by the slogan 'My Dream, My Home' *(Meu Sonho, Minha Casa),* this plan was formally adopted in 2009 as the National Urbanism and Housing Programme. The public and private sector were each meant to deliver around 12 percent of the total of one million housing units. Housing co-operatives were to deliver around eight percent, while more than 68 percent were to be delivered through the provision of serviced and legalised plots of land for self-help building.

The implementation of the housing programme is still on-going and the timeframe has been extended to 2017. The most successful element of the programme has been the delivery of state-built housing. This includes the construction of new urban centres such as the 'new city' of Kilamba. Financed with a Chinese credit line of US$3.5 billion, which Angola is repaying in oil, and built by the Chinese state-owned company China International Trust and Investment Corporation, Kilamba is one of the largest new-build developments on the continent. Covering 5 000 hectares, the first phase of this residential development includes 750 eight-story apartment buildings with over 20 000 apartment units, as well as schools and retail units, which currently house over 70 000 people. The second phase of Kilamba consists of 5 000 apartments called 'KK 5000'.

Beyond Kilamba, several other new 'satellite cities' have been built by Chinese companies on the outskirts of the capital of Luanda, totalling about 70 000 housing units. The government is building an additional 40 000 units to re-house residents of the inner-city bairros (areas) of Sambizanga, Cazenga and Rangel, which have been targeted for urban renewal. Outside of Luanda, several other Chinese-built new cities amounting to 30 000 units are under construction. Progress is uncertain with the 40 000 houses are under construction in the provinces of Bié, Huambo, Moxico, Kwanza Sul and Uíge by Kora Angola, a partnership between SONIP and the Israeli company LR[21].

State-led housing delivery and the subsidised mortgages (regulated by Presidential Decree 259/11 of 2011) mainly serve better paid civil servants. The 'one million houses' programme has mainly fallen short in supporting the self-help housing sector, with regards to security of tenure, serviced stands and financing. It has also failed to create an enabling environment for private actors and housing cooperatives. The domestic construction and the local construction material sectors remain underdeveloped. As a result, foreign firms and imported building materials predominate. Though there has been some progress regarding local cement production, as a ban on imports and new cement factories reduced prices from over US$20 in 2007 to about US$7 in 2015.

Property markets

Angola's formal property market is still in its infancy, with most properties being bought new or off plan and little turnover of real estate. New laws for rentals and the transfer of housing have been adopted in recently in order to make investment in rental housing more attractive, replacing colonial. This is also expected to offer more protection for tenants. This includes a new urban rental, adopted in August 2015, which requires that rental payments be in the country's currency instead of US dollars and that downpayments should be limited to a maximum of 6 months[22]. Before, it was common for landlords to demand downpayments of two years.

Angola has also made significant progress in reforming the administrative processes for registering and transferring property. The *Guiché Único* (Presidential Decree 52/11 of 2011) was created in 2011, a one stop shop for property registration, while new laws on notaries and realtors (Law 8/11 of 2011 and Law 14/12 of 2012) have liberalised the property market, allowing for the private exercise of this profession alongside state officials. A new law on urban property tax (Law 18/11 of 2011) reduced the cost of transferring property from 10 percent to two percent, eliminating them altogether for low cost housing. Stamp duties have been reduced from 0.3 percent to 0.5 percent, tax on housing credit from 0.3 percent to 0.1 percent, and land registry fees have been reduced by half. As a result, the cost of transferring property was reduced from 11.5 percent of the property value in 2005 to three percent in 2015[23]. However, it still takes 190 days to register property[24].

Obtaining the official permits and licences necessary to operate in Angola remains costly and time-consuming. For instance, construction permits now take on average 203 days to obtain (down from 348 days in 2013). It takes 1 296 days (an increase from 1 011 days in 2013) to resolve a contract dispute, and the average cost of doing so is equal to 44.4 percent of the value of the claim[25]. At 187th of 189 countries in 2015, this makes Angola rank among the worst in the world for ease of contract enforcement. A general legal framework for faster, non-judicial arbitration of disputes, the Voluntary Arbitration Law of 2003, has yet to be fully implemented[26]. Moreover, legislation that would allow banks to repossess property in case of non-payment is yet to be adopted. According to the Angolan Association of Real Estate Professionals (APIMA), it takes three years for banks to confiscate mortgaged real-estate.

Policy and regulation

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

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

However, in practice state institutions are weak and the enforcement of policy and legislation is wanting, especially in the area of land tenure (Law 9/04 of 2004). Many different actors are involved in granting property rights and there is no unified land registry. Moreover, by-laws regulating and simplifying the legalisation of land in the large informal settlements around Angola's major cities have not yet been published. The first comprehensive study of Luanda's urban land markets carried out in 2011 by Development Workshop Angola, with the support of the World Bank, demonstrated that there was a thriving land market but that it operated mainly in the informal sector, with less than 10 percent of land parcels outside the urban core having legal titles[27].

Opportunities

Although subsidised state-led housing construction remains a government priority, budget constraints resulting from the global economic downturn will limit the extent to which the government will be able to continue to invest its own resources in housing development. The National Private Investment Agency (ANIP) has long called for public private partnerships in the area of housing development, offering various incentives. In January 2015, the Minister of Urbanism and Housing invited various stakeholders from the private sector for a meeting about the current obstacles in the property market. This led to a decision to create a task force to improve the participation of the private sector in the implementation of the National Urbanism and Housing Programme (Resolution 20/09 of 2009)[28]. This is likely to create further opportunities for residential financiers and developers.

Despite government investments in urban infrastructure, there are still significant needs in this area. There is increasing recognition by the government that insufficient progress has been made when it comes to making legalised and serviced land available for self-help building. This represents opportunities for actors and companies that can provide technical assistance in terms of land regularisation as well as opportunities for infrastructure development. This was highlighted in April 2015, during the 2nd Africa Urban Infrastructure Investment Forum that was held in Luanda.

While the buying power of the country's urban middle class represents on-going opportunities for both financing and development, so far the lower income segment of the population has been virtually untouched. Housing microfinance therefore represents big opportunities, having the advantage of a supportive legislative regime that formally recognises incremental housing, an established tradition of microfinance lending, established practices by players such as KixiCrédito, and recognised significant demand for it.

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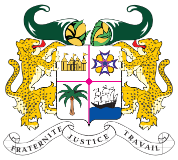
Benin



KEY FIGURES

Main Urban Centres	Porto-Novo (capital), Cotonou
Exchange Rate: 1 US$***	593.20 West African CFA
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	1.0 | -0.5 | 1.7 | 1.7
Population^ | Population growth rate (2013)^	10 599 510 | 2.64
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	43.51 | 3.63
GDP / capita (current US$)^ | GDP growth rate (annual %)^	825.23 | 5.37
GNI / capita, Atlas method (current US$) ^	810
Population below national poverty line*	36.2
Unemployment rate (%)*	1.0
Gini co-efficient (year of survey)^^	43.53 (2011)
HDI (Global Ranking)" | HDI (Country Index Score)"	165 | 0.476
Lending Interest Rate^	...
Mortgage Interest Rate (%) | Mortgage Term (years)#	13.00 | 7
Credit % of GDP^	25.07
Average Mortgages % of GDP°	...
Price To Rent Ratio City Centre** | Outside City Centre**	...
Gross Rental Yield City Centre** | Outside of City Centre**	...
Outstanding home loan (% age 15+)##	5.50
What is the cost of standard 50kg bag of cement (in US$)? #	6.13
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	15 188
What is the size of this house (in m²)? #	44
What is the average rental price for a formal unit (in US$/month)#	...
What is the minimum plot size for residential property (in m²)#	250
Ease of doing business rank !	151
Number of procedures to register property !	4
Time (days) to register property !	120
Cost (% of property value) to register property !	11.70

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

Benin is a small country in the West African Economic and Monetary Union (WAEMU). For years, agriculture has been the main driver of the economy through cotton exports, which account for over 40 percent of export revenues. This has changed over the last decade, with services taking the lead. The country has recovered from a slowdown in agricultural production following 2009 and 2010 floods. GDP has increased steadily, from 5.4 percent in 2012, reaching 5.6 percent in 2013 and 5.5 percent in 2014. Over the past three years, GDP growth has been driven by an increase in agricultural production and in activities at the Port of Cotonou, resulting from modernisation works undertaken under the Millennium Challenge Account Programme and private investor Bolloré. The World Bank's 2015 Doing Business Report ranked Benin among the top 10 reformers in the world, with a significant improvement of its overall ranking from the 167th out of 189 economies on the 'ease of doing business' global index to the 151st in 2014, a 16 rank jump from the 2013 rank.

After reaching 6.7 percent in 2012, inflation slowed to around 1.1 percent in 2013, and deflation of 0.5 percent in 2014 caused by the normalisation of the petrol market in neighbouring Nigeria, after a hike in 2012. Benin's public finance is under stress due to changes in trade policy in Nigeria, which significantly reduced re-exportation taxes on rice and several imported products transiting in Benin. According to the 2013 general census, Benin's population has reached 10.5 million. The urban population reached 43 percent of the total population in 2013 and grows at a steady 3.6 percent a year.

Access to finance

The country's financial sector is concentrated in commercial banks; other sectors are still in their infancy. At the end of 2013, there were 14 commercial banks with about 190 branches and 254 ATM machines, with a total of 892 914 bank accounts for about 10 million inhabitants[1]. In 2014, a new bank joined the Benin banking landscape, the *Banque africaine pour l'investissement et le commerce (BAIC)*. In 2014, loans disbursed were estimated at CFA Francs 1 084 billion (US$1.85 billion), a six percent increase from 2013. 46 percent (CFA Francs 497 billion or US$848 million) of loans were medium- to long-term loans, but the latter remain marginal at CFA francs 37 billion (US$63.1 million) or three percent. Access to credit as measured by credit to the economy remained at 25 percent of GDP in 2014, as in 2013 compared to 24 percent in 2012[2]. Lending rates remain moderate, but are among the highest in the region, averaging 8.5 percent in 2013. Despite the creation in 2010 of the Regional Mortgage Refinancing Fund *(Caisse Régionale de Refinancement Hypothécaire – CRRH)*, lack of long-term financing remains the main reason for the low provision of long-term credit. In 2013, other stakeholders in the financial system included two pension funds (serving about 50 000 citizens) and the insurance sector, with an insurance premium equivalent of 1.7 percent of the country's GDP[3].

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

In 2013, there was a total of CFA Francs 20 billion (US$35.2 million) housing loan provided by Benin banks[4]. This reached CFA Francs 6 billion (US$10.3 million) for the first two months of 2014, compared to CFA Francs 4.1 billion (US$7.04 million) for 2012. The increase is explained by the sale of the first units of the government promoted affordable housing programme. This continues to increase, as the government continues to sell out more and more housing units. In 2015, a total of about 200 units were sold out.

In July 2010, the WAEMU created a regional mortgage refinance fund called *Caisse Régionale de Refinancement Hypothécaire (CRRH)*, hosted at the West African Development Bank (BOAD). With an initial capital of CFA Francs 3.4 billion (US$5.9 million) and a partnership with 31 banks in the region, the CRRH aims to provide long-term resources that will allow lenders to develop long-term mortgage products at relatively moderate rates. Between the time of its creation and January 2014 CRRH mobilised about CFA Francs 77 billion[5] (US$131 million) in long-term resources for 23 partners banks in the eight WAEMU countries.

As a result, some banks have designed specific housing finance products, such as the housing savings plan of Ecobank Benin, which provides access to relatively lower interest rate housing loans for savers. In 2012, Bank of Africa Benin launched the 'housing loan', a new product specifically targeted to those looking for long-term housing finance. The term of this loan can go up to 20 years, with an interest rate as low as 6.5 percent. The housing loan was launched in partnership with the Benin Housing Bank and is secured by a mortgage on the house for which the loan is requested.

The first of its kind in the country, Benin Housing Bank (BHB) was founded in 2004 by a public private partnership between the government and private stakeholders, including the Bank of Africa, to provide solutions to the demand for housing finance in the country. The BHB is capitalised at CFA Francs 5 billion (US$8.5 million) with the Bank of Africa Group as main shareholder at 77 percent. It is expected to provide 50 percent of its loans to affordable housing projects, although this is not always achieved. Some specificities of this include that the maximum borrower's net monthly income should be CFA Francs 250 000 (US$427) and that the maximum value of the housing units or the improvements should be CFA Francs 150 000 a m², within an upper limit of CFA Francs 12 million (US$20 478) for a whole house. BHB is reportedly the most important originator of housing loans in Benin. At December 2014, the total outstanding loan by the BHB was CFA Francs 22.9 billion[6] (US$39.12 million).

While Benin is known to be one of the most stable democracies and economies in West Africa, lending rates offered by its banks are among the highest in the WAEMU. In 2013 the average interest rate was around 8.5 percent, down from 2012. This confirms the downward tendency noticed in recent years, (as low as 6.5 percent for long-term loans) as the macroeconomic and political environment remain stable and competition increases in the banking sector.

The savings culture of the Beninese has driven the growth of microfinance, making it a significant player in the country's financial system. As of March 2014, there are 85 registered microfinance institutions with 742 service points, serving 2.25 million clients. The *Fédération des Caisses d'Epargne et de Crédit Agricole Mutuel* (FECECAM) is the biggest network, gathering more than 80 percent of clients. The penetration rate of microfinance reached 85 percent in 2014. CFA Francs 92 billion (US$157 million) represented the total outstanding debt of all of the 85 microfinance institutions (MFIs) for a total deposit of CFA Francs 77 billion (US$149.5 million)[7]. A significant change in the microcredit sector since 2013 is the joining of LITTO Finance as the second private corporate MFI with FINADEV, a branch of the ORABANK group.

Some of the MFIs offer housing finance products. For example, PADME offers loans of up to CFA Francs 10 million (US$17 065) over 60 months, at 1.5 percent to two percent interest a month. A critical challenge facing these MFIs is the limited amount of resources available to manage larger size housing loans in the longer term.

Affordability

Affordability is a serious issue since incomes are relatively low compared to housing unit prices. The cheapest properties cost about CFA Francs 8.9 million (US$15 188), or 18 times the per capita gross national income estimated at US$810 in 2014.

Affordability of housing is exacerbated by rapid escalations in land prices, especially in newly urbanised areas. However, speculation also drives prices, with more intermediaries positioning themselves between property owners and buyers. Increasing land prices have driven lower and middle income people to move further from the inner city to where they can afford land. Adding to the rising land price is the increased price of construction materials. For example, the price of a ton of cement produced locally has increased by more than 30 percent between 2008 and 2012. However, the completion of a new cement plant (Nouvelle Cimenterie du Bénin – NOCIBE) in 2013, drove the price of a 50kg bag of cement down from its CFA Francs 4 550 (US$7.76) level. Today a ton of cement costs around CFA Francs 80 000 (and US$6.13 for a 50kg bag, a decrease of 14 percent. A standard sheet of corrugated iron is US$4.97.

A minimum plot size for residential property in urban areas is 250m². Owning a property requires a minimum of CFA Francs 8.9 million[8] (US$15 188) for a one-bedroom housing unit in the government's '10 000 affordable housing units' programme. The programme delivered some 2 100 housing units in 2012 and a few more in 2013 and 2014, behind schedule. These added to 240 high-end villas built between 2008 and 2011, costing about CFA Francs 350 million (US$597 270) per unit. Properties in business or industrial estates cost as much as CFA Francs 144 261 per m².

People therefore develop creative ideas to save and self-build their housing. Some establish informal savings groups (known as in-kind *tontines*) to access building materials, mostly cement. A beneficiary in the group is chosen randomly, each member benefits only once, and the *tontine* runs until all have benefited. However, as building material increase in price, the feasibility of this kind of scheme is under strain.

Housing supply

There are four major contributors to the housing stock in the country – households, government agencies, public private partnerships and private developers. Despite various efforts, formal housing supply still lags behind the demand.

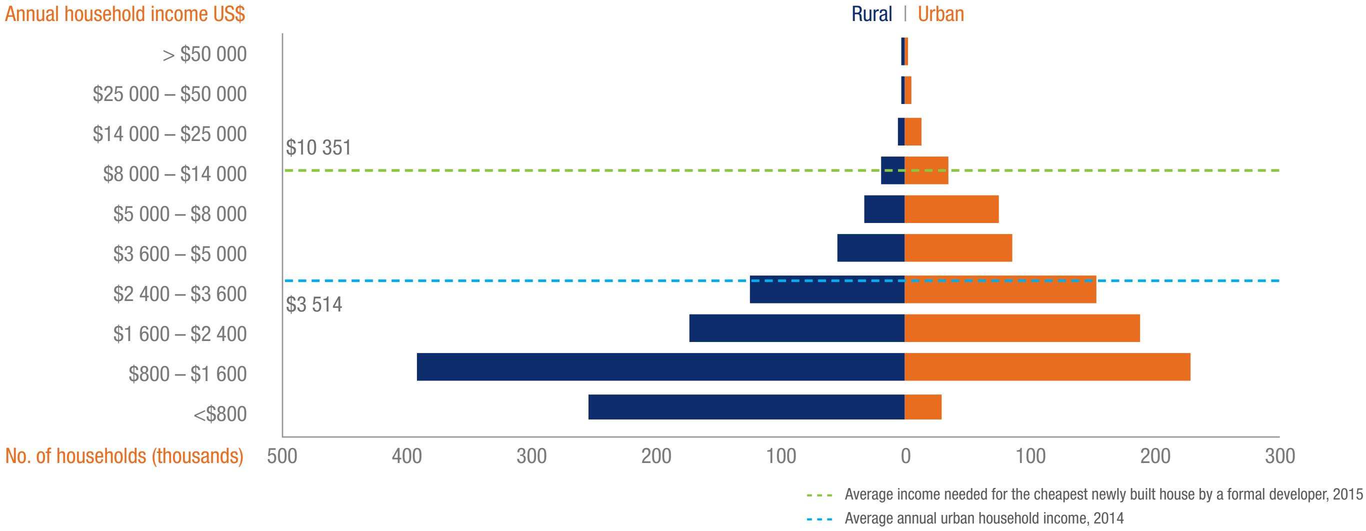
With the emergence of a market economy in the country, there has been an upsurge of housing projects through public private partnerships. A number of these have been in the affordable housing space, for example, the Arconville project in partnership with Shelter Afrique for the construction of 10 000 affordable housing units, the '1 042 affordable housing units' programme launched in 2001 in Abomey-Calavi in partnership with the Betsaleel Building Group and the support of Shelter Afrique, and the '600 housing units' programme launched in 2001 in partnership with Benin Kasher, a private company. In 2008, the government launched a big programme for the construction of 10 000 affordable housing units all over the country. The programme received support from the banking sector, with the Benin Housing Bank and Atlantique Bank for respectively CFA Francs 10 billion (US$17.1 million) and CFA Francs 2 billion (US$3.41 million). From its launching to date, it is not clear how many housing units have been completed. But one can estimate that at most there are about 2 500 housing units built on all of the chosen sites. The number of sales also remained unclear so far.

As part of the 10 000 affordable housing units programme, GCITT a private developer has been contracted by the government to provide 600 housing units using local material and the Hydraform® technology in the Bethel Real estate in Abomey-Calavi. The development will be made of two-bedroom, three-bedroom and duplex housing units costing between CFA Francs 10 9 million (US$18 546) and CFA Francs 38.1 million (US$65 171)[9]. About a hundred of these units have been built and sold at September 2015. Acquisition of these require a down payment of 40 percent of the unit, the remaining expected to be paid off over 12 months.

In 2011, a project involving the delivery of 40 affordable housing units as part of an agreement between the Venezuela and Benin governments was completed, slightly increasing the available housing units.

In 2013, two new housing providers were established – the Executing Agency of Public Interest Works in Benin (Agence de Gestion des Travaux d'Intérêt Public, or

BENIN



AGETIP-Benin) and the international NGO Voûte Nubienne based in France. While AGETIP Benin with its 'Villas de l'Atlantique' project focuses supply on urban areas in Cotonou and Abomey Calavi, the NGO Voûte Nubienne targets rural areas, mainly in the northern part of the country, doing a lot of local capacity building. AGETIP plans to develop three different types of villa in Fidjrossè, a residential neighbourhood in Cotonou and in Abomey-Calavi, for a total of 120 housing units costing between CFA Francs 76 million and 126 million (or US$130 000 to US$215 000). AGETIP is completing this project in partnership with local banks such as Ecobank Benin, the *Banque de l'Habitat du Benin* and the Sahelo-Saharan Bank for Commerce and Investment (BSIC). In 2014, AGETIP launched the sale of new empty plots in the cities of Cotonou and Abomey-Calavi, costing between CFA Francs 2 000 (US$3.41) and CFA Francs 20 000 (US$34.12) a m^2.[10]

Property markets

Land titling is still a major challenge. According to the World Bank's 2015 Doing Business Report, Benin ranked 64th out of 189 countries on the 'dealing with construction permit' indicator. This is a nine point improvement from 73rd in 2013. It currently still takes an average of 111 days and 11 procedures, and costs 165.3 percent of the per capita income to obtain a construction permit. On registering a property, no real progress has been made. It currently takes an average of 120 days and four procedures, and costs 11.7 percent of the property value, placing Benin at 165th rank out of 189 countries. This discourages a lot of people from getting a construction permit. Fortunately, with the enactment of the new Land Code, followed by the signing of a number of decrees in 2015, including the one creating the National Agency for Domains and Land *(Agence Nationale du Domaine et du Foncier)*, which is to be a 'one-stop window' for property titling things are expected to improve in the near future. This should streamline property titling procedures, reducing costs and burdens on titling requestors.

Property markets are dominated by the trade of empty plots. Trade of built housing units is very limited, with only a few high-end units (built in preparation for the Community of Sahelo-Saharan states [CEN-SAD] summit in 2008) on the market. Two important private actors are positioning themselves in the property market landscape, with their specialty being the brokering of empty plots and a few houses: Global Services Immo and Benin-Immo which advertise both plots to sell or rent on their regularly updated websites. While Benin-Immo operates mostly in Cotonou and its surroundings, Global Service Immo covers the whole country with its activities. Global Service Immo is gaining recognition for selling only secured properties.

The sale of the first units made available through the government's '10 000 affordable housing units' programme started in 2012. While the sale of the housing units has increased some new owners complained about the lack of amenities (water and electricity) promised. Those who acquired properties on the Houedo site also complained about accessibility to their properties and security concerns.

Transparency on the sale remains a serious issue as the *Agence Fonciere de l'Habitat* has not published any statistics on sales. However it is well known that the acquisition rate is much lower than expected. The main problem is affordability, even for civil servants who find it very difficult to afford the down-payment. The government is exploring the option of leasing to ease access to these properties.

Despite important progress made in securing property rights on land by the Millennium Challenge Account Benin programme of 2007 to 2011, trade of empty plots continues to be limited by the absence of a comprehensive cadastre and limits (the length and cost of the process) in establishing land titles on plots on the market. The new Land Code will create a cadastre, but in the meantime, urban land registries in a few of the big cities are the only mechanisms available.

Policy and regulation

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

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

In 2012, alerted by citizens in several municipalities and communes, of mismanagement of public and private land, the Minister of Decentralisation issued a hold on any new land subdivision and commissioned investigations of cases of non-transparent land subdivisions. Several workshops were held at national level to deepen reflections on a new land policy for Benin. An important advance in the regulatory environment was the vote early in 2013 by Parliament of the new Benin Land Code. This reorganises land property rights and puts an end to the legal dualism inherited from the colonial era, creating a unified land tenure system. In November 2014, as part of the Doing Business reforms, the government took a total of 14[11] important decrees to ease to implementation of the new Land

Code, but also created two major agencies in the institutional architecture of land administration: the National Agency for Domain and Land (Agence nationale du domaine et du foncier – ANDF), and the Land Compensation Fund (Fonds de dédommagement foncier) under the Ministry of Finance. Likewise, Communes (local governments) were empowered on land administration with the enactment of decentralised organisation for land administration, among which the Commune's Land Administration Commissions. This will help Communes to fully exercise their prerogatives in land administration as devolved by decentralisation laws. Among areas covered by the above-mentioned decrees are the shared property rights on build high rise buildings, modalities for the division and reunion of property rights, arrangements for exercising the right of first refusal and leasing of preempted or expropriated buildings. Those are important for the protection of property rights in the Republic of Benin.

Opportunities

People in Benin take pride in owning their house. The demand for housing is therefore very high. There is also a strong commitment by the government to invest in the housing sector, as illustrated by the launch of the '10 000 affordable housing units' programme in 2008. Likewise, the legal and institutional framework to secure property rights is being strengthened, especially since the voting in 2013 of a new land code, but also the creation of several entities to that end. All this should soon be complemented by the enactment of a new land policy note by the government. The policy aims to help secure access to land and land ownership, facilitate the access of public authorities to land, improve management by the state and decentralised communities of their respective jurisdictions, and regulate land transactions and land transfers. Roads and other infrastructure is also improving fast while access to basic service is also being enhanced. However, the landscape of private developers is still to be filled, as most of the delays encountered with the government programme are due to the lack of professional private developers interested in the affordable housing segment of the market.

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

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Botswana

KEY FIGURES

Main Urban Centres	Gaborone (capital), Francistown
Exchange Rate: 1 US$*** Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	10.21 Botswanan Pula (P) 5.8 | 4.4 | 3.3 | 3.0!!
Population^ | Population growth rate (2013)^ Urban population (% of total)^ | Urbanisation rate (% in 2013)^	2 038 587 | 0.86 57.19 | 1.30
GDP / capita (current US$)^ \| GDP growth rate (annual %)^ GNI / capita, Atlas method (current US$) ^ Population below national poverty line* Unemployment rate (%)* Gini co-efficient (year of survey)^^ HDI (Global Ranking)" | HDI (Country Index Score)"	7 757.03 | 2.6!* 7 880 19.3 17.7 60.46 (2009) 109 | 0.683
Lending Interest Rate^ Mortgage Interest Rate (%) | Mortgage Term (years)# Credit % of GDP^ Average Mortgages % of GDP° Price To Rent Ratio City Centre** | Outside City Centre** Gross Rental Yield City Centre** | Outside of City Centre** Outstanding home loan (% age 15+)##	9.00 6.5!!! 55.4!!! 6.59% (2013) 12.69 | 18.19 7.88% | 5.5% 9.63
What is the cost of standard 50kg bag of cement (in US$)? # What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? # What is the size of this house (in m²)? # What is the average rental price for a formal unit (in US$/month)# What is the minimum plot size for residential property (in m²)#	5.4 70 519 84 ... 354
Ease of doing business rank ! Number of procedures to register property ! Time (days) to register property ! Cost (% of property value) to register property !	74 4 15 5.10

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database
!* Government of Botswana
!! www.bob.bw or http://www.cso.gov.bw/
!!! Bank of Botswana Annual Report

Overview

Botswana is a land-locked country in Southern Africa, with a population of just over two million people, and is known for its mining and natural resource base. Home to the headquarters of the Southern African Development Community (SADC), Botswana has been one of the fastest growing economies in the region. Following a dip in the demand for its resources, which reflected in poor GDP figures in 2008 and 2009 (-3.7 percent), the economy grew by 6.1 percent in 2011, and then by a more modest 3.7 percent in 2012. The lower growth rate was due to declines in the mining sector, which registered a negative growth of 8.1 percent in 2012, as well as the water and electricity sector. Domestic economic performance grew in real terms by 4.4 percent in 2014 compared to 9.3 percent in 2013 due to revision of national accounts date from 2012 onward and the inclusion of new mines in the GDP calculations. Botswana government has reduced the 2015 forecast economic growth from 4.9 percent to 2.6 percent. Despite the low projections in growth, it is noteworthy that Botswana has never performed lower than the regional growth and therefore the revised estimates towards the next financial year will most likely show an upward trajectory by 200 points minimum.

A positive aspect of the 2014 growth is that, it was mainly driven by non-mining sectors such as Transport and Communications and Trade, Hotels & Restaurants. These sectors recorded growth rates of 7.4 percent, and 7.1 percent, respectively in 2014. The water and electricity sector on the other hand continued to underperform, due to the drought situation and persistent technical problems at Morupule B Power plant. The sector contracted by 18.5 percent in 2014, resulting in insufficient supply of water and electricity, and the adoption of power and water supply rationing in the country. It is clear that the challenges of power and water provision will remain in the medium to long term; hence government is making concerted effort to address such. In the World Bank's 2015 Doing Business Report, Botswana was ranked 74th out of 189 countries, the third highest in SADC after Mauritius (28) and South Africa (43). Starting a business, getting electricity and trading across borders are the weak elements of the business environment. The Ibrahim Index of African governance ranked Botswana third (with a score of 76.2 percent compared to a ranking second (with a 77.6 percent score) in the previous year.

Botswana's urbanisation rate (1.30 percent) is becoming increasingly visible as Gaborone grows in size. The government will embark on an Economic Stimulus Programme that will see it drawing down from its vast foreign reserves, which currently stands at US$8.740 billion. The funds will be used to develop infrastructure mainly; fast tracking of land servicing, with 37 000 plots to be catered for in the coming year; construction of 4 480 new housing units by the Botswana Housing Corporation; construction of an additional 1 664 teachers quarters and 534 nurses' quarters. The package also includes construction of 144 classrooms and 92 school laboratories. New roads will be constructed, with bypasses for the A1 highway as well as bypasses for Francistown, Molepolole and Lobatse.

Access to finance

Access to finance in Botswana is relatively high by African standards, but considered low globally. This is especially so considering the country's relatively high levels of GDP per capita (based on purchasing price parity of US$7 757.03 in 2014). Commercial banks in Botswana are small by international standards. However, they are competitive and rapidly growing. Currently, there are seven commercial banks, namely, Barclay Bank, Standard Chartered Bank, Stanbic Bank, First National Bank, Bank Gaborone, Bank of Baroda and Capital Bank. In addition there are three statutory banks namely National Development Bank, Botswana Savings Bank and Botswana Building Society. According to the third FinScope survey undertaken in Botswana in 2014, 67 percent of the population is financially served, using either formal and/or informal products, 50 percent of the population is formally banked and 24 percent is financially excluded. The year-on-year increase in commercial bank credit eased from 15.1 percent in December 2013 to 13.5 percent in

December 2014, due to a significant slowdown in growth of lending to the household sector, from 24.2 percent to 10.7 percent. In contrast, the annual increase in business credit rose from 4.6 percent in 2013 to 17.2 percent in 2014. As at December 2014, the share of household credit in total private commercial bank credit was 56.4 percent compared to 57.7 percent in December 2013.

The lower growth in household credit was due to a significant slowing in the yearly increase in mortgages from 40.1 percent to 18.4 percent and in personal loans from 19.6 percent to 7.4 percent, in an environment of slow growth in incomes. At the same time, from the supply side, there was weak growth in loanable funds, which further suppressed credit growth through tighter lending conditions. The slowdown in the growth of mortgage lending appeared to be consistent with other indications that the market for residential property was weakening, especially for high value properties.

Total banking sector assets reached P68 billion in December 2014, which is an increase of 12.6 percent from P60.4 billion in December 2013. This expansion in assets was driven by growth of 13.6 percent in loans and advances from P38.8 billion in December 2013 to P44.1 billion at the end of 2014, while BoBC's (Bank of Botswana Certificate) held by banks fell by 22.7 percent in the same period. Deposits by local banks held in foreign banks rose by 14 percent, while "other assets" increased by 3.6 percent. On the liabilities side, public deposits at commercial banks increased by 6.1 percent in the same period. A notable feature of commercial banks' balance sheets is that funding is supported by wholesale business deposits (71.5 percent of total deposits), which sustains the net debtor position of households (accounting for 55.4 percent of total credit). The ratio of commercial bank assets to nominal GDP remained broadly stable at around 50 percent in both 2013 and 2014.

Assets and liabilities of the Botswana Building Society rose by 12.4 percent from P3 billion (US$293.8 million) in December 2013 to P3.4 billion (US$333 million) in December 2014; this compares with the 9.9 percent increase in 2013. Loans and advances increased by 14.2 percent, while the Society's cash and deposits grew by 4.5 percent. Total assets had expanded by 15.6 percent to P1.9 billion (US$ 186 million); this is considerably lower than the growth of 33.2 percent in 2013. This reflected slower growth in lending of 16.1 percent against 20.4 percent the previous year, together with a contraction in cash and deposits and other assets. The balance sheet of the Botswana Savings Bank grew by 9.7 percent in 2014 (14.6 percent in 2013) as lending increased by 20 percent (16.5 percent in 2013). Mobilisation of savings was also sustained, with deposits growing by 10.8 percent in 2014, albeit slower than 15.4 percent in 2013. For the Botswana Development Corporation, assets increased by 5.4 percent to P2.1 billion (US$205.6 million) in the year to December 2014 on the back of growth of 7.2 percent in investments in related companies, which offset the decline in bank deposits and loans, advances and leasing.

The financial institutions and government of Botswana have worked hard to ensure housing affordability in the development of relevant loan products. Government assists all Botswana citizens to purchase or develop properties by guaranteeing 25 percent of each loan delivered through the BBS. While financing a completed house is beyond the reach of most citizens, Standard Chartered Bank is now offering 100 percent financing for mortgages in urban centres, small construction or housing micro loans offered by financiers can theoretically reach more people, who can then build incrementally. In this segment, the Ministry of Lands and Housing has introduced the Integrated Poverty Alleviation and Housing programme, which trains households to acquire productive skills in the construction industry so that they might address their own housing needs while also earning an income. An evaluation of the programme carried out at the end of 2011 found that while training in various construction skills had been successful, this has not translated into housing delivery.

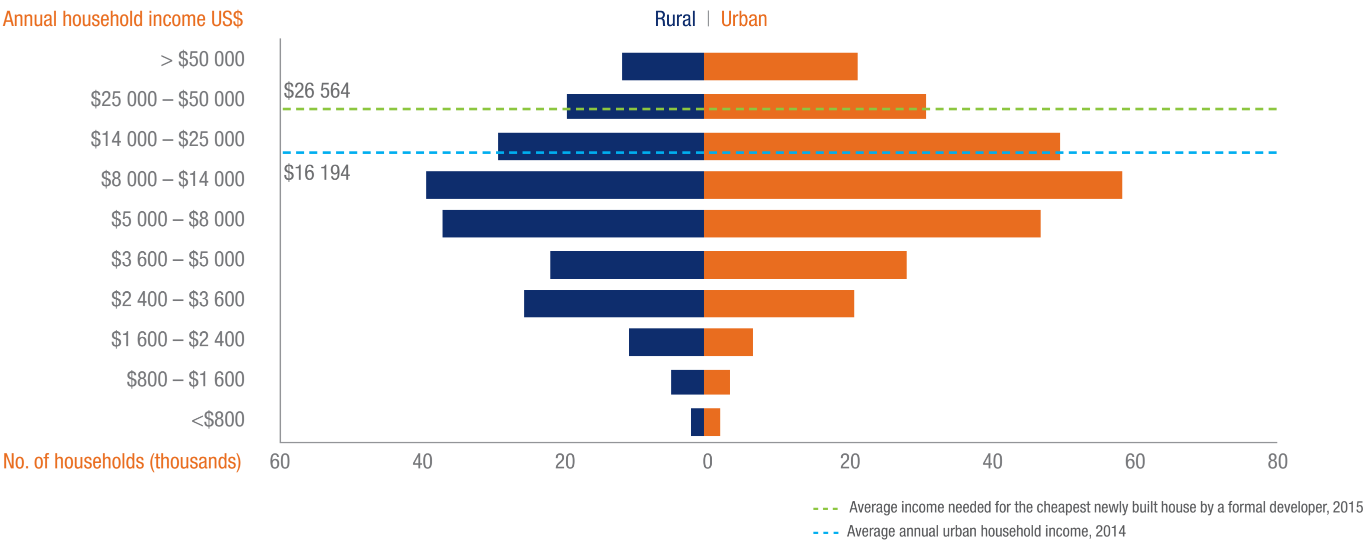
Other housing loan providers include the National Development Bank, a state entity, which has introduced a self-build loan, lending as little as P50 000 (US$4 897) for building a new home, payable over a maximum of 25 years.

Botswana's microfinance industry has increased the reach of finance services generally. This form of lending has also been associated with consumer spending, as well as with having money available for education and emergencies. Housing microfinance remains unchartered territory in Botswana, although some lenders are moving into this space, notably Select Africa. The challenge is convincing the authorities of the appropriateness of this type of lending for housing purposes. The Non-Bank Financial Institution Authority (NBFIRA) was recently reluctant to grant a microfinance institution accreditation to offer housing finance, given the high costs of microfinance.

Government policy offers low-moderate income households (those earning between P4 400 – US$431 and P36 400 – US$3 565) access to a house improvement loan through the Self Help Housing Agency (SHHA). A loan amount of up to P45 000 (US$4 407) is available, payable over 20 years at P187.50 a month, interest free. Repayment on this loan has not been good however there are roll out challenges due to insufficient funding. Government is currently experiencing a backlog in financing projects across the country. The SHHA scheme was also been extended to officers at entry point of middle management. In April 2014, the government issued Public Service Directive No. 8 of 2014 which among other benefits extended the SHHA scheme to public officers on salary scale up to D4 (US$1 500 p/m). In April 2015 this year as part of its effort to improve homeownership, government, further, introduced a housing allowance for the employees in the civil service though at a paltry US$19.6 (BWP 200).

Botswana has one of the more active credit information sharing sectors in the SADC region. In 2013 the government of Botswana through World Bank support and FinMark undertook a study on the Credit Information Sharing and work is at advanced stage to appoint to set up a secretariat for that.

BOTSWANA



Botswana's pensions industry is large with about 97 standalone registered pension funds and total assets accounting for about 60 percent of the country's GDP. Pension funds' assets grew by 11.9 percent from P58.7 billion (US$5.4 billion) in December 2013 to P59.4 billion (US$5.8 billion) in December 2014. Pension-backed loans are legally permissible; the industry is rather conservative and does not provide members with housing loans or allow third party loans secured by pensions. Some argue that the regulatory framework is not clear enough in dealing with pensions and that this has undermined the growth of this product.

Affordability

According to the 2014 FinScope Botswana survey, 20 percent of adults in Botswana do not earn an income, while another third earn less than P500 (US$74) a month. In most urban households (49 percent) there is only one income earner; in 28 percent of households there are two income earners, and in 15 percent there are three or more income earners. Some eight percent of urban households and 13 percent of rural households have no income earners. Access to mortgages is constrained by household income.

The Botswana Housing Corporation (BHC) is a leading housing developer. BHC's lowest cost housing product is a $84m^2$ house on a $354m^2$ plot. This costs about P720 000 (US$70 519). BHC suggests that the minimum mortgage instalment for one of its houses is P6 400 (US$627), which means that a household would have to earn at least P12 000 (about US$1 175) a month. Government has put minimum salary take home at US$127.33 for singles and US$146.91 for married couples and any person falling below that threshold is imprisoned. This was put in place to avoid over indebtedness by household. The biggest development in the past two years ever since the Central Bank put a moratorium on bank charges has been that, banks now prefer to finance purchase of ready built structures as opposed to construction. That has led to a slowdown in mortgage uptake.

Housing supply

The supply of ready-built housing units in Botswana is low in all markets, and most people self-build for occupation. The BHC, the primary housing developer in Botswana, was established by an act of Parliament in 1971 to provide for the housing, office and other building needs of the Botswana government, local authorities and the general public. In April 2012, the BHC's mandate was expanded so that it might operate as government's single housing authority. As such, the BHC is now also responsible for the construction of housing units within the Self Help Housing Agency's (SHHA's) turnkey projects, as well as district housing.

The BHC has a large estate of flats and town houses, and a balanced mix of high, medium and low income houses spread throughout the country, with concentrations in Gaborone and Francistown. Although historically focused on developing housing for rental, it has recently begun to offer houses for sale as well (although according to their website, this scheme is currently suspended).

Property markets

The outlook for the property market is generally positive. Property prices have risen steadily over the past few years, spurred on in part by the booming tourism industry, and showing resilience even in the face of recession. Secondary property markets are limited by the shortage of stock that can be mortgaged in primary markets. A useful indicator is the fact that only 18 percent of the buildings in the country are of durable material. This shortage is also reflected in the lack of adequate affordable rental housing stock, and the consistent reports of steep rises in rentals in urban areas.

In an effort to increase tenure security and support enhanced access to mortgage finance, the Ministry of Lands and Housing has undertaken a land registration system for properties not formally registered. According to the World Bank it takes about 15 days to register a property in Botswana in 2015 (versus 60 days for Sub-Saharan Africa), and the process costs about 5.1 percent of the property value. Botswana is ranked 51st out of 189 countries globally in terms of this indicator, illustrating the relative efficiency of the country's registration process.

Policy and regulation

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

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

Opportunities

Botswana is a relatively stable, well-managed economy that has shown significant growth over the last few years. Finance for self-build housing still offers significant prospects for growth, due to this being the preferred method of building, even among the middle and higher income categories. Housing microfinance therefore has enormous potential. Mortgage lending has been increasing, and while there is limited demand given the country's generally small urban areas, it also has potential for growth. The state has recognised the need to reform in many key areas such as land administration. If followed through, this can enhance access to, and affordability of, mortgages among the population. Developers willing to embark into real estate should be willing to bear the cost of servicing the land which happens to be the biggest constraint to land development. The issue of sewage is also a major concern, however the economic stimulus packages seeks to attend to all these constraints and therefore property development seems to be on its hay days of growth. The financial market is good with low interest rates and the demand for student accommodation and low cost housing is very high in urban areas due to the high levels of urbanization. The opening of new mines and industries across the country is also putting pressure on the supply.

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Burkina Faso

KEY FIGURES

Main Urban Centres	Ouagadougou
Exchange Rate: 1 US$***	593.20 West African CFA
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	0.5 | 0.9 | 1.5 | 1.7
Population^ | Population growth rate (2013)^	17 419 615 | 2.82
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	29.02 | 5.75
GDP / capita (current US$)^ | GDP growth rate (annual %)^	720.05 | 4.05
GNI / capita, Atlas method (current US$) ^	710
Population below national poverty line*	46.7
Unemployment rate (%)*	3.3
Gini co-efficient (year of survey)^^	39.78 (2009)
HDI (Global Ranking)" | HDI (Country Index Score)"	181 | 0.388
Lending Interest Rate^	...
Mortgage Interest Rate (%) | Mortgage Term (years)#	5 | 15
Credit % of GDP^	28.03
Average Mortgages % of GDP°	...
Price To Rent Ratio City Centre** | Outside City Centre**	...
Gross Rental Yield City Centre** | Outside of City Centre**	...
Outstanding home loan (% age 15+)##	3.41
What is the cost of standard 50kg bag of cement (in US$)? #	10.12
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	8 429 – 10 115
What is the size of this house (in m²)? #	...
What is the average rental price for a formal unit (in US$/month)#	500 – 2 528
What is the minimum plot size for residential property (in m²)#	200
Ease of doing business rank !	167
Number of procedures to register property !	4
Time (days) to register property !	67
Cost (% of property value) to register property !	12.30

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

Burkina Faso is a landlocked country in West Africa, and part of the West African Economic and Monetary Union (WAEMU). It has a population of about 17.42 million people and is one of the least urbanised countries in the world. Burkina Faso's cities are growing rapidly though – at an estimated 5.8 – and the capital of Ouagadougou is projected to more than double in population size between 2005 and 2020. With a GDP per capita of US$720, Burkina Faso is classified as a low income country. GDP real growth rate in 2014 reached 4.05 percent, due mainly to investment in infrastructure and 2014 good harvest and low oil prices. In spite of political crisis, lower gold prices and the ebola epidemic, 2015 GDP is estimated at 5.5 percent and 7.0 percent in 2016.

The political tension in the country since the adoption of the law creating a senate in 2013 and the government's intention to revise the country's constitution to allow the president to serve a fifth term has resulted in ousting President Blaise Compare in on 30 September 2014. The president has been in power for the past twenty seven years.

In spite of the economic growth in 2013 and 2014 and the inflation rate of 0.9 percent, poverty remains high and the poverty headcount ratio was 44.6 percent in 2014. The economy remains vulnerable to changes in gold and oil prices and especially to the political situation of the country.

Access to finance

Burkina Faso is part of the Central Bank of West African States (BCEAO), which includes seven other countries (Benin, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo). As of 2014, the financial sector of Burkina Faso was dominated by 12 commercials banks, five credit institutions, 10 insurance companies, one postal financial services outlet, two social security institutions, 50 exchange offices, 122 offices of funds transfer, 13 national funds of financing and 81 microfinance institutions with 489 branches. Access to finance in the country is low, only about 14 percent of the country's population over the age of 15 have a bank account, nine percent have savings and five percent have loans, as stated in global Findex 2015.

The Housing Bank of Burkina Faso (Banque de l'Habitat du Burkina Faso, or BHBF), which started operating in 2006, was created to facilitate access to housing finance for low and middle income earning households. BHBF is funded by the government and its agencies, which contribute 30 percent, international institutions which contribute 25.33 percent and other private institutions which contribute 44.67 percent. In 2013, BHBF introduced a new product called CAP Lafia, which allows borrowers to purchase land and/or to build a home, provided that the borrower has a housing savings account or housing savings plan. The product is aimed at public, private and informal sector workers. To qualify, the borrower must be a client of BHBF. Borrowers are required to provide a 10 percent deposit, and the maximum loan term is seven years for land and 15 years for an 'affordable house'. The CAP Lafia provides housing construction and land acquisition loans at a subsidised interest rate of five percent. The bank also provides added services such as an architect to view the plans before a loan is approved.

Some other commercial banks such as Bank of Africa, Banque Internationale pour le Commerce, l'Industire et l'Agriculture du Burkina (BICIA-B) and Societe Generale de Banque au Burkina (SGBB) have recently introduced mortgage finance in their portfolios, although access remains limited. The World Bank Group/IFC Mortgage Market Development Project, approved in 2010 for US$600 000 equity in the Banque de l'Habitat du Burkina Faso and implemented in 2013, included advisory and training programmes for the sector.

At the end of December 2010, the microfinance sector comprised 81 institutions with 489 branches. At the time, just over half of the 1.1 million clients were men, another quarter were women, and groups or legal entities made up the remainder.

There are 21 MFIs listed on the MIX Market (an online repository of microfinance performance data and analysis) with US$176.7 million worth of loans dispersed to 194 549 active borrowers, US$252.7 million deposits and 1.4 million depositors in 2015. The average loan was about CFA Francs 3.78 million (US$6 372). Réseau des Caisses Populaires du Burkina (RCPB) dominated the market in 2015 with a gross loan portfolio of US$128.44 million, gross deposits of US$218.4 million, 64.28 active borrowers and 1 091 853 depositors.

With the technical support of Développement International Desjardins (DID), a world leader in the microfinance sector, the RCPB developed a mortgage loan product in 2008. The minimum loan size is CFA Francs 5 million (US$10 000) with a mortgage on property. Borrowers are required to make a 15 percent deposit and the interest rate is fixed at 14 percent over 10 years for wage earners, and over five years for non-wage earners. By March 2010 the RCPB had granted 205 loans for an amount of about CFA Francs 770 million (US$1.3 million). The average loan was about CFA Francs 3.78 million (US$6 372). The product which has grown rapidly was fully integrated into RCPB's overall portfolio by August 2013 and is now offered in all RCPB branches. The housing loan portfolio as of August 2013 was CFA Francs 65 billion to CFA Francs 70 billion (US$132 million to US$142 million), representing seven percent to 10 percent of RCPB's overall portfolio..

In July 2010, the WAEMU created a regional mortgage refinance fund called Caisse Régionale de Refinancement Hypothécaire (CRRH), which is hosted at the West African Development Bank. With an initial capital of CFA Francs 3.4 billion (US$6.9 million) and a partnership with 31 banks in the region, the CRRH aims to provide long-term resources that will allow lenders to develop long-term mortgage products at relatively moderate rates. The West African Development Bank is expected to increase its contribution to CRRH to CFA Francs 55 billion (US$110.8 million) in the future. In July 2012, the CRRH launched its first bond on the regional WAEMU financial market to mobilise CFA Francs 10 billion (US$20 million) for mortgage resources from its 30-plus shareholders. In January 2013, the second wave of bonds was issued and yielded CFA Francs 19.15 billion (US$38.3 million). The third bonds were issued in December 2013. In fifteen months CRRH has mobilised CFA Francs 52 billion (US$104 million). The CRRH is quite successful in the regional stock exchange as illustrated by the number of members' banks (shareholders), now 46.

Affordability

Burkina Faso is a poor country with 46.7 percent of households living under the threshold of poverty and earning CFA Francs 108 454 (US$182.83) or less a year. For the 14.5 percent of households representing the well-off population, who earn an income of more than CFA Francs 1.8 million (US$3 034. 39) a year, access to property in the main cities is relatively straightforward, with most housing delivery and finance products designed for their needs. However, lower income households struggle. Government subsidised housing, delivered at the minimum housing standard defined by ministerial decree as including residential space of at least nine m² and some sanitary provision, costs about CFA Francs 5 million (US$8 428.86), but even this is out of reach for most low income households.

In an effort to improve affordability the government has initiated a series of projects among which are the Cite de l'amitie de Burkina Faso-Qatar, a project of 1 282 housing of two to three bedrooms for the population of lower income group and completely financed by Qatar. Cite de l'amitie de de Burkina consist of 1 000 housing units of two to four bedrooms and twenty apartment buildings. The project is estimated at US$22.5 million. The project is financed by the government of India through the EXIM Bank India. The minimum price is estimated at CFA Francs 5 million and CFA Francs 6 million (US$8 428.86 – US$10 114.63). The Indian project is scheduled for completion in 2016; the construction is programmed to start in 2015. To qualify for the programme your monthly salary should be less than or equal to five times the minimum wage or CFA Francs 165 000 (US$278). This condition was revised last September to up to eight times the minimum wage. Out of 1 282 units of the Cite de l'amitie Burkina-Qatar, 1019 have been allocated.

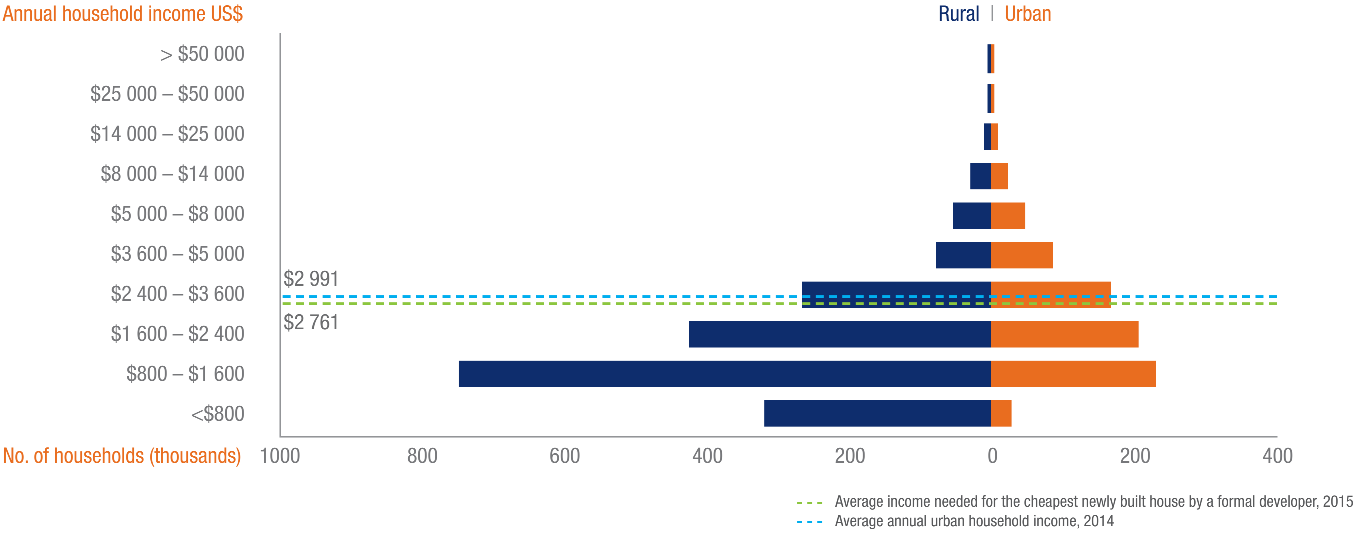
Housing supply

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

The government has been a key promoter of housing delivery for many decades. The public institution called Centre for the Management of Cities (Le Centre de Gestion des Cités – CEGECI) was originally established in 1987 with a mandate to implement the government's housing objectives. In 2000, this mandate was extended to include the actual delivery of housing. The Construction and Real Estate Management Company (Société de Construction et de Gestion Immobilière du Burkina, – SOCOGIB) was also established by government, but was privatised in 2001. SOCOGIB still carries on with its mission to develop land, construct housing, sell and let accommodation and manage properties, and provides technical advice on home improvements. Housing constructed by SOCOGIB comes with a 10-year warranty on the floor, walls and roof.

More recently, since 2008, the government has developed a multi-year, social housing programme. The delivery target is 10 000 subsidised houses and the programme involves experimentation with local building materials in an effort to improve affordability while maintaining quality. The programme is funded entirely by the state, with 75 percent of the total delivery cost funded by the Housing Bank and the remaining 25 percent funded by CEGECI. To be eligible, a household

BURKINA FASO



must not own a plot or a house, must have an account at the Housing Bank, and must have worked for less than 15 years. Eligible households enter a raffle and names are drawn for the houses that are available. In July 2013, a draw was held for 1 500 houses delivered as part of the programme. As from 2014 the programme has gained large publicity in Cote d'Ivoire where there is a sizeable community of Burkinabe nationals (as the Burkinabe diaspora are eligible).

In August 2012, the second phase of UN-Habitat's Participatory Slum Upgrading Programme in Burkina Faso was completed. The phase involved the profiling and mapping of three informal settlements (known in Burkina Faso as 'spontaneous zones'), and the identification of development priorities. Projects to address these development priorities – now in evaluation stage – will form the basis for the third phase of the programme, which began in January 2013. A memorandum of understanding was signed in November 2013 between UN Habitat, Minister Barry and Mayor Ilbudo to activate the third phase of the programme. The third phase of the project was launched on the 27th of July 2015.

Cities Alliance, a global partnership for urban poverty reduction (together with various other partners), has set up an urban development programme over the next three years worth US$3 million. The programme aims to manage growth and improve access to services in Burkina Faso, in line with the National Housing and Urban Development Policy. The project is the first of its kind in Francophone countries and was formally launched in November 2013.

Although there is a transitional government since October 2014, the new government continues the efforts of the ousted government in promoting affordable housing and sourcing for foreign investors through dynamic diplomacy.

Property markets

According to the World Bank's 2015 Doing Business Report, Burkina Faso ranks relatively high. In the Dealing with Construction Permits index, the country ranked 75th out of 189 countries, relatively good score in the WAEMU member states. It takes 112 days, compared to the Sub-Saharan average of 157.7 days, 11 procedures compared to 13.5 in the region. It takes 67 days and four procedures, and costs 12.3 percent (above the Sub-Saharan average of 9.1 percent) of the property value to register a property in Burkina Faso.

Policy and regulation

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

Opportunities

The establishing of the Department of Housing and Urbanisation, and consequently of the Housing Bank of Burkina Faso in 1995, demonstrates the commitment of government to promote the housing sector and to champion housing for low income earners. Demand for affordable housing is clear and practitioners can use this as an opportunity to develop innovative products that serve the needs of the Burkina population.

Despite its status as a heavily indebted country, Burkina Faso has enjoyed strong growth in the past few years, largely as a result of political stability, good macro-economic management and a diversifying economy. The political stability enjoyed so far has been threatened by political tensions that have erupted over the senate issue and eventually the coup d'etat of last year. However the country's housing opportunities are promising as the transitional government is promoting a dynamic commercial diplomacy. A US$50.7 million competitiveness and enterprise development project by the World Bank is focused on creating the conditions to improve business competitiveness and promote investment. This project will no doubt also have an important impact on Burkina Faso's residential real estate sector, creating opportunities for greater engagement by both local and international players. Regional interventions to support the growth of the housing sector will contribute towards Burkina Faso's capacity to address its housing needs and mobilise its housing market.

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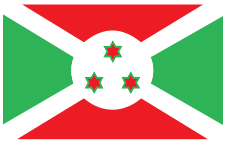
Burundi



KEY FIGURES

Main Urban Centres	Bujumbura
Exchange Rate: 1 US$***	1 573.34 Burundian Franc (BIF)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	9.0 | 6.7 | 4.9 | 5.7
Population^ | Population growth rate (2013)^	10 482 752 | 3.10
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	11.76 | 5.59
GDP / capita (current US$)^ | GDP growth rate (annual %)^	295.12 | 4.66
GNI / capita, Atlas method (current US$) ^	270
Population below national poverty line*	66.9
Unemployment rate (%)*	7.7
Gini co-efficient (year of survey)^^	33.27 (2006)
HDI (Global Ranking)" | HDI (Country Index Score)"	180 | 0.389
Lending Interest Rate^	15.67
Mortgage Interest Rate (%) | Mortgage Term (years)#	16.00 | 5
Credit % of GDP^	17.19
Average Mortgages % of GDP°	1.16% (2013)
Price To Rent Ratio City Centre** | Outside City Centre**	...
Gross Rental Yield City Centre** | Outside of City Centre**	...
Outstanding home loan (% age 15+)##	1.44
What is the cost of standard 50kg bag of cement (in US$)? #	25.00
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	25 000
What is the size of this house (in m²)? #	120
What is the average rental price for a formal unit (in US$/month)#	250
What is the minimum plot size for residential property (in m²)#	464
Ease of doing business rank !	152
Number of procedures to register property !	5
Time (days) to register property !	23
Cost (% of property value) to register property !	3.20

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

During the last five years, the government of Burundi has made significant progress in transforming its society, both socially and economically. Amidst a fragile environment, the government has rebuilt public institutions and strengthened their governance to effectively implement public policies. The macroeconomic environment is stable due to implementation of prudent reforms that have imposed fiscal discipline, restructured public expenditure and strengthened mobilization of tax revenue. In the last five years, GDP has grown at an average rate of 4.4 percent. GDP is forecast to grow at 4.8 percent in 2015, up from 4.7 percent in 2014, boosted by improvements in the business climate. The World Bank Doing Business Report (2015), ranked Burundi 152 out of 189 countries, compared to a position of 171 in 2011, following implementation of a number of reforms that have facilitated ease of starting a business, trading across borders, registering property and promoting tax compliance.

However, Burundi's macroeconomic growth has not been matched by a significant reduction in poverty, largely because of the country's extremely high population growth rate. Burundi has one of the highest poverty rates in the world (80.3 percent). Burundi's GDP per capita was estimated at US$293 in 2013, compared to US$286, before the 1993 crisis[1]. Burundi's GDP per capita (2013) is just over one eighth of the average GDP per capita of Sub-Saharan Africa. The 2014 Human Development Index Report ranked Burundi as a low human development country (180 out of 187 countries), with an index of 0.389.

The structure of the economy remains rural and agrarian, with over 90 percent of the population engaged mainly in agriculture. The urbanisation rate was estimated at 12 percent in 2014, compared to an average of 37 percent in Sub-Saharan Africa. Agriculture particularly agribusiness, is central to the urban growth strategy of the country, and the overall goal is to support higher agricultural productivity to respond to the growing local demand, and encourage trading of agricultural surpluses to promote non-agricultural activities (for example, tourism) in urban areas.

Access to finance

According to the National Financial Inclusion Strategy (2015 – 2020), whose preparation was informed by updated (2014) statistics from the National Survey on the Status of Financial Inclusion (2012), the level of financial inclusion in Burundi is still low but improving. At the end of 2014, 25.9 percent of Burundi's adult population had a savings account with a formal financial institution, compared to 23.8 percent in 2013 and 19 percent in 2011. Gender equality in financial inclusion is also improving. In 2011, women accounted for only 28.5 percent of the adult population with an account with a formal financial institution, compared to 32.4 percent in 2013, and 34.3 at the end of 2014.

Access to financial services, as evidenced by the growing number of institutions in the financial sector is improving. Presently, Burundi's financial sector comprises ten banks, two financial establishments[2], 27 MFIs and the RNP (National Postal Service), compared to nine banks, 22 MFI and the RNP in 2011. In the same period, the number of access points for financial services (branches of financial institutions), increased from 492 to 698. MFIs represent the highest percentage (41 percent) of access points for financial services, compared to 38 percent for banks and 20 percent for the RNP[3]. The number of ATMs has increased from 27 in 2011 to 75 in 2013.

MFIs account for 65 percent of all users of financial services and products. This is attributed to the flexible requirements for opening up an account with an MFI, compared to a banks and other financial institutions. The banks and financial institutions require higher minimum deposit amounts than the MFIs. It is possible to open a current account at an MFI with a deposit of BIF 5 000 (US$3.3), while the minimum deposit at a bank is BIF 50 000 (US$33). Similarly, account maintenance fees are estimated at BIF 3 000 (US$2) per month in the banks, compared to BIF 200 to 800 (US$ 0.13 to 0.52) per month in the MFIs.

BFIs, offer loans at interest rates of 16 percent to 19 percent per annum, calculated on declining balance. At the MFIs, there is a great variance in interest rates. They range between 6 percent and 48 percent per annum[4]. Outstanding loans, at the end of 2014, were estimated at BIF 565.8 billion (US$ 367 million), compared to BIF 479.5 billion (US$ 311 million) in 2013 and BIF 329.6 billion (US$ 214 million) in 2011. MFIs offer the same loan products as the banks, though they have, over the years, developed more specific products to meet the needs of their clientele. Loan products, offered by both MFIs and BFIs include; (i) overdraft and line of credit, (ii) personal and consumer loans, (iii) housing and real estate loans, (iv) agricultural loans, and (v) commercial and business loans.

Housing and real estate loans constitute 17.5 percent of the total portfolio of BFIs, compared to 44 percent of the MFIs. Three banks (the Burundi Bank of Commerce and Investment, Eco Bank Burundi and KCB Bank) and the two Financial Institutions (the Fund for the Promotion of Urban Housing and the National Bank for Economic Development), offer housing and real estate loans. Housing and real estate loans range between BIF 500 000 (US$324) and BIF 50 000 000 (US$32 362), for a tenor of between 4 and 20 years, at high interest rates of between 16 and 19 percent. Medium-term mortgages (maturing in two to seven years) account for 63 percent of the total stock of loans granted by the institutions. Long-term mortgages (15 to 20 years) constitute the balance.

In the last six years, the housing finance market has grown at average rate of 18.5 percent per annum, increasing from BIF 30.5 billion in 2009 to BIF 80 billion in 2014. In 2014, only 1 600 mortgages were issued. This shows that the housing finance sector is characterised by unmet demand, particularly among lower-middle and low income earners, who constitute over 90 percent of the population.

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

FHPU would mobilise and collect savings, through home saving accounts, supplementary pension funds and deposits, to fund the operations of the SIP and ECOSAT. However, the civil war (1993 to 2005), which forced seven Central and East African countries to place a trade embargo and other economic sanctions on Burundi, as way of initiating peace talks, to end the war[5], had a severe impact on the operations of FHPU, particularly, in financing its partner institutions. The embargo and economic sanctions, raised the cost of houses delivered by ECOSAT (following an increase of over 10 percent on the cost of building materials, most of which were imported). Worse still, several Burundians who had benefited from SIP's mortgages, to buy houses from ECOSAT, could not comfortably pay them back (their salaries were devalued (by about two-thirds), after the local currency depreciated, and their mortgages were destroyed in the war). Since then, FHPU, and its partner institutions, have been operating in a precarious economic situation, unable to mobilise long and affordable funds, to effectively implement their mandates. By and large, the lack of long-term funding schemes within the financial sector has constrained growth and development of the Burundi's housing finance sector.

Notwithstanding the above, the development of the housing finance sector in Burundi has also been constrained by the land tenure system. The formal land tenure system is weak. Most land is undocumented and existing land records outdated. Nonetheless, ongoing reforms in land management and securing property rights are expected to support the growth of the sector. The legal and institutional changes espoused in the 2010 Constitution and the adjusted Land Code of 2011, instituted two major reforms: i) decentralisation of cadastre to the commune (administrative division) level and ii) improvement in management of public land[6]. In the World Bank's 2015 Doing Business report, Burundi ranked 48th with respect to registering property, out of 185 countries, an improvement on the previous years' rankings of 51 in 2014 and 124 in 2013.

Affordability

Affordability of housing is low, largely because of the low purchasing power of the population. Only 5.3 percent of Burundians earn between US$2 and US$20 a day. The informal private sector is the principal provider of employment, with a share of more than 75 percent. In this sector, monthly wages range from BIF 4 000 (US$3.3) to BIF 37 500 (US$30.6). This is too low for banks to lend against.

Civil servants have a guaranteed monthly salary, and are eligible for housing finance but their salaries are too low for banks. Efforts have been made to revise civil servants' salaries, and in 2010 the government raised salaries of individuals in selected ministries. But the increments are insufficient, because they have not kept up with inflation. For example, an increment in the salary of a civil service from 30 000 BIF in 1993 to 100 000 BIF in 2010, translated into a 233 percent increase in nominal wage, but a 58 percent decline in purchasing power, adjusting for inflation[7].

Monthly salaries for teachers, the military and the police range between BIF 30 000 (US$24.7) and BIF 175 000 (US$142.1) below the minimum BIF 1 million required by banks to offer mortgage finance. Judges earn between BIF 115 000 (US$93.5) and BIF 270 000 (US$219.20), also below the minimum. The only government officials whose salaries are eligible for housing finance are ministers and members of parliament who earn between BIF 1.5 million (US$1 236) and BIF 3 million (US$2 472).

Housing construction costs in the middle income suburbs of Bujumbura are estimated at BIF 184 000 (US$150) a m^2. Therefore a house of $120m^2$ will cost BIF 22 080 000 (US$17 940). Such a house can only be afforded by ministers and members of parliament.

Housing supply

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

In Burundi, however, it is hard to find a medium to large scale real estate developer, capable of constructing more than 1 000 units annually. In Bujumbura City, no housing estates over 300 units are in development. The planned modestly sized housing project, including 200 units for civil servants, was put on hold, largely because of the recent tense political environment, following commissioning of the parliamentary and presidential elections.

In addition to the absence of well established medium to large private real estate developers, the high cost of construction is expected to further contribute to the lack of affordable housing on the market. Burundi imports almost all construction materials. Imports include cement, bricks, pipes and iron sheet. Nonetheless, local production of cement has been scaled up to respond to the high demand. Burundi Cement Company (BUCECO) is almost reaching its installed capacity of 100 000 tones per year, to meet high local demand. The company doubled its production in its first two years of operations[8], to 70 500 tons of cement in 2012 compared to 34 500 tons in 2011. On average, a 50-kg bag of BUCECO cement costs US$25, about US$5 less than the imported product.

Presently, the supply side of the housing market is not able to keep up with demand, leading to an annual shortage of 20 000 units[9]. Population projections suggest that the number of households in the main cities of Bujumbura, Gitega, Ngozi and Rumonge are expected to grow significantly in the period 2008-2025[10]. This will translate into an annual demand of 10 000 new houses.

Recently, foreign business consulting and project financing companies, such as Biz Planners from Singapore, expressed interest in delivering affordable housing for lower middle and middle income earners. In 2014, Biz Planners signed a memorandum of understanding with the government to develop medium sized

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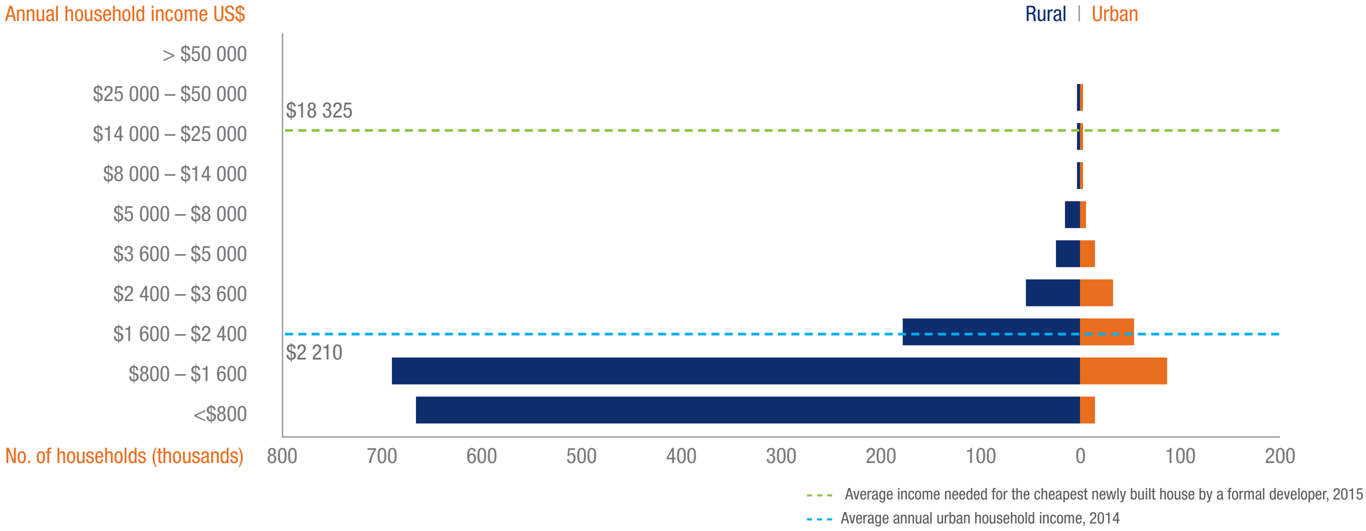

housing projects of between 1 000 and 5 000 units. However, to date, this project has not been embarked upon. Between 2013 and 2014, a private developer (Agglobu Ltd) constructed 27 houses in Kinindo Town Council west of Bujumbura City. The three bedroom houses were sold at between US$205 000 and US$225 000 each.

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

The *villagisation* project targets the poorest households, giving them both land and a house with a water connection and solar panels. The houses don't have windows and a bathroom, making them generally cheaper to deliver. Once a household acquires one, they are supposed to incrementally build the windows and the bathroom. Each house stands on a parcel of 40m^2, and they measure about 70m^2. Hence, there are about 20 houses per km^2. This increases spatial expansion and reduces densities.

The *lotissement* project targets middle-income households. The project uses either public or private land, demarcates it in plots of 400m^2, services it (road and water connections), before allocating the plots to the middle income households. When land is public, middle-income households, pay for the costs of demarcating and servicing the land.

When the land is private, the project negotiates with owner to service their land in return for a portion of the land. After servicing the land, the owner retains 40 percent, while the project retains the balance. The land is demarcated into plots of 400m^2, before they allocated to middle-income households. Middle-income households are charged a fee for servicing the land. Fees are in the range of BIF 5 000 and 7 500 a m^2, for a parcel of 400m^2.

Property markets

Property markets are still underdeveloped, with some activities contracted to real estate agencies in neighbouring countries. There is no evidence of independent local firms offering valuation services. The country lacks professionals in the construction sector. As a result, several houses, including hotels, are of low quality and lack innovation in design.

Government's policy of encouraging local and foreign investors to invest in the housing sector should lead to the development of the property market. Presently, registering property requires five procedures, takes 64 days and costs 3.2 percent of the property value. The number of days to transfer property has decreased by from 94 days in 2012 to 24 in 2015 due to the creation of a one-stop shop for property registration.

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

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

Policy and regulation

In 2015, the long awaited comprehensive study that would inform the formulation of the National Urban Planning and Housing Policy was finalised and launched. The study, titled, *"Strategies for Urbanisation and Economic Competitiveness in Burundi"*, notes that the country lacks an overarching policy vision for tackling urbanisation. The report further notes that the poor coordination among relevant institutions may hinder sustainable urban development. The report recommends the formulation of an urban policy to assist in aligning regulatory and policy frameworks and creating a clear framework for implementation of urban priorities. Other recommendations include (i) enhance spatial management, urban planning and land and property rights management and (ii) strengthen institutional delivery capacity and enforcement.

Opportunities

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

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Cameroon

KEY FIGURES

Main Urban Centres	Yaoundé
Exchange Rate: 1 US$***	593.20 West African CFA
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	2.1 | 2.2 | 2.4 | 2.2
Population^ | Population growth rate (2013)^	22 818 632 | 2.51
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	53.82 | 3.57
GDP / capita (current US$)^ | GDP growth rate (annual %)^	1 426.40 | 5.89
GNI / capita, Atlas method (current US$) ^	1 350
Population below national poverty line*	39.9
Unemployment rate (%)*	3.8
Gini co-efficient (year of survey)^^	40.72 (2007)
HDI (Global Ranking)" | HDI (Country Index Score)"	152 | 0.504
Lending Interest Rate^	...
Mortgage Interest Rate (%) | Mortgage Term (years)#	14 | 30
Credit % of GDP^	15.33
Average Mortgages % of GDP°	0.5% (WB 2005)
Price To Rent Ratio City Centre** | Outside City Centre**	...
Gross Rental Yield City Centre** | Outside of City Centre**	...
Outstanding home loan (% age 15+)##	2.69
What is the cost of standard 50kg bag of cement (in US$)? #	8.50
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	42 163
What is the size of this house (in m²)? #	151
What is the average rental price for a formal unit (in US$/month)#	256
What is the minimum plot size for residential property (in m²)#	150
Ease of doing business rank !	158
Number of procedures to register property !	5
Time (days) to register property !	86
Cost (% of property value) to register property !	19.00

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
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Overview

Cameroon is a low to middle income Sub-Saharan African country with a population of 23.75 million and an annual population growth rate of 2.6 percent. By virtue of its population, position, resource endowments and level of development compared to other countries in the region, it is the most significant market in the Economic and Monetary Community of Central Africa (Communauté Économique et Monétaire de l'Afrique Centrale, or CEMAC).

Cameroon has a stable macroeconomic environment. The country achieved a ranking of 158th in the World Bank's 2015 Doing Business Report for ease of doing business. The economy has constantly been growing since 2010. Growth in 2014 was 5.1 percent, up from 4.7 percent in 2013. The 5.1 percent growth came slightly lower than the projected six percent based mainly on the strength of internal demand, notably domestic consumption. Economic growth, increasing local and foreign direct investments and a growing population have created a growing middle class with a strong demand for products and services, including housing.

Cameroon's primary sector now accounts for 19.9 percent of GDP. The country has natural resources such as petrol, gas, diamonds, aluminium, uranium, bauxite, timber, hydropower and iron ore. It produces agricultural products including rubber, cotton, banana, cocoa, pineapple, coffee, grains, livestock and palm oil. Over the last five years, growth has been driven strongly by the oil and agriculture sectors, which accounted for 50 percent and 25 percent of exports respectively. However, falling oil prices has reduced the value of oil exports and the contribution of oil revenues to GDP, which is now 10 percent. The mining industry is experiencing a boom. New exploration and mining licences continue to be issued, with new opportunities for construction and the provision of subsidised, affordable housing.

The secondary sector accounted for 27.6 percent of GDP, which is a contraction compared to previous years. Industrial production growth rate was at 4.9 percent leading to a larger supply of energy and agricultural products. An increase in the value add of this sector will require huge investments in building infrastructure and in enhancing the business environment. This is currently being addressed by the government with ongoing projects to increase electricity supply through the construction of new hydroelectricity power plants and incentives to encourage private sector investment in specific manufacturing sectors. Growth in this sector and the increasing investments in infrastructure will help enable the expansion of the residential real estate market.

The tertiary sector accounted for 52.5 percent of GDP in 2014, up from 49 percent in 2013. It is the most dynamic sector of the economy, and has grown at six percent on average since 2007 due to good performance in business and mobile telecommunications, the recovery of the construction and transport sectors, and retail trading, hotel and catering industries and the financial services industry. This sector is projected to grow continuously and contribute even more to GDP.

Access to finance

Though Cameroon's financial system is the largest in the region, it is still in its infancy. There are 14 commercial banks, 11 non-banking financial establishments, 652 microfinance institutions, an increasing number of foreign exchange bureaus and the Douala Stock Exchange. Government accounts for only 10 percent of the social capital of banks, while the private sector accounts for 90 percent. The banking sector is highly concentrated and dominated by foreign commercial banks. The five largest banks hold about 50 percent of the total assets in the financial system.

Only five percent of Cameroonians have access to a bank account. According to the World Bank's 2015 Doing Business Report, Cameroon ranked 169th in terms of ease of getting credit, down from 109th in 2014, partly due to a private bureau and public registry coverage of adults of zero percent and 8.9 percent respectively. Mobile banking has been identified as one way of increasing financial accessibility and the government is being encouraged to invest in it.

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

Access to housing finance is extremely low and available mainly to government employees through the government agency Crédit Foncier du Cameroun. Only about 5 percent of Cameroonians have access to mortgage finance from the formal private banking system. The government has injected more funds into Crédit Foncier. Government has also instituted other reforms like providing financial guarantees and broadening assets that can be used as collateral to make it easier for middle income and high income Cameroonians to access housing finance. Several property developers and other private equity funds with money are looking for local partnerships to provide end-user financing for housing. A few partnerships are already in place, like Ecobank and Credit Foncier, which is helping to provide end-user financing to individuals to buy or build houses. Title deeds are attached to only a very small percentage of land. This is because implementing the legal provisions on land ownership has been impeded by jurisdictional disputes. In 2012, the country made amendments to the Organisation for the Harmonisation of Business Law in Africa (OHADA) Uniform Act on Secured Transactions that broadened the range of assets that can be used as collateral. This has made it easier for people to access finance.

Despite excess liquidity, the granting of credit is far below the level required. Foreign banks have good solvency ratios. As a result, banks hold large amounts of excess reserves as a percentage of deposits with large unutilised liquidity. The World Bank's 2015 Doing Business Report has shown some improvement on the legal rights of borrowers/lenders, and in accessing credit.

Microfinance is mainly managed by associations, or savings and credit co-operatives (80 percent). According to the National Institute of Statistics, in 2014, the microfinance sector has 438 establishments recognised by the Ministry of Finance, with a portfolio of about 1.5 million Cameroonians, total savings of US$800 million, and over 1 000 branches across the country. Of these, 187 are independent, while 178 belong to the largest network of MFIs, the Cameroon Cooperative Credit Union League (CAMCCUL). It has 55 962 active borrowers and a gross loan portfolio of US$156.9 million. CAMCCUL split in May 2013, however, and a new network of MFIs called Renaissance Cooperative Credit Unions (RECCU-CAM Ltd) was registered. In 2000, MFIs granted only 4.3 percent of the total loans made by financial institutions. This has increased considerably although accurate statistics are not available.

The microfinance sector has become increasingly important, but its development has been hampered by a loose regulatory and supervisory framework for MFIs. In 2013, some 34 microfinance institutions (MFIs) were suspended by the Minister of Finance for operating without valid licences.

Liquidity is a problem for the micro lending sector, and many MFIs are only able to satisfy up to 25 percent of their customers at any time, depending on their credit requirements. To address the liquidity issue and to make more funds available to finance activities including providing housing finance, the government has established a wholesale fund, financed by the African Development Bank (AfDB). The fund is worth CFA Francs 21 billion (US$40 million) and has helped to usher financial reforms into the sector.

The conditions to carry out microfinance activities are defined at the sub-regional level by CEMAC. The most popular kind of credit institution in Cameroon is called *njangi* by the English speaking population, and *tontines* by the French speaking population. This rotating savings model is usually made up of people of the same social class, same community or same cultural affiliation who have similar incomes or who engage in similar activities. Two types are commonly used for housing purposes, rotating funds, and savings and loans funds.

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

Savings and loans funds allow members to contribute more than the agreed regular sum of money into a savings fund that is then loaned to other members in need. Interest of 10 to 15 percent is charged. The saver may withdraw the money but only after sufficient notification has been given to the association. This money often earns interest for the saver. These are important sources of housing finance for most of the population that does not have access to formal bank finance and government guaranteed and subsidised loans.

Affordability

The official unemployment rate is 30 percent, with 48 percent of the population below the national poverty line. The national Gini-index stood at 0.38 in 2010, down from 0.390 in 2007, 0.416 in 1996 and 0.404 in 2001, suggesting relatively high, though improving levels of inequality. Most people are employed in the informal sector. Some 70 percent of the labour force is involved in mostly subsistence agriculture and some form of small to medium scale trading. Average income per household per month in the public sector is CFA Francs 200 000 (US$400), which is slightly lower than the average income per household in the private sector which is CFA Francs 250 000 (US$500). Average rental prices range from CFA Francs 100 000 (US$200) to CFA Francs 60 000 (US$120) in the urban and semi-urban areas respectively.

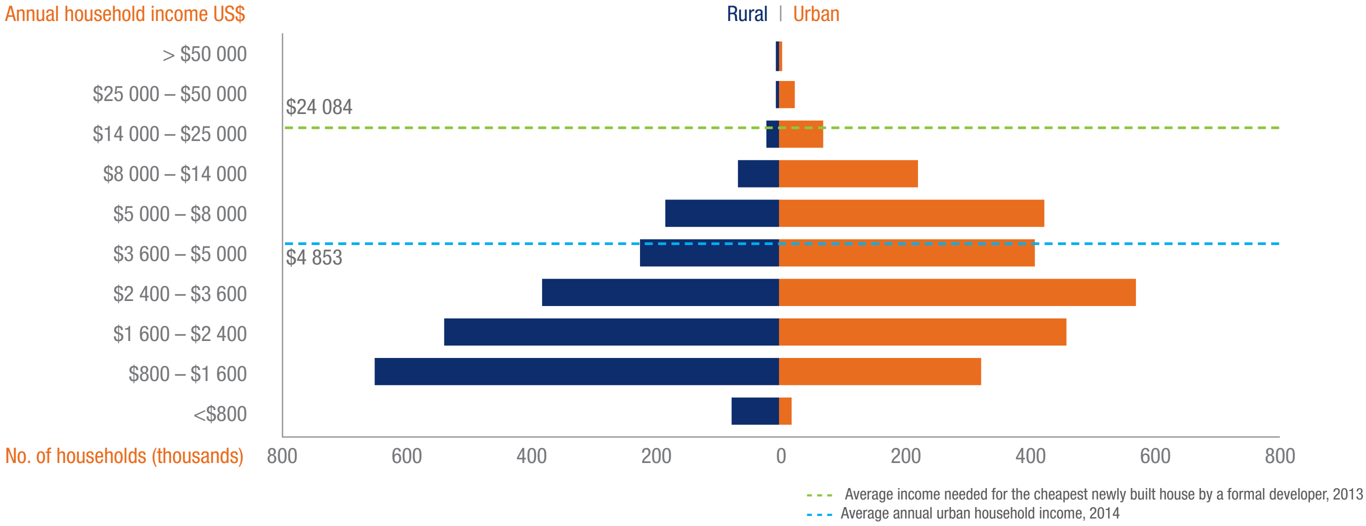
Building costs are fairly high. It is difficult to build houses with uniform standards at a cost accessible to most of the population. This has resulted in a discrepancy between production costs and purchasing power of most potential buyers. Government has helped to reduce housing production costs to make housing more affordable. It has established agencies like Maetur to encourage the use of local materials and to reduce the price of land and inputs such as cement and sand, and has stepped up funding for government agencies in this sector. The government has decided to roll out projects to construct affordable housing across the country. Individuals will provide 20 percent as their equity investment upfront and take a loan for the remaining 80 percent, which government guarantees.

Housing supply

With an annual population growth rate of 2.6 percent, and an annual urbanisation growth rate of 6.5 percent, Cameroon is 54 percent urbanised. The challenge is to provide housing to this growing and urbanising population, almost half of which live in informal dwellings and settlements. The opportunity is to establish partnerships across the housing value chain to meet the increasing demand for both high-end and affordable housing. In Cameroon, an estimated 53 percent of households own their own homes, 30 percent are tenants and 11 percent are accommodated free of charge.

Cameroon's housing backlog is significant. The government is looking for ways to overcome the deficit of over 100 000 units a year. Government estimated that up to one million homes need to be built in the next five to ten years to adequately house the growing population. Of these, 300 000 are needed in the main cities of Douala and Yaounde. Demand for housing in the lower and upper ends of the market increases by up to 10 percent annually. Government has used the public private partnership approach in its project to build new social housing units countrywide.

CAMEROON



Cameroon's housing market is not well developed. The main players include the state-owned Cameroon Real Estate Corporation (Société Immobilière du Cameroun, or SIC), founded in October 1952 as a centrally funded company in charge of social housing and developing the real estate market for government. It works in partnership with local and foreign private construction companies to handle large-scale projects and train the local workforce of engineers and technicians. SIC aimed to build 100 000 homes by 2022. 30 000 have already been built. Crédit Foncier du Cameroun, a building and loan association, is the top mortgage bank and provides funds for social housing to individuals and developers. The National Investment Corporation of Cameroon (Société Nationale d'Investissement du Cameroun) invests government funds in profitable projects in different sectors.

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

There are institutional problems. Although the country has developed catalytic real estate institutions, these are suffering from dwindling public finance and new strategies are urgently needed for the effective functioning of these institutions. To this end, government together with its partners (local councils, energy utility company ENEO Cameroon, the National Water Supply Company of Cameroon, SIC and Crédit Foncier), launched a project in Douala and Yaounde in 2009 to provide 10 000 houses for low income earners. The partnership has completed Phase I with the provision of about 6 000 new low cost houses. Phase II is near completion with the provision of 4 000 houses.

The first phase of a city council of Douala project which started in 2012 aim to build more than 1000 social, affordable and private houses along with community, commercial, retail and leisure facilities in the Mbanga-Japoma area of the Douala III council, at a cost of CFA Francs 122.23 billion (US$264 million). On completion, it will consist of 50 buildings, comprising 300 apartments with one parlour and four bedrooms, and 700 apartments with one sitting room and three bedrooms. The city council of Douala is also in charge of a project to deliver 2 500 social and affordable houses in Bonamatoumbe. Planning for Phase I is complete and construction has already started.

Government policy has placed exclusive emphasis on home ownership. However a significant proportion of the population will seek rental housing sometime in their lives. There is a shortage of 400 000 to 600 000 rental housing units. Government must recognise the benefits of regulating and supporting rental markets to complement ownership.

The three new cement companies established have helped to increase the supply of cement, which currently stands at two million tonnes a year, short of the required four million tonnes a year.

Property markets

The formal real estate market is concentrated in the urban and peri-urban areas, and churn is concentrated in the middle-to-higher value market. Because supply lags behind demand, there is a constant increase in house price for ownership and rental. On average, it takes at least one month to find accommodation in Douala, Yaounde and other main cities. This time is projected to decrease in the next few years with the increasing number of new housing units that enter the market for ownership and rental. On average, It costs up tot CFA Francs 100 000 (US$169) a month to rent a standard three-bedroom house in Douala and Yaounde. This amount is about 40 percent cheaper in the smaller cities like Limbe, Buea, Bafoussam and Bamenda. It costs up to CFA Francs 10 million (US$16 858) to build a standard three-bedroom house, excluding the cost of land in the main cities like Douala and Yaounde. This cost is about the same and can even be more expensive in the smaller cities due to input costs. The cost of standard inputs increases the further away from Douala as most of the standard inputs are imported or manufactured around the main cities. On average, the size of a standard three-bedroom house is 300 m². The cost of a serviced 500 m² piece of land in the urban areas is 5 million (US$8 429).

Policy and regulation

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

Geodetic infrastructure is characterised by the absence of a reliable and single geodetic database. Land stakeholders suffer the consequences of the absence of a single referencing system. The physical description of real property as the object of a right is not reliable, which undermines the reliability of the entire land register. To seek a lasting solution to this, the government continues to implement the recommendations and proposals of a 2009 study by the AfDB. There is an urgent need to continue to support ongoing efforts and initiatives to modernise the sector.

The government passed legislation and put in place regulation that provides for the establishment and operation of a credit registry database. This has improved the credit information system. Government also passed legislation that requires for inspection and notification before construction permits are issued. Government has decentralised the process of obtaining building permits and introduced strict time limits for processing applications and issuing certificates of conformity.

Opportunities

Cameroon's housing sector is ripe for investment and there is a huge need for housing in all segments of the market. The government continues to implement and reforms as recommended by the AfDB. Better regulation will make it easier for people to get title deeds for their land, enhancing security of tenure and additional investment. Financial market reforms are also being implemented. These reforms have helped to alleviate the problems related to lack of serviceable land, delays in issuing construction permits and property registration, undeveloped capital markets and an unresponsive banking sector. For example, it now takes 136 days to get construction permits, down from 139. Government should continue with reforms in the MFI sector, including building standards, product innovation and financial stability to help realise the potential of the sector and enable it to play a more significant role in housing finance and housing development.

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

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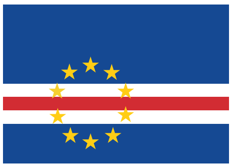
Cabo Verde (Cape Verde)



KEY FIGURES

Main Urban Centres	Praia
Exchange Rate: 1 US$***	100.6 Cape Verde Escudo (CVE)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	1.5 | -0.4 | 2.2 | 2.4
Population^ | Population growth rate (2013)^	503 637 | 0.95
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	64.84 | 2.05
GDP / capita (current US$)^ | GDP growth rate (annual %)^	3 715.35 | 2.74
GNI / capita, Atlas method (current US$) ^	3 520
Population below national poverty line*	26.6
Unemployment rate (%)*	7.6
Gini co-efficient (year of survey)^^	43.82 (2008)
HDI (Global Ranking)" | HDI (Country Index Score)"	123 | 0.636
Lending Interest Rate^	10.90
Mortgage Interest Rate (%) | Mortgage Term (years)#	11.5 | 30
Credit % of GDP^	62.85
Average Mortgages % of GDP°	22.15% (2013)
Price To Rent Ratio City Centre** | Outside City Centre**	...
Gross Rental Yield City Centre** | Outside of City Centre**	...
Outstanding home loan (% age 15+)##	
What is the cost of standard 50kg bag of cement (in US$)? #	...
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	28 000
What is the size of this house (in m²)? #	...
What is the average rental price for a formal unit (in US$/month)#	...
What is the minimum plot size for residential property (in m²)#	...
Ease of doing business rank !	122
Number of procedures to register property !	6
Time (days) to register property !	22
Cost (% of property value) to register property !	3.70

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

Cabo Verde, also known as Cape Verde consists of ten islands and is 570 km off the coast of West Africa. Praia, the capital city, on the largest of the nine inhabited islands, has a population of 130 000, of Cabo Verde's total population of just under half a million. With a GDP per capita of US$3 715, Cabo Verde's sustained economic growth over the last 40 years means that it is one of only two countries to move from least developed to middle income categorisation. Recent economic growth has been weaker (two percent in 2014, up from 0.7 percent in 2013), as its economy is closely linked to the global economy and vulnerable to external shocks.

Remittances from its diaspora, roughly equivalent in number to Cabo Verde's population, contribute substantially to its GDP (nine percent in GDP in 2009); 80 percent of remittances are from Europe. At almost 21 percent of GDP in 2013, the tourism sector has also suffered since the global recession, affecting the real estate and construction sector. In terms of imports, 40 percent, including most of Cabo Verde's imports, are from Portugal, its former colonial ruler from which it gained independence in 1975. A further 20 percent are the Netherlands, while two thirds of exports are to Spain. Cabo Verde is a member of ECOWAS, though the regional block only accounts for two percent of trade. Measures, including reduced levies and taxes for imports, are in place to encourage trade with the region.

Cabo Verde undertook an expansionary fiscal policy, from 2010, to counteract a slowdown. This involved taking advantage of the concessionary borrowing rates offered to the government, trying to target investment into infrastructural developments that would help the country overcome some inhibitors of growth. This increased government debt to 107 percent of GDP at the end of 2014, rising from 57 percent in 2008. Reforms have been undertaken to increase revenue collection, and social expenditure has been safeguarded from recent austerity measures.

Cabo Verde ranks highly on good governance indicators, has in place strong political institutions that regulate government policy and have good relations with donor institutions, most recently securing a US$15.5 million loan from the World Bank 'to strengthen the country's macroeconomic resilience to external shocks'.

Access to finance

Cabo Verde has a relatively well developed banking sector, with seven of the eight main banks offering mortgages. But these banks, the largest two being Banco Comercial do Atlântico (BCA) and Caixa Económica de Cabo Verde, are generally risk adverse because of the high rate of non-performing loans. This has resulted in excess liquidity in the sector, with a capital-adequacy ratio of 13 percent in 2014, above the ten percent requirement. Thus, capital has a relatively high cost and credit provided to the private sector decreased by four percent in 2014.

In terms of the government's ability to counter this trend, African Economic Outlook argues that Cabo Verde's weak transmission mechanism limits its ability to increase the supply of credit in the market through expansionary monetary policy. Nonetheless, government has pursued this, decreasing the benchmark interest rate to 4.3 percent in 2014, from 5.8 percent, and the discount rate and the rate of their lending facility by the same amount. The generally low inflation rate (which was negative in 2014, resulting in deflation), the reasonable foreign exchange reserves and the pegging of the currency to the Euro has allowed for this expansionary approach as the high rate of government debt has restricted the possibility of expansionary fiscal policy. As government will soon be unable to take advantage of the concessionary rates on credit because of Cabo Verde's improved development status, greater sensitivity of the transmission mechanism to monetary policy is important.

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

Though there are no specific mortgage banks in Cabo Verde, nor any institutions dedicated to mortgage refinancing, the mortgage market has increased substantially in line with Cabo Verde's economic growth. Credit to individuals for housing, according to HOFINET, increased from US$54 million in 2000 to just under US$348 million in 2010. As of December 2013, this figure stood at over US$433 million, worth over 22 percent of GDP. Mortgage lending depends on remittances, as 40 percent of deposits held by banks are from the Cabo Verdean diaspora and many Cabo Verdeans depend on remittances to repay mortgages.

In terms of mortgages available, Banco Interatlântico offers mortgages, to purchase or construct a house, at 90 percent of property value;100 percent under special circumstances. BCA offers a range of mortgages between CVE 50 000 (US$500) and CVE 30 million (US$300 000), financing between 90 and 100 percent of the value, for terms up to 30 years at an interest rate of 11.5 percent, though higher for lower income households. They generally only lend if repayments are a maximum of 30 percent of household income. Government provides subsidised interest rates on mortgages, with one scheme targeting young home buyers under the age of 30 (on average, if it is a couple). Additionally, the interest portion of mortgage repayments can be deducted from taxes due.

There are 50 000 accounts in the microfinance sector, making the size of housing microfinance (HMF) small. According to MFW4A, 75 percent of unemployed Cabo Verdeans were unaware that they could access credit through microfinance. Though not only a microfinance bank, recently launched Novo Banco focuses on providing microcredit and serving low income households.

Affordability

Listings for one bedrooms are for around EUR 25 000 (US$28 000) but go lower. Though the Global Property Guide states that, on average, the price per m^2 is US$1 300, there are units available for considerably less. Some of these units are as small as 25 m^2, at EUR 800 (US$903) per m^2. Of housing advertised by estate agents on Santiago, a two bedroom unit costs CVE 6 million (US$60 000) to purchase, while another two bedroom unit was from CVE 20 000 (US$200) a month to rent. Prices go up to, and past, CVE 24 million (US$250 000) at the high income end of the market.

This is quite high considering Cabo Verdean GDP per a capita of US$3 715. To address this, government has launched Casa Para Todos, (examined below), and tries to accommodate low income households with rent set to a ratio. Though, only one third of units are being built under Casa Para Todos will be affordable to low income households, despite these households making up 75 percent of the demand. The cost of housing was one of the main inflationary pressures in Cabo Verde in 2012 and 2013, on average just over three percent higher than CPI inflation (5.5 percent in 2012, 5 percent in 2013). In the first half of 2014, this difference disappeared, with an average inflation for housing of just 0.2 percent.

The biggest affordability issue for housing is that Cabo Verde has to import most of the required materials. There is no cement manufacturing plant on the country, with most imports coming from Portugal. Cempor, which is part of InterCement, is the largest company operating in the market, saw sales of cement drop by seven percent in 2013, selling 176 metric tons in the year. In 2011, the country imported a total EUR 21.5 million worth of cement, its second largest import. The sales of cement, and other construction materials, are VAT exempt.

Housing Supply

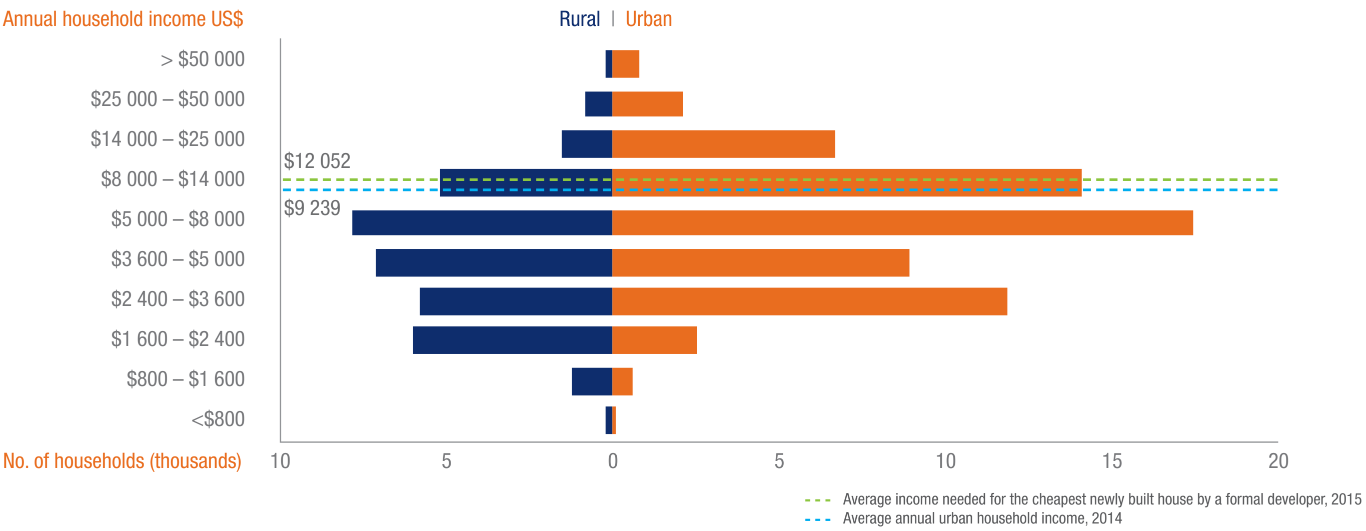
In 2010, according to the IMF, the country had a housing shortage of 82 000 units, the result of which are the informal settlements around the major cities. The United Nations Commissioner for Human Rights issued a press release for a report that will be published in 2016 on housing in Cabo Verde. The press release stated that, at the beginning of 2008, there was a quantitative deficit of 40 775 units and a qualitative deficit of approximately 66 100 units. These numbers are relatively high, considering that statistics show that Cabo Verde has just over 102 000 households, with 64.84 percent living in cities, according to C-Gidd data. The country has, on average, a household size of 4.9.

The Cabo Verdean government has undertaken initiatives to increase the supply of housing since 2004, even deeming 2009 as the 'Year of Housing'. To mark this year, Casa Para Todos was launched. The programme aimed to reduce the housing deficit by 8 000 units by 2013. African Economic Outlook states that the programme now aims to build 8 000 new units and rehabilitate 16 000 more. For this, a EUR 200 million loan from the Portuguese government was granted. In August 2015, an article in the press stated that a delayed disbursement of EUR17 million by Portugal suspended progress. The suspension, it was claimed, was because Cabo Verdean government was not paying ten percent of the costs, as per the agreement. There is confusion over the number of houses completed, and reports state that only 800 are occupied, as a study of the programme has not been publicly released. Beyond Case Para Todos, there is Operation Esperanca, launched in 2003, implemented in Cabo Verde Solidarity Foundation, which has rehabilitated 3 000 homes.

Property Markets

There are a number of established estate agents offering rentals and properties at a wide-variety of price points. They are relatively formal and operate on Cabo Verde's larger islands. Many realtors cater to the international market, particularly

CABO VERDE



potential expats or Europeans looking for a holiday home. This suggests the strong performance at the upper end of the market.

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

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

Policy and Regulation

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

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

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

Opportunities

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

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Central African Republic

KEY FIGURES

Main Urban Centres	Bangui
Exchange Rate: 1 US$***	593.20 Central African CFA
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	6.6 | 11.2 | 4.1 | 3.9
Population^ | Population growth rate (2013)^	4 709 203 | 1.99
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	39.76 | 2.64
GDP / capita (current US$)^ | GDP growth rate (annual %)^	378.61 | 1.01
GNI / capita, Atlas method (current US$) ^	330
Population below national poverty line*	62.0
Unemployment rate (%)*	7.5
Gini co-efficient (year of survey)^^	56.3 (2008)
HDI (Global Ranking)" | HDI (Country Index Score)"	185 | 0.341
Lending Interest Rate^	...
Mortgage Interest Rate (%) | Mortgage Term (years)#	15.00 | 5
Credit % of GDP^	13.58
Average Mortgages % of GDP°	0.07% (WB 2005)
Price To Rent Ratio City Centre** | Outside City Centre**	...
Gross Rental Yield City Centre** | Outside of City Centre**	...
Outstanding home loan (% age 15+)##	
What is the cost of standard 50kg bag of cement (in US$)? #	17.00
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	20 229
What is the size of this house (in m²)? #	...
What is the average rental price for a formal unit (in US$/month)#	1 – 33
What is the minimum plot size for residential property (in m²)#	...
Ease of doing business rank !	187
Number of procedures to register property !	5
Time (days) to register property !	75
Cost (% of property value) to register property !	11.10

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

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

Since the end of 2012, CAR has been facing an increasingly complex political and humanitarian crisis. Intensified armed opposition to the central government by a coalition of armed movements called Séléka resulted in a coup d'état in March 2013, which was accompanied by numerous human rights violations. Subsequent armed resistance to the Séléka regime and revenge-motivated violence, often of an inter-communal nature, led to more violations of human rights and displacement. By the end of 2013, one fifth of the population (one million persons) was displaced (UNHRC, 2015). Despite the signing of a cease-fire agreement in July 2014 and the deployment of United Nations peacekeepers, the prospects for peace remain grim. The country's political transition remains contingent on the restoration of security, but the interim administration has struggled to restore order since assuming control.

According to the IMF (2014), economic growth in CAR over the past decades has been insufficient to provide economic stability, employment opportunities, and social development. As a result, poverty remained pervasive and social indicators were weak even before the unfolding of the 2013 crisis, which plunged the country into chaos, significantly contracting the economy, and further cutting into the meager living standards of the population. By December 2014, 2.5 million people were deemed in need of humanitarian assistance, 1.6 million people to be food insecure and 2.6 million in need of water and sanitation. CAR ranks 185 out of 187 countries on UNDP's 2014 Human Development Index, having in recent years already been among the countries at the very bottom.

GDP growth is expected to accelerate to 4.5 percent in 2015, from an estimated 1 percent in 2014. This partly results from the dramatic collapse of GDP in 2013 (36 percent in real terms) but also reflects the assumption that small security improvements in the areas under control of the government and international peacekeepers will enable a modest resumption of economic activities (EIU, 2015).

Inflation is expected to gradually ease from an average of 15 percent in 2014 to around 9 percent in 2015. CAR is member of the regional central bank, Banque des etats de l'Afrique (BEAC), which recently lowered its benchmark interest rate by 50 basis points to an all-time low of 2.45 percent. It is likely that this looser monetary policy will eventually be transmitted to the country's financial institutions.

Access to finance

There is almost no housing finance instrument available in the country. The housing finance landscape is still underdeveloped, offering many opportunities for developing this sub-sector. A few banks, such as Ecobank Centrafrique and the Sahelo-Saharan Bank for Investment and Commerce, offer housing credit (over a maximum five-year term) and credit for equipment (for a maximum of three years) to individuals at between 12 percent and 17 percent interest rate a year, plus value-added tax (VAT), for up to CFA Francs 50 million (US$100 000). These loans are secured by first order mortgages on the concerned properties.

In 2011 and 2012, government officials from the Ministry of Urban Development and Housing undertook several exchange visits to Senegal and Morocco to learn from these countries about creating a housing bank. Plans to create a housing bank, the Central African Housing Bank (Banque de l'Habitat de la Centrafrique), and a housing promotion agency, the Central African Housing Promotion Agency (Agence Centrafricaine de Promotion de l'Habitat) were launched and the housing promotion agency was created and staffed. However, the creation of the Housing

Bank never passed the stage of signing into law. All of these plans are now compromised with the outbreak of violence that followed the March 2013 coup d'état.

As part of the Central African Economic and Monetary Community (CEMAC), CAR shares a common currency with other member states and delegates monetary policy to the BEAC. In 1993, CEMAC established a Banking Commission (COBAC) to administer, regulate, and supervise banks that are part of the BEAC region which, along with membership to the CFA franc zone, has helped increase sectorial stability in the CAR.

The CAR had made progress in providing access to finance until the last political crisis again disrupted efforts. The CAR's financial sector, the smallest in the CEMAC accounts only for 17.6 percent of the GDP, is largely underdeveloped and plays only a limited role in supporting economic growth. In addition to the BEAC National Office, the system currently comprises four commercial banks, holding approximately 93 percent of the total financial system's asset, eleven microfinance institutions (MFIs), two post office banks, two insurance companies, and a social security fund (AEO, 2015). Other financial institutions are largely absent from the country's financial system, and their development remains hampered by weak market infrastructure as well as the lack of the necessary legal, judicial, prudential, and regulatory frameworks. While the sector has seen some moderate expansion in recent years, financial intermediation levels are still amongst the lowest in the world, and credit to the economy represents only 11 percent of GDP in 2011, and the main sectors benefitting from bank loans are trade and commerce (20 percent), transport and communications (16 percent), forestry (12 percent) and other services (28 percent). The quality of bank loan portfolios is generally poor; non-performing loans (NPLs) reach around 30 percent of total bank loans, while NPL provisioning stands at about 52 percent.

Access to financial services remains a major challenge. Due to economic and security concerns, financial institutions, and particularly banks and microfinance institutions (MFIs), have largely consolidated their business in the capital, Bangui. Bank branches and ATMs are mostly concentrated in three towns, with 71 percent of total branches located in Bangui. Coverage of banking services as measured by the number of branches per 100 000 adults was only 0.89 percent in 2012. In other words, there were fewer than 30 bank branches in the country in 2013. Ecobank Centrafrique is the most extended banking company, with branches in each of the main urban centres. Ecobank has 12 branches all over the country, although eight of these are located in Bangui. The post office is in charge of the postal savings bank, primarily serving as a channel for salary payments to civil servants, a minimal percentage of which hold a savings account. According to the latest Getting Credit indicator of the World Bank's Doing Business Report, CAR was ranked 187th out of 189 countries. About one percent of the population holds a bank account and only 0.5 percent has outstanding loans, while only one percent has access to MFIs. Low levels of mobile penetration also dampen the potential expansion of access to financial services through mobile technology.

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

Political and social instability has weakened the social fabric, reduced saving and investment among the population, and lessened the number of donors involved in the microfinance sector. Between 2007 and 2011 the UNCDF, UNDP, the Central African Government and various players of the microfinance sector launched a four-year US$4 million programme named Programme d'Appui à l'Emergence d'un Secteur Financier Inclusif en République Centrafricaine (PAE/SFI)to support the emergence of an inclusive financial sector in the CAR in order to give the poor and low income population access to sustainable financial products and services provided by microfinance institutions operating in a sustainable legal and institutional framework. At the beginning of 2010 there were only five licensed microfinance institutions comprising 31 branches and 32 000 clients. Crédit Mutuel de Centrafrique (CMCA) is the most important MFI network in the CAR, with a gross loan portfolio of US$3.6 million shared by 2 772 borrowers, and deposits amounting to US$9.3 million in 2011. The Société Financière Africaine de Crédit (SOFIA), another microfinance institution, began operations in March 2009, and by end March 2014 had 265 borrowers with total loans of US$248 642 and deposits of US$2.8 million.

Affordability

Affordability is a key issue in the CAR housing sector. The high cost of building materials, the low incomes of Central Africans, and the general political and economic volatility make owning a house a mere dream for the average citizen. A simple one-bedroom housing unit with a modern toilet costs on average CFA Francs 12 million (US$20 229). Compared to the average monthly income of only CFA Francs 19 500 (US$33), the cost of a one-bedroom house represent 615 times the monthly revenue. It is obvious that only a tiny proportion of the Central African population can access formal housing.

Currently, a large number of Internally Displaced Persons (IDPs) are in rental units (estimates are around 70 percent). Unsurprisingly, the main challenge for this group of IDPs has been the inability to pay rent, having lost their livelihoods. In Carnot and Sibut the monthly rent varied between CFA 500 to 3 500 (US$1 – US$6) while in Bangui this could be anything between CFA 5 000 to 20 000 (US$8 – US$33), depending on the size of the house (UNHRC, 2015).

In 2013, a standard 50kg bag of cement cost as much as CFA 10 000 (US$17). Other building materials such as a standard iron bar and a sheet of corrugated iron cost between CFA 2 000 (US$3) and CFA 8 500 (US$14), and CFA 5 000 (US$8) and CFA20 000 (US$33), respectively. A major development in the housing sector in 2012 was the completion of the only cement manufacturing plant in the country, realised with Indian investment. It was expected that the price of a standard 50kg bag of cement bag could drop to CFA Francs 7 500 (US$12). However, the CAR's energy problems will have to be solved first, and given the recent political crisis, it is not clear when this plant will start operation.

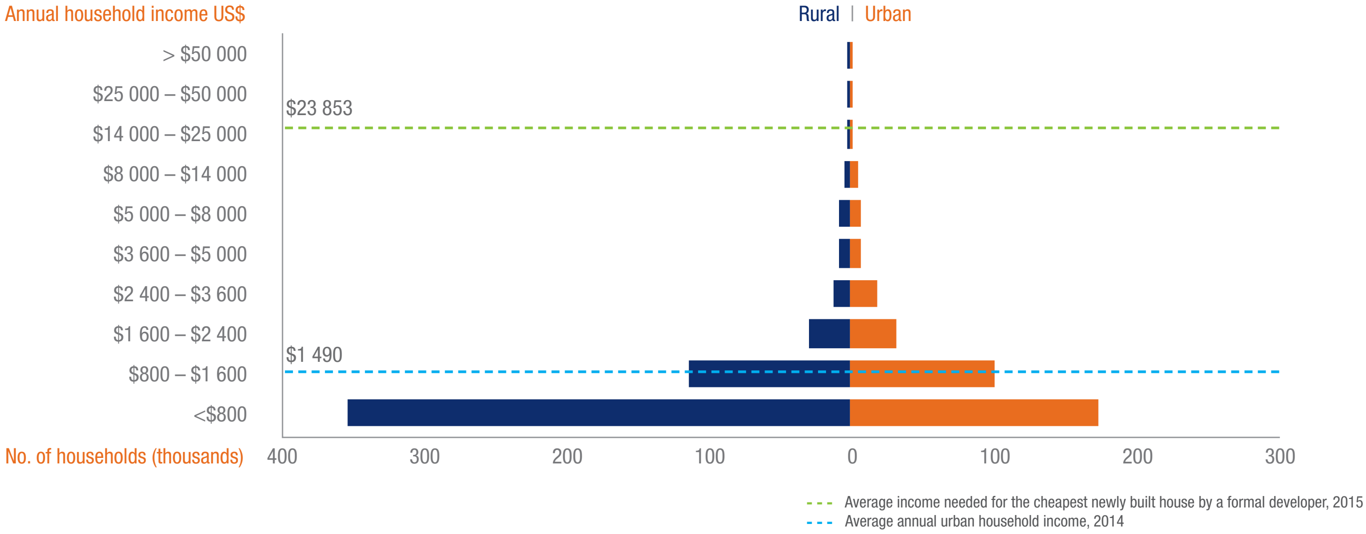
Housing supply

Since the emergence of the crisis, a large portion of CAR's housing stock has been pillaged, burnt or destroyed. The UNHRC (2014) estimates that at least 170 houses in Bangui's 8th district and 900 in the 5th district have been partially or completely destroyed since December 2013. In Begoua, just north of Bangui, an estimated 800 houses have been partially or completely destroyed. It is estimated that 100 houses were partially or completely destroyed in Sibut town. According to a survey amongst IDPs, 70 percent noted that a loss of their homes and belongings has been the primary obstacle for their return. This decline in the housing stock has massive ramifications for the housing sector as a whole and massively impacts on all income earners.

These current conditions are compounded by sub-standard housing practices in the past. Prior to the most recent conflict, Central Africans have built their houses by themselves. Indeed, with this mode of construction, Bangui was declared to consist of 94 percent slum sprawl on the north side of the city. To discourage self-construction, the government instituted a CFA Francs 50 000 (US$84) fine for anyone constructing a house without authorisation from the Ministry of Urban Development and Housing. However, in its housing strategy of 2008 the government shifted its perspective slightly, to offer technical assistance to households planning to build housing units through self-construction. To this end the fine was suppressed for those seeking government assistance for self-construction. The government also planned to provide prototype cheap housing units that are able to resist the recurring floods during the June to October rainy season, especially in Bangui (UNHRC, 2015). A component of the World Bank-financed Emergency Urban Infrastructure Rehabilitation and Maintenance Project planned to fund a few pilot units through the Flood Response Programme sub-component of the project in 2013. However, the current political crisis pushed the World Bank, like many other international organisations, to pull out of the country, and the project was halted in March 2013 before this sub-component really started.

In the past, Habitat for Humanity International invested significant resources through technical assistance and by promoting local building materials and affordable building techniques. Unfortunately the organisation left the country in 2005, after having built more than 500 housing units. In recent years the US-based International Rescue Committee has launched a new housing programme to rebuild or rehabilitate over 2 500 housing units in the northern region where

CENTRAL AFRICAN REPUBLIC



there was massive displacement of people fleeing unrest, for those who have decided to return home. Given recent events in the country, however, there is a lot of uncertainty around the future of this project.

Furthermore, a number of housing programmes proposed by the private sector have been postponed or terminated in light of the ongoing crisis. These include: 1) a 200 housing unit Chinese government pilot project; 2) an experimental 60-unit project to promote the use of local materials for building affordable housing; and 3) a proposed CFA Francs 36 billion (US$61 million) project for affordable housing units for the northwest side of the city of Bimbo, a suburb of Bangui, by Prodia-Centrafrique, a private real estate firm based in France.

Property markets

The 1964 Land Code classifies land as being either within the public or the private domain of the state. The public domain is defined as all natural and artificial resources that, by their very nature, should be publicly managed for the benefit of the population. They are inalienable and cannot be traded commercially, like for instance waterways, classified parks, lakes and railways. The private domain of the state is defined as all unregistered land, landholdings acquired by the state and the exercise of eminent domain. Obtaining ownership rights over land in the private domain of the state is possible. This requires it, however, to be registered (and in most cases developed). The process for registering private property, culminating in the attainment of a title deed, is considered costly and time consuming. According to the World Bank's 2015 Doing Business Report, it takes 75 days and five procedures, and costs on average 11.1 percent of the property value to register a property. This as well as the government's weak land administration and management capacity in most parts of the country explains the fact that only 0.1 percent of land has been registered. Between 1899, when the title deed was introduced, and July 2012 only 8 579 title deeds had been issued according to the land registry at the Ministry of Finance, the majority of which were for properties in Bangui and other urban areas. Homeowners in rural areas frequently only entered into verbal agreements regarding their ownership, often with involvement of the chief. The inclusion of unregistered land in the private domain of the state is therefore a very significant feature of CAR's land tenure system. Ownership of registered property can be transferred via purchase, inheritance and lease.

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

Policy and regulation

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

The recent inauguration of the new government in 2014 saw the splitting of the Ministry of the Reconstruction of Public Infrastructure, Urbanism and Housing into the Ministry of Urbanism and Public Infrastructure (hereafter the Ministry of Urbanism) and the Ministry of Accommodation and Housing (hereafter the Ministry of Housing). This split has added further complexity to the housing environment.

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

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

The technical aspect of the cadastre is complemented by the Ministry of Finance and Budget, which takes care of the financial side of land registration. It also houses the land registration office (known as the office of domaines). This means that once the cadastre has issued a title deed, the related files are transferred to and stored at the Ministry of Finance and Budget.

The main policy and regulation frameworks governing the housing sector include:

- Constitution of the Central African Republic (2004): Provides that all persons have a right to property, and the state and citizens have an obligation to protect those rights.
- CAR's Law No. 63 of 1964 (Loi No. 63.441 du 09 janvier 1964 relative au domaine national): Abrogated the prior and Law No. 60/76, which allowed individuals to obtain occupancy rights to land identified by the state for habitation. Law No. 63 of 1964.
- Law No. 139 of 27 May 1960: Governs land tenure.
- Law Number 63.441 of 9 January 1964 (referred to as the 1964 Land Code): Defines the national domain and anticipates additional laws to address land tenure and private property. It recognises customary law, but limits customary land tenure to use-rights. The law provides for the privatisation of state land through land registration.
- Code de la Famille of (1997): The law includes detailed provisions on marital property and inheritance issues.
- Housing policy Statement and Housing Strategy (2008): Since its adoption in 2008, two important decisions have been made: the signing into law of the

creation of the Central African Housing Bank and the creation of the Central African Housing Promotion Agency. The law creating the Central African Housing Bank was voted for in July 2010. These two organisations, along with the Urban Development Fund (Fonds d'Amenagement et d'Equipement Urbain, or FAEU), are the government's main instruments for implementing its housing policy. The Housing Promotion Agency and the FAEU already exist physically but lack the resources (less than CFA Francs 50 million or US$100 000 a year) to undertake any serious initiative toward the housing sector besides providing a few plots of serviced land each year. Similarly, although the Housing Bank was formally signed into law, it still does not exist (and is unlikely to come into existence any time soon), also due to limited government resources.

- Poverty Reduction and Growth Strategy (2011-2015): Over this period the government aims to undertake the following housing interventions: create decent housing for the population, provide the population with marked-out building plots and implement city planning systems. On this last objective, the country has received strong support from the African Development Bank, which will support Bangui's city development strategy (CDS). The CDS was not, however, yet drafted before the crisis engendered by the March 2013 coup d'état, and as a result, the current political situation is very likely to delay the achievement of these goals

Opportunities

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

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

Until the country stabilises, it is unlikely that the housing sector will improve and expand. However, when investors are able to safely return to the country, there will be a significant need for the development and reconstruction of housing (of all types) as well as its supporting infrastructure. As most of the housing units available in the country, especially outside of Bangui, are traditional housing units, investments to renew such housing are expected to create many job opportunities.

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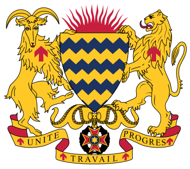
Chad



KEY FIGURES

Main Urban Centres	N'Djamena
Exchange Rate: 1 US$***	593.20 Central African CFA
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	0.2 | 2.9 | 3.3 | 3.5
Population^ | Population growth rate (2013)^	13 211 146 | 2.96
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	22.34 | 3.48
GDP / capita (current US$)^ | GDP growth rate (annual %)^	1 053.82 | 7.30
GNI / capita, Atlas method (current US$) ^	1 010
Population below national poverty line*	46.7
Unemployment rate (%)*	7.8
Gini co-efficient (year of survey)^^	43.3 (2011)
HDI (Global Ranking)" | HDI (Country Index Score)"	184 | 0.372
Lending Interest Rate^	...
Mortgage Interest Rate (%) | Mortgage Term (years)#	9.00 | 10
Credit % of GDP^	7.8
Average Mortgages % of GDP°	...
Price To Rent Ratio City Centre** | Outside City Centre**	...
Gross Rental Yield City Centre** | Outside of City Centre**	...
Outstanding home loan (% age 15+)##	4.51
What is the cost of standard 50kg bag of cement (in US$)? #	...
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	...
What is the size of this house (in m²)? #	...
What is the average rental price for a formal unit (in US$/month)#	...
What is the minimum plot size for residential property (in m²)#	...
Ease of doing business rank !	185
Number of procedures to register property !	6
Time (days) to register property !	44
Cost (% of property value) to register property !	15.20

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

Chad, a predominantly rural, land-locked country, is recovering from four decades of continual conflict. Its 1 284 million km² are bordered by Libya to the north; Sudan to the east; Central African Republic (CAR) to the south; and Cameroon, Niger and Nigeria to the west. Chad holds substantial oil reserves, which have been exploited since 2000 through a US$4.2 billion World Bank-financed pipeline. Government's finances have increased drastically due to the oil revenue. However, the increase in public spending has been predominantly on its military, in violation of the requirement by the World Bank that the oil revenue should be directed towards poverty reduction efforts. This led to the IMF and World Bank severing its relationship with the government in 2010. Chad's relations with these institutions have recently been restored, and the country was provided, in May 2015, with debt relief to the value of US$1.1 billion.

Throughout 2015, new oil fields are coming into production; the output of established, ageing fields' production have gradually decreased. Chad's dependency on oil makes the economy vulnerable to fluctuation in oil prices, which are expected to remain at the current low levels for the foreseeable future. This resulted in an economic growth rate that has varied between zero and 40 percent since 2004. Last year, largely because of increased oil output, economic growth was at 7.2 percent, resulting in a GDP per capita of US$1 053. Despite the considerable economic growth, inflation has remained low, consistently below four percent.

Even with the newfound oil wealth, the majority of Chadians support themselves through agriculture. The agricultural sector – predominantly based in the southwest, with the main produce being cotton and livestock – is vulnerable to variations in rainfall. The continued shrinking of Lake Chad and lower than typical rainfall – a trend that is expected to continue because of climate change – has steadily decreased the availability of water over the last past decade, resulting in food shortages in 2011.

Investors, donors and the government would be encouraged by the reduced threat of internal conflict, largely the result of the stabilisation of relations with Sudan. The region, though, continues to threaten Chad's stability, with numerous conflicts in bordering countries. Libya and CAR have been engulfed by civil wars, Mali has struggled with a recent insurgency, and Boko Harem has established a devastating presence along its shared border with Nigeria, Niger and Cameroon. Chad has deployed troops into Cameroonian and Nigerian territory to combat Boko Haram (the area in which Boko Haram operates forms part of Chad's most significant trade corridor). Overall, Chad has recently made an effort to improve its governance and has acknowledged the reforms that the country requires, while attempting to protect its economic interests by combating Boko Haram and trying to increase its regional importance by involving itself in the conflicts in CAR and Mali.

Access to finance

Chad is a member of Central African Economic and Monetary Community (CEMAC), which has a regional central bank – the Bank of Central African States (BEAC). All banks in Chad are subject to oversight by the Central Africa Banking Commission (COBAC), which is part of BEAC. As of October 2014, eight banks were authorised by BEAC to operate within Chad. All eight banks have, to varying degrees, some form of foreign ownership. Five of the banks – BSIC, Ecobank, Orabank, Société Générale and United Bank for Africa – are subsidiaries of multinational banks. The eight banks vary in size, and with a share capital of between CFAF 6 billion (US$20 million) and CFAF 12 billion (US$40 million). According to Making Finance Work for Africa (MFW4A), despite the foreign linkages, these banks are not well integrated into global financial markets, inhibiting the development of the financial sector while providing protection from global financial market fluctuations.

Chad, like all countries in CEMAC, utilises the CFA franc, a currency which is pegged to the Euro. BEAC has an interest rate of 2.95 percent, down from four percent in 2013. This rate has averaged 3.78 percent from 2009 until 2015, with a high of 4.25 percent in July of 2009 and a low of 2.95 percent in July of 2014. The IMF, in 2014, claims that lending rates by banks can be as high as 13 percent in some CEMAC countries. Most of BEAC's lending is to CEMAC governments, creating a situation where the Chadian government does not need to issue treasury bonds. The bond market is also not an option for private developers who wish to raise capital for developments.

Financial inclusion is low in Chad, even among the wealthy. Only 12 percent of the population has formal bank accounts, just 30 percent of the richest 20 percent. According to Findex 2014, only two percent of the adult population borrowed from a formal institution in 2014, as the majority of Chadians who have borrowed money do so from a relative or friend. This is a the trend across the region, as the low rate of financial inclusion across CEMAC represents the shallowness of the banking sector – the IMF report states that banks hold excess reserves (200 percent of reserve requirements) and lack the sophistication to adequately assess risk.

Even with the low rate of financial inclusion, there were consistently, between 2000 and 2012, well over 100 microfinance institutions in operation in Chad – the second highest number in CEMAC. Currently, according to MFW4A, there are over 200 microfinance institutions in operation, though most are primarily involved in agriculture. The IMF predicts that the microfinance sector will continue to grow, increasing financial inclusiveness in the country. Microfinance institutions, like banks, are subject to regulatory oversight by COBAC.

According to Findex 2011, 7.3 percent of adults had an outstanding loan to purchase a house. Data from Findex 2014 shows that 4.5 percent of adults have an outstanding mortgage (note that these numbers are not directly comparable). At 5.4 percent, a greater percentage of adults in rural areas had a mortgage than those in urban areas. Some of the banks do provide mortgages. Orabank offer a mortgage for a loan repayment term between five and 10 years, at an average rate of nine percent to those who are formally employed, or to private companies or multinationals. BSIC also offers property loans. Though it is unclear whether the other formal banks offer mortgages, data suggests that rates offered on mortgages may be between 14 and 15 percent. The availability and accessibility of housing finance is limited in Chad, due to both the affordability and supply of housing.

Affordability

With over 90 percent of its urban inhabitants living in informal settlements, according to UN Habitat, Chad suffers from a severe shortage in the provision of affordable housing. Chad aimed, under its 2013 – 2015 National Development Plan, to increase access to decent housing to 32 percent, from 28 percent in 2011. The World Bank claims that the inadequate and informal nature of housing is because of the extremely high cost of building materials, stating that this is the reason that the rental market is predominantly informal. In contrast, typical of low income countries with dominant oil sectors, N'Djamena is ranked as the tenth most expensive city to live in for expatriates by Mercer's Cost of Living Survey, in its worldwide assessment of 211 cities in 2015, down from second position in 2014.

According to Numbeo, the rental cost of a formal one-bedroom apartment in urban Chad is US$580 a month. In contrast, the average annual general expenditure per capita, in 2011, was CFAF 231 190 (US$394), ranging from CFAF 66 321 (US$113) for the poorest households to CFAF 617 292 (US$1 060) for the wealthiest. Taking into consideration Chad's GDP per capita (US$1 053, which includes the significant contribution to the economy by the oil sector) and its poverty rate (46.7 percent), the rental figures collected in Numbeo highlights how unaffordable formal housing is.

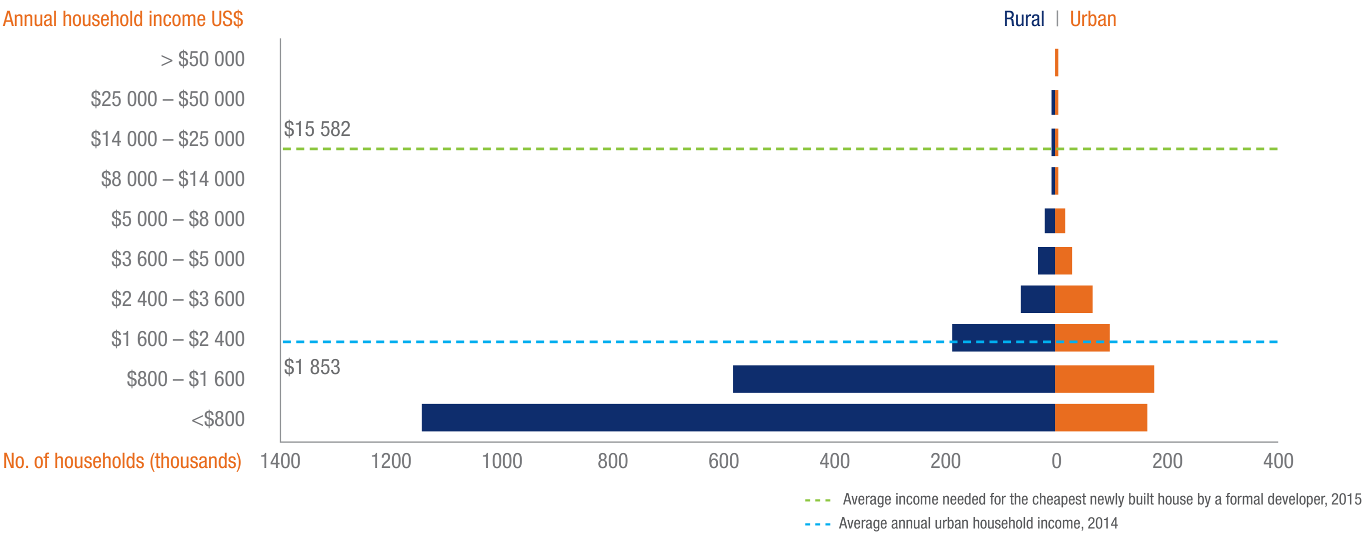
While there have been initiatives to decrease the cost of imports, such as road paving funded by the World Bank, the remoteness of N'Djamena and the lack of initiatives to provide affordable housing – marked by the fact that none of the loans provided by international donors have been for housing – means that the high cost of formal housing is likely to remain. For the resale market, the World Bank's Doing Business 2015 report states that the standard price of property was CFAF 24 793 141 (US$43 000). There is little data available on the cost of constructing a house but what there is suggests that it continues to be high. An example of this is demonstrated by Chad having the most expensive cost per a classroom in Africa: the average construction costs for a classroom, according to the World Bank, was US$57,229 in 2009, compared to a continental average of US$6,740. At this cost, US$741 per m², a 40 m² house would cost US$30 000 to build, though it is likely cheaper to build a classroom than a house. In terms of developments, 405 houses were constructed by Lutheran World Federation (LWF) for refugees at a cost of US$45 500 a house in 2013; in 2014, LWF report that it was able to build more houses at a cost of US$25 000. The lack of supply of adequate and affordable housing means that data on the cost of construction is scarce.

Housing Supply

Supply of housing in Chad is predominantly provided informally. Its remote, land-locked location drastically increases the price of imported building materials, while local manufacturing in the local economy is limited. Chadians tend to construct incrementally, accessing financing through family and informal sources, both in urban and rural areas, predominantly with traditional building materials.

There is little information available on the supply of housing in Chad. Improvements in housing have been slow: 77.5 percent of urban housing was inadequate in 2003, decreasing to 73.1 percent in 2011. The oil boom has increased demand for formal housing at the top of the market but has done little

CHAD



to increase the supply in the affordable market. Most new formal construction happens at the high-end of the market, with the government constructing 60 deluxe houses for an African Union summit in 2015. The Chadian government announced the construction of 14 000 social housing units at the beginning of 2014, to be constructed by Morocco, but it is not clear what progress has been made with this initiative. And the government foresees the construction of 125 000 new housing units by 2025.

77.66 percent of households (just over 2 million) are rural, with only 9.17 percent (just under a quarter of a million) living in major urban areas. According to UN Habitat, Chad's average household size has consistently been around eight for the past two decades, though it is gradually decreasing, and is expected to be 7.5 in 2025. Urban households bring down this average, with an average size just above five.

Property Markets

Chad has a small and limited property market. Most housing is informal, and sales take place on the informal market. The formal market serves the elite, with little turnover. This may be changing, as the World Bank, in 2011, stated that a 'booming urban economy is driving improvements … in housing quality,' with notable increases in the rate of asset ownership and adequate flooring.

The World Bank's Doing Business Index 2015 reveals some of factors that inhibit the development of Chad's property markets: registering property involves 7 procedures, taking 44 days and at a cost of 15.2 percent – down from 15.4 percent from 2014 – of the price of the property. This means that Chad is ranked as the 166th country in the world in terms of ease of registering a property. Though it takes less time to register a property than in an average Sub-Saharan African country, the process costs six percentage points more than the regional average.

Chad does have property taxes. According to Monkam, property taxes are only implemented in N'Djamena, and even then it is unevenly and poorly enforced. The tax rate on properties is 12 percent in N'djamena and 11 percent in other municipalities, though rates increase to 21 percent if the land is undeveloped. The tax is calculated according to the annual or rental value of a property. Property tax collection is hampered by non-compliance and corruption, impeding local governments' ability to provide services yet reducing the tax burden on property owners. Beyond property tax, developers would be subject to a corporate tax rate of up to 40 percent, while the highest personal tax rate is 60 percent.

Policy and Regulation

Chad has a National Housing Strategy (SNL), which is implemented through the Ministry of Urban Development and Housing and was adopted in 1998/1999. The most recent policy document for housing is the 2013 – 2015 National Development Plan (PND), which states that, as 'an emerging regional power by 2025, supported by diversified and sustainable sources of growth that create added value and employment and assure every Chadian adequate access to basic social services [and] decent housing'. As part of the PND, Chad has allocated CFAF 12.05 billion (US$20 million) to housing and provided the Ministry of Urban Development and Housing with a budget CFAF 6.29 billion (US$5 million), for the period 2013 – 2015.

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

Chad's land legislation has not been updated since 1967, even though the government recognises its inadequacy. As with many African countries, the state holds all private and public land. This means that all land that is considered vacant or unoccupied is the property of the state. Land that is occupied falls under a number of different legal regimes. Islamic law, present in northern and central Chad, provides for ownership. Formal law allows for freehold rights, providing for the occupation and transfer of land. Leaseholds are recognised under formal law, though the extent to which it is formally present is uncertain. Communities are mandated to provide occupancy rights.

Chad updated its investment legislation in 2007, adopting the National Investment Charter Act, in accordance with the regulations of BEAC. The government has also passed a law establishing the National Investment and Export Promotion Agency. It is unclear how this has impacted investors, though in 2009 the African Development Bank criticised the business environment of the country. The National Investment Charter Act included provisions that called for the enactment of a land law consistent with the legislation on contracts and strengthening of commercial courts.

Opportunities

With a relatively stable economy, the government is seemingly intent on improving its standing with international lenders, and the possibility of new oil production and mineral exploitation, Chad's fortune can improve. Its membership to BEAC provides a stable monetary framework, while political instability is less of a threat to the government than it has been in the past. Chad offers an interesting market to work in, and one desperately in need of affordable housing developments. The high cost of formal construction provides developers with the opportunity to gain substantial market share by innovating in the affordable segment of the market.

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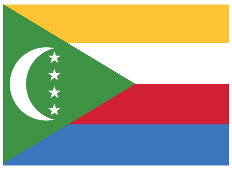
Comoros



KEY FIGURES

Main Urban Centres	Moroni
Exchange Rate: 1 US$***	452.72 Comorian Franc (KMF)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	1.6 | 1.6 | 2.5 | 2.6
Population^ | Population growth rate (2013)^	752 438 | 2.36
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	28.19 | 2.67
GDP / capita (current US$)^ | GDP growth rate (annual %)^	860.83 | 3.00
GNI / capita, Atlas method (current US$) ^	840
Population below national poverty line*	44.8
Unemployment rate (%)*	7.0
Gini co-efficient (year of survey)^^	64.3 (2004)
HDI (Global Ranking)" | HDI (Country Index Score)"	159 | 0.488
Lending Interest Rate^	10.50
Mortgage Interest Rate (%) | Mortgage Term (years)#	18.00 | 30
Credit % of GDP^	24.16
Average Mortgages % of GDP°	28.00%
Price To Rent Ratio City Centre** | Outside City Centre**	...
Gross Rental Yield City Centre** | Outside of City Centre**	...
Outstanding home loan (% age 15+)##	...
What is the cost of standard 50kg bag of cement (in US$)? #	8.25
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	131 000
What is the size of this house (in m²)? #	120
What is the average rental price for a formal unit (in US$/month)#	...
What is the minimum plot size for residential property (in m²)#	...
Ease of doing business rank !	159
Number of procedures to register property !	4
Time (days) to register property !	30
Cost (% of property value) to register property !	10.40

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

The Comoros Islands are an archipelago of four islands and several islets located in the western Indian Ocean about ten to 12 degrees south of the Equator and less than 200 miles off the East African coast. They lie approximately halfway between the island of Madagascar and northern Mozambique at the northern end of the Mozambique Channel. The archipelago is the result of volcanic action along a fissure in the seabed running west-northwest to east-southeast. The total area of the four islands is 2 034 km². The population of Comoros was estimated at 734 917 in 2013.

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

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

In its 2013 Annual Report, the Comoros Central Bank indicated that economic growth for the year was at 3.5 percent and that the inflation rate had come down to 1.6 percent from 6 percent in 2012. However budget deficit had worsened to 8.5 percent of GDP in 2013, compared to 5.6 percent in 2012. The current account deficit is projected to narrow to 7.4 percent of GDP in 2014 from 11.3 percent in 2013, reflecting a contraction in imports of investment goods and lower fuel import prices, as well as higher remittances. While public debt improved to 26.2 percent in 2013, compared to 51.3 percent in 2012, this was due to a debt write-off from the IMF and other international institutions.

The World Bank's 2015 Doing Business Report ranks Comoros as 173rd out of 189 countries surveyed in terms of starting a business.

Access to Finance

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

In its Annual Report of 2013, the central bank indicates that the credit granted to the private sector during the year was FC27 238 billion (US$60 billion) out of total credit of FC53 968 (US$119 billion) granted in 2013. Moreover, total credit granted to individuals increased from FC20 636 billion (US$45.58 billion) in 2012 to FC22 731 billion (US$50.20 billion) in 2013, that is a ten percent increase. Out of this, only 4 percent were long term loans granted to individuals.

In addition to these traditional banking institutions, networks of mutual savings banks (Meck) and credit (Sanduk) have been developed. These funds provide local banking services for rural and urban unbanked population. The Meck (Mutual Savings and Credit of the Comoros) are the Savings and Credit component of the Project Support to Economic Grass Roots Initiatives, and are funded by the State and the International Fund for Agricultural Development. The Sanduk were initially funded by the French Development Agency.

According to the Comoros Central Bank, there were 248 801 bank account holders as at December 2013, an increase of 10.3 percent over the previous year. The number of clients who had a credit with the banks increased by 21.4 percent over the same period. Total credit was at 23.6 percent of GDP compared to 21.8 percent for the year 2012.

The IMF reports that Comoros's banking system is generally sound. Following a year of record profits in 2011, the nonperforming loans ratio has declined during 2012 to 12.0 percent at the end of June, compared to 15.7 percent at end-2011; the level is still high by regional standards but well-provisioned. Liquidity and solvency ratios remain high. The government has two priorities for strengthening the financial sector: the privatisation of the Development Bank of the Comoros; and the restructuring of the National Post and Financial Services Institution (SNPSF), which is likely to include the separation of banking activity from the postal office and foreign direct investment in the creation of a new fully-fledged commercial bank.

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

The Central Bank of Comoros continues implementing recommendations from the 2010 safeguards report and strengthening banking supervision with IMF and "Banque de France" assistance. The Central Bank of Comoros (BCC) started on-site inspections of financial institutions in 2012, and is working towards the establishment of a credit bureau too. Also, the BCC has started drafting a new banking law; and the audit of its financial statements for 2013 has been completed and the financial statements published within the agreed timeframe. The World Bank's 2015 Doing Business Report ranks Comoros as 131st for getting a credit (from 168 in 2011) and 189th in respect of resolving insolvency.

Affordability

Approximately 65 percent of all housing units in the Comoros were made of straw with roofs made from cocoa leaves; about 25 percent were made of durable materials including stone, brick, or concrete. Of all housing units, nearly 90 percent were owned, 3 percent rented, and 3 percent occupied rent free. Around 98 percent of the population had access to improved sanitation systems and safe water.

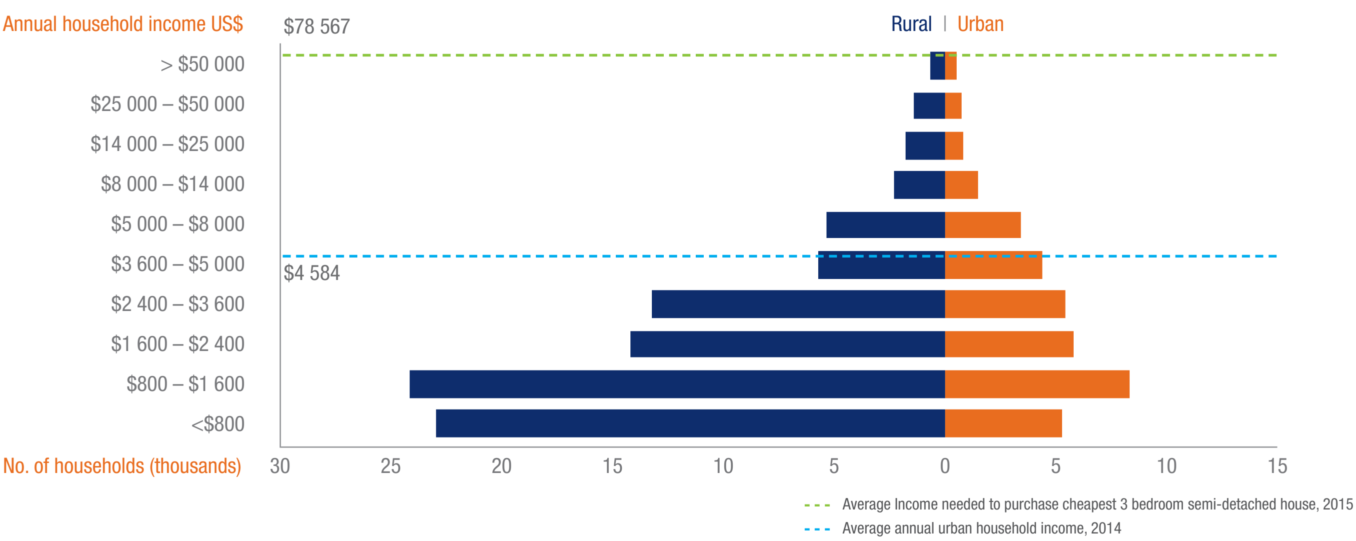
According to the World Bank's Worldwide Governance Indicators, the Comoros is regularly ranked in the group of countries whose performance is inadequate in terms accountability, political stability, absence of violence, government effectiveness, regulatory quality, rule of law and control of corruption.

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

Housing Supply

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

COMOROS



As indicated earlier, some 65 percent of the houses are quite rudimentary but privately owned. There is a big scope for eventual further credit facilities from private banks/financial institutions to improve on those houses. In the absence of affordable dwellings supplied by the market, a consortium from Iran has proposed to construct 5 000 housing units throughout the three islands over a period of four years.

Property markets

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

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

The World Bank's 2015 Doing Business Report ranks Comoros at the 105th position for registering property.

Policy and regulation

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

Despite the fact that the credit market is at a basic stage, the Central bank of Comoros has put in place prudential norms. In its report of 2013, the Central Bank reports that compliance to Bank Prudential Ratios were also well respected by the financial institutions.

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

Opportunities

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

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

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

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http://www.doingbusiness.org/data/exploreeconomies/comoros

Côte d'Ivoire

KEY FIGURES

Main Urban Centres	Yamoussoukro
Exchange Rate: 1 US$***	593.20 West African CFA
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	2.6 | 0.6 | 2.5 | 2.1
Population^ | Population growth rate (2013)^	20 804 774 | 2.38
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	53.48 | 3.72
GDP / capita (current US$)^ | GDP growth rate (annual %)^	1 646.43 | 9.00
GNI / capita, Atlas method (current US$) ^	1 550
Population below national poverty line*	42.7
Unemployment rate (%)*	4.0
Gini co-efficient (year of survey)^^	43.19 (2008)
HDI (Global Ranking)" | HDI (Country Index Score)"	171 | 0.452
Lending Interest Rate^	...
Mortgage Interest Rate (%) | Mortgage Term (years)#	5.5 | 15
Credit % of GDP^	20.33
Average Mortgages % of GDP°	...
Price To Rent Ratio City Centre** | Outside City Centre**	...
Gross Rental Yield City Centre** | Outside of City Centre**	...
Outstanding home loan (% age 15+)##	2.95
What is the cost of standard 50kg bag of cement (in US$)? #	9.27
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	8 429 – 16 858
What is the size of this house (in m²)? #	...
What is the average rental price for a formal unit (in US$/month)#	2 020 – 2 528
What is the minimum plot size for residential property (in m²)#	400 – 500
Ease of doing business rank !	147
Number of procedures to register property !	6
Time (days) to register property !	30
Cost (% of property value) to register property !	9.60

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

The Republic of Côte d'Ivoire is in West Africa and bordered by Liberia, Guinea, Mali, Burkina Faso, Ghana and the Atlantic Ocean. The country has a population of 20.8 million, and is the world's largest cocoa producer. The country's GDP growth hit an all-time low in 2011, mainly due to the 2011 post-election violence when former President Laurent Gbagbo was forced out of office after he refused to concede the presidency following his 2010 election defeat. Legislative elections were held in December 2011 and were won by Alassane Dramane Ouattara, who after four years in office was re-elected in the 2015 elections. The economy recovered in 2012, with an 8.6 percent GDP growth rate, driven by public and private investment and growth in consumption. GDP growth rate of 8.7 percent in 2013, and 8.3 percent in 2014 confirmed the recovery. Growth is expected to remain robust in 2015 with eight percent and 8.5 percent in 2016 due to structural reforms and improvement in the business climate.

Côte d'Ivoire is the largest economy in the West African Economic and Monetary Union (WAEMU/UEMOA) and accounted for 35 percent of the region's total GDP in 2015. As it implements its 2012-2015 National Development Plan (NDP), the country is busy developing its plans for the next phase, post-2015, with the help of various stakeholders and the African Development Bank Group.

Access to finance

According to the Central Bank, Côte d'Ivoire has 25 banks, 31 insurance companies, 80 microfinance structures (MFIs) and two financial institutions. The financial service industry has witnessed double digit growth since emerging from the political crisis, with aggregate assets of CFA600.6 billion (US$1 126 095 752) in November 2014. According to the West African Central bank, (BCEAO), banks' assets have grown from 25.8 percent of GDP in 2003 to 26.8 percent in 2013 meanwhile bank lending remains low at 18 percent of GDP in November 2014. This is due mainly to the lower market penetration.

In 2015, there were 32 MFIs listed on Mix Market, with US$191.8 million worth of loans disbursed to 114 662 borrowers, and US$276.5 million in deposits from 680 149 depositors. UNACOOPEC-CI, the savings and credit co-operative network of Côte d'Ivoire, remains the largest MFI with 448 740 depositors, US$179.4 million deposits, 53 293 borrowers and US$65.7 million in loans dispersed in 2012. They offer a product called 'Prêt Habitat' which enables borrowers to buy land, build or to purchase a house. The MFI also has a product called 'Coopec Diaspora' targeted at Ivorians in the diaspora. Clients pay a 10 percent deposit and then make arrangements to pay either directly in instalments, or over 15 years via a co-operating bank. UNACOOPEC-CI has entered into a partnership arrangement with The Central Real Estate Company, which builds the houses that the Coopec Diaspora clients then buy on specification. UNACOOPEC CI is facing a serious charge of mismanagement which can jeopardize the savings of its clients this was reported in the media by late 2014 and there is no information about the project (Cite Diaspora) and the last data of the MFI reported by Mix Market concerned 2012.

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

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

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

Access to financing is not only a challenge in Cote d'Ivoire, but for all UEMOA states. In order to address this, a regional mortgage institution, the Caisse Regional de Refinancement Hypothecaire-UEMOA (CRRH-UEMOA), was created in July 2010, with headquarters in Lomé, Togo. The mission of the new institution is to promote easy access to long-term financing for its member banks to enable them to finance housing loans. The initial capital of the CRRH-UEMOA is CFA3 426 million (US$ 5.8 million), 60 percent of which belongs to financial institutions of the region, 15 percent to Shelter Afrique and 25 percent to the Banque Ouest Africaine de Developpement,BOAD. It is expected that CRRH activities will reinforce the capacity of commercial banks, unleash construction activities and foster housing development. As expected, the institution is generating investments, and employment opportunities as currently illustrated by the number of members' banks (46 shareholders), and has been successful in the regional stock exchange and the projects financed.

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

The World Bank's 2015 Doing Business Report ranks Côte d'Ivoire in 180th place out of 189 countries; in terms of dealings with construction it takes 23 procedures and 347 days, making it one of the highest in the region. Cote d'Ivoire has improved its score in registration of property from being ranked at 138 in 2014 to 124 in 2015; the improvement is attributed to digitising its land registry system and lowering the property registration tax. The cost of registration is 9.6 percent of property value, and is still above the average in the Sub-Saharan region (9.1 percent) and remains very high by world standard.

Affordability

The current National Development Plan (2012 – 2015) is focused on poverty alleviation. The goal is to decrease the incidence of poverty from 48.9 percent of the population in 2008 to 33.6 percent in 2013, and to 16 percent in 2015. In spite of economic growth, poverty is rampant in the country as a result of the civil war, especially in Abidjan where shanty houses, commonly called Bidonville, have erupted to house the influx of immigrants from rural zones to the capital in quest of opportunities. Even before the war there was a deficit of housing in Abidjan, and today the situation is worse. Affordable housing is a challenge to an average Ivoirian who earns less than CFA60 000 (US$101) a month, the minimum salary since 2013. The minimum salary concerns only those people working for the government and the formal private sector and they barely represent 18 percent of the labour force. The majority of the population works in the agricultural sector and the informal sector; and live in shanty houses in areas such as Koumasi, where there is little to no urban infrastructure. Rent in slums is speculative and range between CFA25 000 to CFA40 000 (US$42 to 67) for a room. Rent in the popular residential zone (Cocody), where the majority of expatriates live, ranges from CFA1 200 000 to CFA1 500 000 (US$2 023 to 2 529) for a villa to CFA3 500 000 (US$5 900) for a very luxurious villa.

To alleviate poverty the government has increased the minimum salary from CFA36 600 (US$ 61) to CFA60 000 (US$101) a month in November 2013.

To boost affordability, the government has a programme for building modulated homes costing CFA5 000 000 (US$8 429), LEM: Logements a equipement modere, i.e. only the structure is built and the home owner provides the rest.

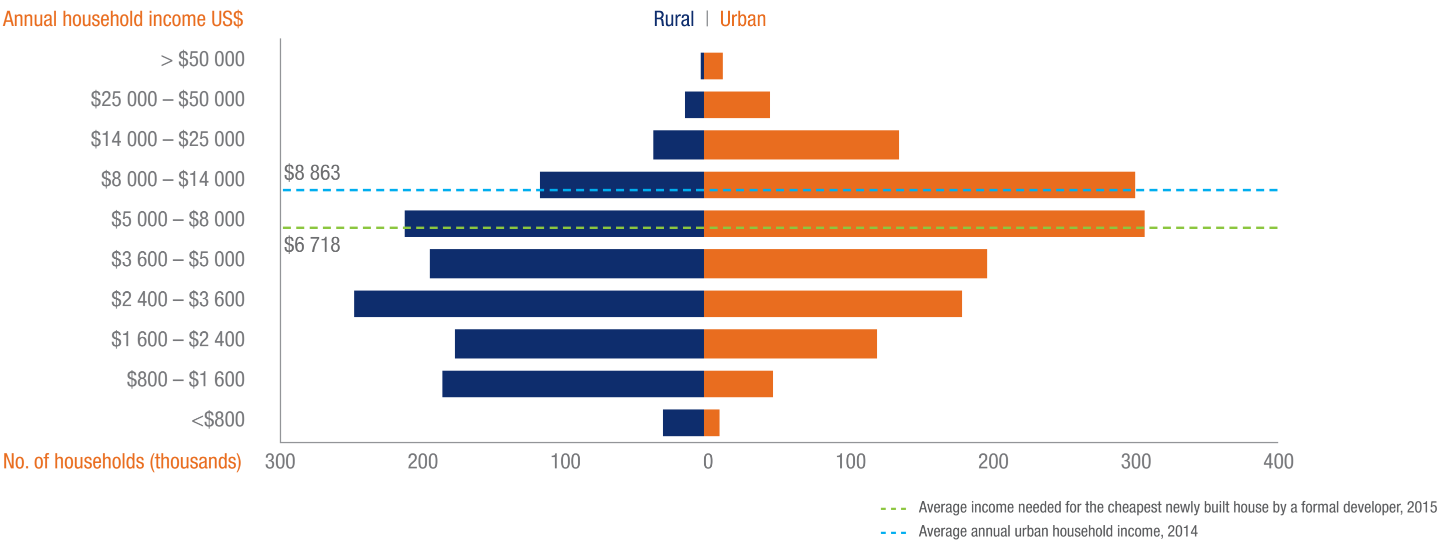
Other initiatives to boost affordability include the promotion of mortgage activities and a diversified housing development programme initiated by the government for all categories of the population that is the low, middle and high income Ivoirians.

Housing supply

The majority of houses in Cote d'Ivoire are self-built, but the government, through its economic development policies, contributed significantly into housing development between 1970 and 1980, especially in the former capital city, Abidjan. SOGEPHIA and SICOGI are the two public companies in charge of housing development and property management. Between the two companies 24 254 housing units were constructed in Youpoghon, 10 770 in Cocody and 6 938 in Port Bouet during those years. The houses are individual villas, duplexes and one to two story buildings with apartments and studios; they have been built with adequate construction material and in well planned urban communities with amenities. SOGEPHIA and SICOGI produced housing in relatively mass scale, but other actors in the market include the informal enterprises that produce the majority of the stock of houses in the country. As from 1995 the government stopped subsidizing housing and this has contributed to an acute deficit in housing, even before the civil war. Due to the gap between supply and demand a lot of shanty houses, have emerged in the cities, especially in Abidjan, and even in Cocody – which is one of the prime areas in Côte d'Ivoire. .

The Côte d'Ivoire housing deficit is estimated to be over 600 000 units this year, with the need being most prevalent in cities. The government estimates the

CÔTE D'IVOIRE



annual housing deficit in the country to be over 100 000, and in Abidjan alone to be 22 000. Housing supply in the capital is less than 3 000 a year and most people are renters (75 percent of the population of Abidjan were renters in 2014). Rental for a studio i.e. a minimum unit, range from CFA 100 000 to 150 000 (US$169 – 253) in a middle income zone. The housing deficit is a source of rent speculation and other consumers' complaints. To protect the population, the ministry in charge of housing (Le Ministère de la Construction, du lodgement, de l'assinissementet de l'urbanisme) has introduced a code for urban properties, (Le code du foncier urbain) which regulates rent and minimises rental guarantees and other rental miscellaneous funds.

Construction of decent affordable homes is one of the priorities of the current government and was among the electoral promises of President Alhassane Ouattara in 2010. However, out of the 50 000 affordable homes promised, only a few have been supplied. In order to accelerate the process, the government is mobilising all stakeholders – 71 construction sites have been opened and construction is in an advanced stage; an additional 31 real estate developers were officially engaged in 2013 – with 46 overall in 2014, and each of them has a delivery obligation of 3 000 homes per annum between 2014 and the end of 2015. This obligation is yet to be fulfilled. The government recognised the constraints in respecting the schedule, among which are the difficulties in acquiring land throughout the country, and especially in the capital, the difficulties in mobilising funds to compensate traditional owners and elaborating the feasibility studies. Other reasons are the underestimation of the cost of the cheapest housing unit at CFA5 million (US$ 8 429) and the slow pace of execution of contracts by local developers. To accelerate delivery the government has had to change its approach by introducing the construction of modulated homes for the CFA5 000 000 US$ 8 429. Other measures include the transferring of approved contracts from developers who failed to respect the delay to developers who meet the obligation.

The government recognises the gap between supply and demand for homes and as such initiates multiple programmes including slum upgrading programmes for cities – a programme that was launched at the end of last year, the 'PUIUR' (Programme d'Urgence d'Infrastructures Urbaines) financed by the World Bank and other incentive measures (financial and legal) to facilitate housing development operations. The impact is illustrated by the number of construction sites in the capital, and in other smaller cities, (72) the different types of housing units proposed (i.e. LEM, apartments, individual houses of different categories) and the numbers of stakeholders involved, both local and foreign. Among the foreign developers is Alliance Group, a Moroccan company, which will construct 14 000 housing units in Abidjan, with 10 000 low income and 4 000 middle and high income houses. African Business Development Incorporation, an American company, to construct 3 000 units, ADOHA group, a Moroccan company will construct more than 9 000 apartments and among the local companies is La Societe ivoirienne de construction et de gestion immobiliere (Sicogi) a public company which will build 15 000 houses.

The government's efforts in ameliorating the business environment and sourcing foreign investment to develop urban infrastructure and housing is paying off as illustrated by the number of stakeholders involved and the improvement of the rank of Cote d'Ivoire in the World Banks Doing Business 2015.

Property markets

Residential property market data is difficult to come by but the various surveys carried out by the ministry in charge of housing indicates a range of CFA 100 000 to 150 000 (US$169 to 253) for a "studio" in Abidjan as the average rent for the middle income population. There is a huge gap between rental depending on the geographical situation of the property. According to a 2015 report by real estate consultancy Frank Knight, rent ranges for a good villa at Coccody and zone 4, a prime location between CFA1.2 million and CFA1.5 million (US$2 023 to 2 529) and can be higher as CFA3.5 million (US$5 900) a month. Knight Frank goes on to report that demand for retail space is very high with prime rental rates of US$32 per m^2 per month in Abidjan. According to local market information rent is very speculative in the low income areas, and the average prices range between CFA25 000 to CFA40 000 (US$42 to 67) for a room in a multi room building in popular zones.

As for property prices, only government data is available and ranges between CFA5 million for the cheapest, CFA5 – 10 million (US$8 429) for economic, CFA10 – 15 million (US$16 858 – 25 287) for average middle class, CFA20 – 25 million (US$33 715 – 42 144) for middle class and over CFA25 million (US$42 144) for the upper class. Although there is a land registry in place, it covers only a small proportion of all property. This is mainly due to the conveyancing process, although a major reform was introduced by the ministry in charge and the cost of registration has been reduced to 9.6 percent, which is still very high by international standard. It remains a lengthy process of 30 days which is unaffordable to the majority of the people.

The different government economic development programmes, the presidential programme for affordable homes, improvement in the doing business environment and the returning of the headquarters of African Development Bank to Abidjan with a staff of over 500, are all already boosting the property market and growth is expected to continue.

Policy and regulation

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

The most recent municipal land regulation and building code was drawn up in 1996. The minimum house size that can be built in Abidjan is 100m^2 and the maximum height is four storeys; however, in some municipalities this can be more.

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

- Law 62-253/31-7-62: Invest full authority in the ministry of housing for the development of the country's urban planning.
- Law 2003-208 / 7-7-203: Modified law 62-253/31-7-62 and transfer the authority from the central government to local authorities.
- Law 98-750 /23-12-98: Transfer customary land rights to private property rights regulated by the state
- law (N°2013-481) was passed in July 2013: Arrêté de Consession Definitive (Adc). The sole document for urban land registration. Facilitate the process of land acquisition and protect the right to property.

Opportunities

Côte d'Ivoire has come through a difficult period due to the post electoral conflict which has threatened national unity and undermined urban infrastructure including housing. The country's progress since the election in 2011, however, has been impressive: with a stabilising governance framework, opportunities for investors are promising. The economic recovery that began in 2012 was confirmed by the 8 percent growth rate of the GDP in 2015 and expected to remain robust in 2016 and 2017. Many projects are in the pipeline and others are being implemented, among which is an infrastructure project which aims to increase access to, and improve the quality of, urban infrastructure facilities and services in Abidjan, Bouake and other selected cities. This project was launched by the World Bank in 2010, with a total cost of US$50 million. The Emergency Infrastructure Renewal Project was approved in June 2012 and is still ongoing; this aims to improve access to basic infrastructure in targeted urban and rural areas: i.e. Abidjan, Yamusokoro, Korgho, Bouake, Abengourou and Soubre. The total cost of this project is US$200 million with US$100 million already committed.

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

The different economic and social reforms of Cote d'Ivoire have a positive effect in the business climate the results of which can be measured by the position of the country in the World Bank's 2014 and 2015 Doing Business Report.

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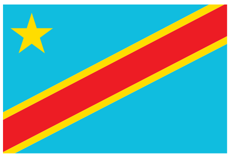
Democratic Republic of Congo



KEY FIGURES

Main Urban Centres	Kinshasa
Exchange Rate: 1 US$***	913.38 Franc Congolaise (CDF)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	0.8 | 1.2 | 1.8 | 4.7
Population^ | Population growth rate (2013)^	69 360 118 | 2.70
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	41.98 | 3.93
GDP / capita (current US$)^ | GDP growth rate (annual %)^	475.23 | 9.05
GNI / capita, Atlas method (current US$) ^	410
Population below national poverty line*	71.3
Unemployment rate (%)*	40#~
Gini co-efficient (year of survey)^^	44.43 (2005)
HDI (Global Ranking)" | HDI (Country Index Score)"	186 | 0.304^#
Lending Interest Rate^	18.69
Mortgage Interest Rate (%) | Mortgage Term (years)#	16.00 | 3
Credit % of GDP^	6.23
Average Mortgages % of GDP°	15%"'
Price To Rent Ratio City Centre** | Outside City Centre**	16.17** | …
Gross Rental Yield City Centre** | Outside of City Centre**	6.18+ | …
Outstanding home loan (% age 15+)##	2.74
What is the cost of standard 50kg bag of cement (in US$)? #	23.40
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	25 000
What is the size of this house (in m²)? #	75 – 90
What is the average rental price for a formal unit (in US$/month)#	500
What is the minimum plot size for residential property (in m²)#	200 – 250
Ease of doing business rank !	184
Number of procedures to register property !	3!!!
Time (days) to register property !	21!!!
Cost (% of property value) to register property !	6.00!!!

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
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** Numbeo Online User-Contributed Database
^# UNDP 2014
!!! DRC Department of Land Affairs
\+ global property guide
#~ radiiookapi.net 2015

Overview

The Democratic Republic of Congo, with 2 344 858 km², and more than 70 million inhabitants, is a fragile economy that is re-emerging from years of conflict and instability. Strong economic and social challenges remain, with over 63 percent of the population living in poverty, unemployment rates exceeding 45 percent and weak public institutions.

The economy is in positive trend. Mining sector activities are the driving force for growth, with public sector investment, agriculture, and manufacturing broadening the economic base. Inflation has declined significantly. Highly dollarised economy, where almost all prices are indexed to the dollar.

Access to finance

The Congolese financial sector is made up of 18 licensed banks; a state insurance company (SONAs) and the National Social Security Institute (INSS); 5 specialized institutions; 143 MFIs and cooperatives; 59 transfer institutions; 3 electronic money institutions, and 16 forex exchange bureaus; all operating under the control of the central Bank (BCC). There is neither a stock market nor a debt capital market.

Total bank assets, estimated at US$3.6 billion in 2013 (95 percent of financial system). Banks' funding is dominated by deposit collection. Credit has been increasing fast but remains scarce, expensive, short-term, and highly concentrated. Between 2006 and 2013, domestic credit tripled but rose only to around 11 percent of GDP. In 2011, only 2 percent of adults had obtained a bank loan and only 4 percent of adults held an account at a formal financial institution. In 2012, short-term credit represented 68 percent of all credit, and medium-term credit represented about 21 percent, an increase in the share from 16 percent.

Banks' profitability and earnings are weak and deteriorating, reflecting high operational and foreign exchange costs. Fees are a main source of banks' revenue. Operating in U.S. dollars is highly costly, especially for some banks, given foreign currency settlements are done via correspondents.

The sole public non-life insurance company, SONAS, and the INSS are both in precarious financial situations.

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

Rawbank said that they received US$10.6 million from Shelter Afrique in March 2015 to launch a real estate credit offer for DRC's emerging middle class.

Very few Congolese had an outstanding loan to purchase a home: 0.5 percent of the top 60 percent of income earners and 0.3 percent of the bottom 40 percent of income earners. Loans for home construction were slightly more prevalent, however, with 2.9 percent of the top 60 percent of income earners and 0.5 percent of the bottom 40 percent of income earners having home construction loans currently outstanding.

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

Affordability

Since 2012, the DRC held the last place (186th) in the UN Human Development Index. Poverty is pervasive, and despite the significance of agriculture to the DRC's economy, three-quarters of the population do not have enough to eat. African Economic Outlook reports that the country will not achieve its Millennium Development Goals by the 2015 deadline. Access to the labour market is constrained for a number of reasons, and has been made worse by the political and social instability of the past years. 40 percent of the Congolese population is unemployed. Two-thirds of the population live below the international poverty line of US$2 a day.

In the DRC, about 70 percent of household expenditure goes towards food while in most Sub-Saharan African countries food consumption accounts for approximately 50 percent, according to the UN-Habitat HDI. On the quality and safety category, DRC has been ranked at the bottom for lack of even basic national nutritional guidelines.

Most banks in the DRC do not provide financing for low income earners, catering primarily for the middle and high income earning population. Even so, long-term capital is scarce, and most housing is financed through an instalment sale arrangement facilitated by the developer. Typical is a 50 percent upfront payment, with the remaining debt paid in instalments over 24 months from the date of delivery at a mortgage interest rate of 16 percent. A deposit of between US$10 – $1 000 is required to open an account with some banks. Commercial banks' general lending rates are high (at an estimated 16 percent for the year 2015) while microfinance institutions' lending rates are significantly higher (at an estimated 54 percent a year for the same period). This means that the great majority of the population cannot afford to access finance.

The construction and public works sector grew by 13 percent in 2012, contributing 6.3 percent to GDP growth in that year. This was achieved despite a 17.7 percent decrease in cement production; cement production has however increased in 2014. The supply of cement in the DRC has never been sufficient and much is imported. To support the construction sector, government has lifted taxes on cement imports. This resulted in the decline in the price of imported cement while the price of cement produced locally was still high. Despite taxes being lifted, cement prices are still high.

Housing supply

The majority of housing in the DRC is developed by households themselves. Population growth and socio-economic development over the last 30 years led to rapid development of cities and resulted in strong demand relative to supply. According to UN-Habitat (2012), "the DRC is characterised by a large housing deficit, which is estimated at 3 million homes. The planned districts represent 22.9 percent, while self-built districts represent 77.1 percent."

Formal, affordable housing supply is extremely limited as there are very few developers, and when it is supplied it is limited to the minority elites. As is the case across the continent, the majority use locally sourced materials to build houses for themselves.

There are some private sector developments underway, spurred on primarily by the growth in mining areas. In 2009, a Chinese company, China Machinery and Equipment Import and Export Corporation, announced a plan to build 2.5 million social houses. The project was expected to start in 2015, but there's a delay. The project will be undertaken in four phases and is expected to be affordable to all income levels.

It was reported that an Italian company, Schnell House, was planning an affordable housing project in the province of North Kivu, using a building technology that cut the cost of construction by 30 – 40 percent. This project is still in the planning phase as it is awaiting financing.

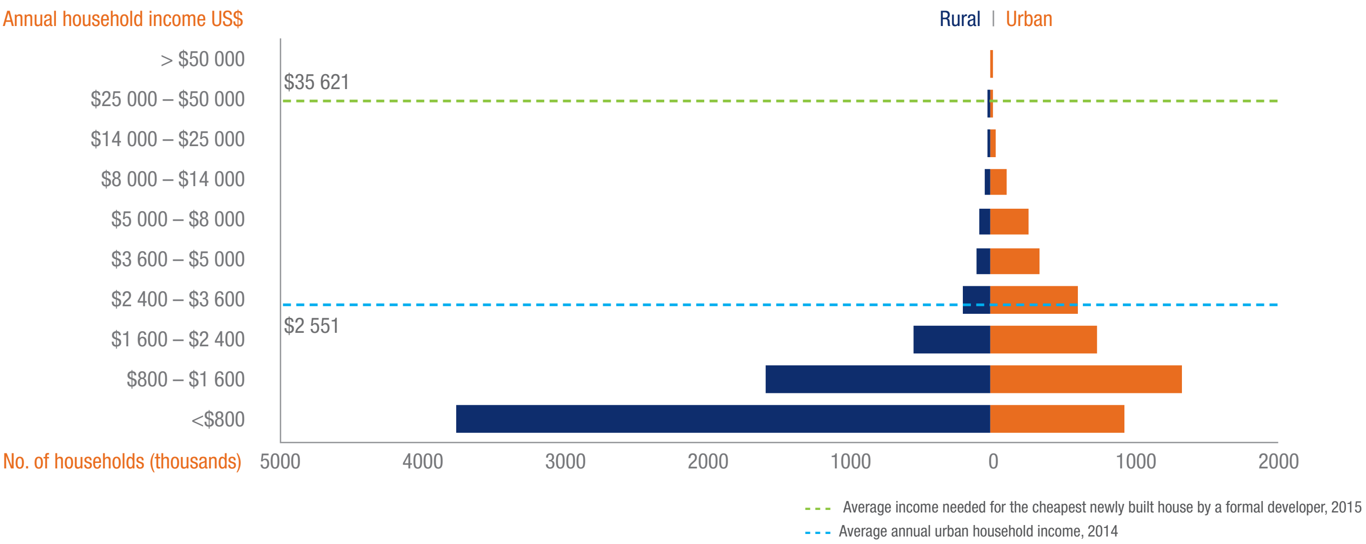
In 2011, the DRC government launched the project "Kin-Oasis" which allowed the building of 1 000 social houses in Kinshasa by the Chinese company Zhen Gwei Technique Congo (STZC). This project is currently underway.

In 2012, a catholic NGO "Action pour la Solidarité et le Développement (ASODEV)" announced a plan to build 3 080 social houses in Kinshasa, this is also currently underway. The project "Un Toit pour Tous" started effectively in 2012 and is expected to be completed in 2016. House prices will vary between US$28 000 and US$80 000 payable in 15 years and consisting of 3 000 units.

An ambitious, 400-hectare development in Kinshasa, La Cite du Fleuve, involves the reclamation of land in the Congo River, creating a new island. In making new land, the development gets around the challenge of contested title deeds, a common problem in the DRC. Marketed as a lifestyle development with public space, and social and economic amenities, the development is being undertaken by Harkwood Properties, a specialist fund manager. Harkwood's majority shareholder, Mukwa Investment, is an African specialised investment fund based in Lusaka, Zambia run by a group of international managers. From August 2013, the project which is now completed has already offered 18 150m² apartments for sale, at a price of US$195 000 each.

The "*Maison au prix d'une voiture*" project is being launched in January 2016 which is a partnership between Baeef Architecture and MOLADI SA. This project aims to build social housing and low cost housing throughout the extent of the DRC. The project consists of 4 bedroom units with a garage on a land size of 300m². The house sizes average 117m² and costs US$45 000.

DEMOCRATIC REPUBLIC OF CONGO



Property markets

Property prices are high and generally aimed at the high end of the market. According to Knight Frank, in 2014 the industrial property market surpassed the retail property market in prime yields compared to 2012 figures. The industrial property yields made up 14 percent at US$8 per m^2 a month, followed by retail, which made up 12 percent at US$40 per m^2 a month and office space at 11 percent with a prime rate of US$35 per m^2 a month. The residential market yields were at nine percent, down from 10 percent in 2012, with rentals of US$8 000 a month for a four-bedroom executive house in a prime area.

Dealing with construction permits requires 8 procedures, takes 119 days and costs 11.6 percent of the property value. Globally, DRC stands at 111 in the ranking of 189 economies on the ease of dealing with construction permits.

Beyond the limited, high-end market, a clash between statutory and customary land laws undermines property developments and achieving legal title. Land administration systems are lacking. As a result, where land titling does exist, the price is high (US$800 to US$1 000 per hectare). In Kinshasa, land values are even higher – an estimated US$100 000 per hectare in well-serviced residential areas.

Policy and regulation

Historically, the DRC's banking system has struggled with financial and organisational imbalances – however there are solutions in place that the central bank is working towards. Since President Joseph Kabila came to power, the central bank has been restructured as an independent body, setting interest rates and implementing the country's monetary policy to ensure that the price level is stabilised and performing all central banking tasks. A special ministry created in 2000 is dedicated to microfinance, which was seen as being important for post-conflict reconstruction. Progress has been made to strengthen the legal framework for the financial sector such as monetary improvement, financial sector improvement and central bank restructuring. In 2002, the government passed new laws on the central bank's independence and to improve its role as regulatory and supervisory authority.

To facilitate mass banking and the establishment of a sound financial system inclusion, the Central Bank also defined a specific legal framework for microfinance. This Act 11/020 of 15 September 2011 lay down rules relating to the activity of microfinance.

The government's housing policy is based on four main areas: (1) The reorganisation of the housing sector (institutional reform and capacity building); (2) Improved habitat (land development policy and supervision of real estate); (3) Resource mobilisation for housing (funding); and (4) The reversal of urban poverty areas (emergency action).

The legal basis governing urban planning and its code is still the Royal Decree of 20 June 1957, supplemented by Order # 013CAB / MIN.URB HAB / 2005 of 6 May 2005 amending Order # CAB / CE / URB-HAB / 012/88 of 22 October 1988 regulating the issuance of the authorisation to build.

Opportunities

The DRC has many rich sources of natural minerals, and mining attracts many international companies. Mining remains one of the biggest areas of economic activity. In 2009 the biggest deal in Africa was made between the DRC and China, in which China agreed to invest US$9 billion in extensive construction and other rehabilitation projects over a period of approximately10 years in return for mining and timber concessions. In addition to Kinshasa, important cities offering opportunities include the mining centre of Lubumbashi, Matadi (on the banks of the Congo River), and the eastern city of Goma. New roads and transport initiatives in Kinshasa are making access easier. The affordable housing sector is still relatively undeveloped and offers significant potential for growth.

The DRC has several opportunities in the real estate industry including a large population which is a potential market and the availability of several sites around the country that can accommodate the construction of houses. The government has also put in place customs and tax benefits to real estate projects approved under the Investment Code (including import duty-gear, equipment, hardware and building materials, exemption from land tax and income tax).

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Djibouti

KEY FIGURES

Main Urban Centres	Djibouti-ville
Exchange Rate: 1 US$***	177.18 Djiboutian Franc (DJF)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	2.4 | 3.6 | 3.0 | 3.2
Population^ | Population growth rate (2013)^	886 313 | 1.52
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	77.26 | 1.62
GDP / capita (current US$)^ | GDP growth rate (annual %)^	1 784.38 | 5.50
GNI / capita, Atlas method (current US$) ^	1 030 (2005)
Population below national poverty line*	18.8% (2012 est.)/
Unemployment rate (%)*	48.0
Gini co-efficient (year of survey)^^	45.13 (2012)
HDI (Global Ranking)" | HDI (Country Index Score)"	170 | 0.467
Lending Interest Rate^	12.69
Mortgage Interest Rate (%) | Mortgage Term (years)#	9.50 | 15
Credit % of GDP^	31.08
Average Mortgages % of GDP°	<1%
Price To Rent Ratio City Centre** | Outside City Centre**	...
Gross Rental Yield City Centre** | Outside of City Centre**	...
Outstanding home loan (% age 15+)##	...
What is the cost of standard 50kg bag of cement (in US$)? #	12.00
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	30 000
What is the size of this house (in m²)? #	60
What is the average rental price for a formal unit (in US$/month)#	...
What is the minimum plot size for residential property (in m²)#	60
Ease of doing business rank !	155
Number of procedures to register property !	6
Time (days) to register property !	39
Cost (% of property value) to register property !	12.80

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database
/ CIA World Factbook

Overview

Djibouti is a small city-state with less than one million inhabitants, located on the horn of Africa, between Somalia, Eritrea and landlocked Ethiopia. The country is almost 80 percent urbanised, with most of the urban population living in Djibouti-ville, which has a population of 520 000. The country gained independence from France in 1977 and has recently welcomed a series of new opportunities, driven by Ethiopia's strong growth and its strategic geographic position for trade and military activity in the region. This growth is contributing to a development of financial services in the country, including housing finance, and increasing demand for quality and affordable housing.

Djibouti's economy is dominated by tertiary sectors related to trading, financial and business services, which accounted for over 75 percent of GDP in 2014. In 2013 and 2014, driven by an increase in port activity and foreign direct investment, Djibouti's economy grew by 5.9 percent, with inflation dropping to 3.6 percent in 2014, and projected to fall even further, to 3.0 percent in 2015. The country acts as the major port and rail entrance to Ethiopia, which has largely been a positive relationship for both countries, despite minor tensions occasionally over costs and taxation. Meanwhile, Djibouti has also become the focal point for military activities in East Africa and the Arabian peninsula, hosting the United States' only permanent military base in Sub-Saharan Africa, the Africa Command (AFRICOM) at Camp Lemonnier.

Despite consistent growth, there has been little spillover to political reform or social development for poor Djiboutians. Politics is still heavily personalised and patronage-based. Civil servants constitute a small urban elite, who are relatively well-educated and well-paid. The rest of the population live in extreme poverty, estimated at 23 percent of the population. There are also high levels of informality and unemployment, last estimated at 60 percent in 2012. Over two-thirds of Djiboutians are plagued by food insecurity, and poor living conditions, as the price for electricity, imported food and other goods, remains relatively high.

Access to finance

The volume of credit to GDP has increased to 31 percent in 2014, yet Djibouti remains a country with one of the lowest levels of financial intermediation and banking penetration on the continent. Until 2006, there were only two active financial institutions in the market, Banque pour le Commerce et l'Industrie – Mer Rouge (BCIMR) and Banque Indosuez Mer Rouge (BIMR). These two institutions still account for around 85 percent of the country's total assets.

In recent years, the Central Bank of Djibouti has taken a number of actions aimed at expanding access to finance. The most significant of these has been the opening of the banking sector to new participants, raising the number of banks from two to 11 by the end of 2013 and 17 non-bank financial institutions. Other policy measures include introducing a new requirement in 2009 where all salaries of government employees earning over DJF 40 000 per month (US$225) must be transferred into a bank account. More recently, there have been efforts to stimulate the microfinance sector, develop a central credit register, facilitate mobile banking transactions as well as assistance from the IMF to develop banking supervision and regulations, including anti-money laundering rules, better disclosure and capital adequacy requirements.

Systemic risks are considered low, with banks generally being very liquid. The level of non-performing loans has been high, reaching a peak of 13 percent in 2013, against 11.4 percent in 2012 and 9.4 percent in 2011. However, most households face serious constraints accessing finance due to onerous requirements in terms of collateral, high interest rates, and difficulties to save the down-payment.

Housing finance is still not well developed. Long-term housing loans (up to 15 years) are now being offered, but are still rare, as are medium-term loans. Interest rates range from 7 – 15 percent for housing loans. Loan applications can take months to process, due to the lack of complete information, automated processing and systemized scoring techniques. This results in loan decisions that are manual, often presided over by a board, and which can be discriminatory. In January 2014, Djibouti announced its intention to set up a housing bank to facilitate home ownership, yet no further public announcements on this bank have been made.

Obtaining credit in Djibouti in general is difficult. Djibouti is ranked 180th globally in this section of the 2015 Doing Business report. Strength of legal rights and depth of credit information were ranked lower than in 2014, at a score of one and zero, respectively, out of 10. In 2015, a public registry covered only 0.3 percent of adults and there were still no private bureaus. Currently the Central Bank of Djibouti is evaluating strategies to improve credit reporting in the country, in order to allow banks to improve their credit assessments of potential customers and the underwriting of housing finance loans.

The emergence of microfinance and of Islamic Banking, which are both regulated and supervised by the Central Bank, has been another avenue to increase the access to finance. Key institutions Saba Bank and Salaam Bank have been offering sharia-compliant housing finance products (e.g. mudarabah, musharaka and ijara or leasing options) and welcoming strong growth since their entrance in 2006. Microfinance has received a lot of attention, with the Prime Minister chairing meetings of microfinance providers in Djibouti and making significant investments through the National Solidarity Fund (NSF) in the development of microfinance. There are two saving and loans cooperative institutions currently operating in Djibouti, CNEC (Caisse Nationale d'Epargne et de Crédit de Djibouti) and CPEC (Caisse Populaire d'Epargne et de Crédit) with loans available from DJF 30 000 – 100 000 (US$170 – US$560) at around 2 percent interest per month and a maximum tenure of 18 months.

Affordability

Housing affordability is a major challenge, in a country where the cost of construction is high as many materials need to be imported, income is low, and there is very little access to credit. Prices to rent a three bedroom villa in the city centre can range from US$840 – US$1 270 per month, which is reasonable in international terms but far beyond the capacity of the vast majority of Djiboutians. Housing is generally only affordable to the small elite that have permanent employment as civil servants or small number of entrepreneurs who benefit from the foreign trade.

Poverty is widespread and has remained high. In 2012, those living below the national poverty line was estimated at almost 60 percent. Meanwhile, those people in extreme poverty was reported at over 40 percent of the population. Poverty, mixed with the high unemployment rate, as high as 70 percent among youth, results in very low purchasing power for most Djiboutans to afford housing, even while inflation has reduced in 2015.

Beyond accessibility to land and services, construction costs for housing are high because of the reliance on imported materials. This is estimated at six times the average annual income of households for permanent dwellings and 2.5 times for those homes built with lightweight materials, such a plywood and corrugated iron.

Housing supply

Demand for new housing is estimated at 2 500 – 3 500 units per year. Even though the rate of urban growth is expected to have slowed in the past year, from 1.64 percent in 2013, demand for housing is still high due to the high rate of economic growth at almost 6 percent and existing deficit. Only around a third of housing needs are met by the existing stock, with 34 percent of housing in Djibouti classified as permanent and supply is very limited.

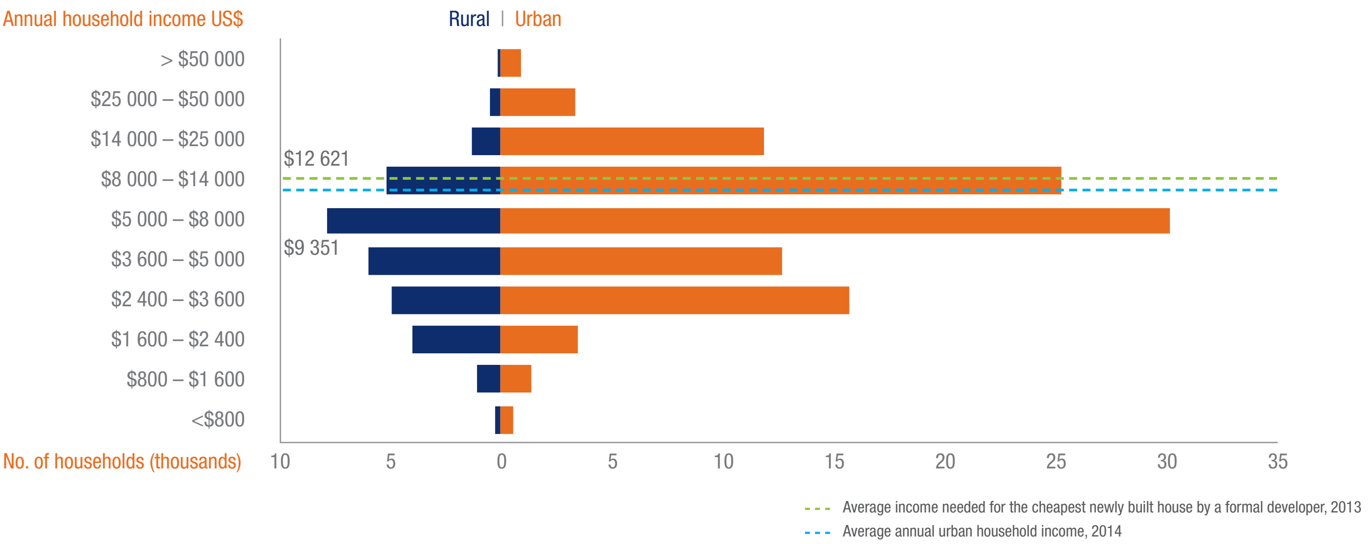
The vast majority of new housing supply is in poor condition and have informal title. It is estimated that the informal housing stock increased by 2 400 units per year over the decade to 2014. Quality of housing and poverty are very closely interrelated. In a pocket of Balbala, one of the older neighbourhoods of Djibouti-ville where extreme poverty is concentrated, over 85 percent of housing is made of corrugated steel, wooden planks, or metal panels retrieved from various sources.

Most construction is unregulated. On average, approximately 200 building permits are processed per year, which is less than 10 percent of the total estimated construction. The process to obtain permits is cumbersome and expensive. In 2015, a construction permit would take 117 days, 18 procedures and cost 7.4 percent of the property's value.

From 2003, the government has been spending between two and three percent of the national budget on housing, or around US$15 million annually, via the National Housing Fund. In 2015, the budget was increased to 3.6 billion Djiboutian Francs or about US$20.3 million for low income housing activities, including public land acquisition, construction of several subsidised housing estates and new urban development projects, including the subdivision and servicing of 100 hectares of land. Supply of subsidised housing is predominantly in the form of land subdivisions in site and service projects, as well as public rental or lease-to-own units for middle and low income households provided by the Real Estate Company of Djibouti (SID). Households must not have previously owned land and are selected based on income, household size and a lottery basis.

Over the past decade, the public real estate developer, Société Immobilière de Djibouti (SID), has built nearly 2 000 social and affordable units with the assistance of the National Housing Fund, most notably in the district of Hodane. However, there has been frustration over delays in delivery and the quality of the units built by SID. Households must pay rent for 10 to 15 years and provide a 10 percent down-payment on a house valued at about US$30 000 to SID before getting ownership. SID has not been too successful in recovering costs from consumers, yet there is continued government interest in turn-key housing development projects.

DJIBOUTI



There are plans for the further construction of 4 000 units, with DJF 5.4 billion (US$30.5 million) being provided by the Saudi Fund for Development.

New supply is built rapidly and in an uncontrolled manner, particularly on the peri-urban areas of Djibouti-ville, with very low access to basic urban services. These zones, built without planning, have scant access to safe drinking water, sanitation, transportation, and often uncertain land tenure status. In the past, the government has also undertaken sites and services projects, such as the housing pilot in Barwaqo for guided incremental building. Government figures estimate than more than 6 000 plots have been serviced since 2000.

Recent investment by the government in real estate has seen the emergence of housing estates and new urban development projects (Cité du Stade, Cité du Progrès, Quartier 7 Sud, Poudrière, Einguela, Gabode 3 etc.) targeted at the middle class. In these areas poverty levels are less than 25 percent and extreme poverty is below 10 percent, much lower than the national averages.

Property markets

For years the property market has been essentially stagnant. The Central Bank reported in 2012, that the average house price had decreased by 28 percent since 2008, yet an increase in demand and economic activity in the past years has resulted in a turn-around, with a rapid increase in prices again. New opportunities in Djibouti brought about by the extension of the port, military base and an electricity connection project with Ethiopia, has attracted a growing interest in the property market from foreigners, beyond the government's own investment. The construction sector accounted for 12.9 percent of GDP in 2013, making it an important part of Djibouti's economy.

Proximity to the Arabian Gulf has also has been a factor in investor interest. Various investors from Gulf countries have explored large-scale development projects in partnership with the government, some of which included social housing. However, many of these projects have not ended up going ahead or have faced delays, due to difficulties in structuring transactions and finalising deals.

Even with these initiatives, there remains an extreme shortage of construction materials, skilled labor, and equipment in the local area, which is limiting progress. Bureaucracy has continued to remain difficult in 2015, with registering of property requiring 6 procedures, 39 days, at a cost of 12.8 percent of the property's value. Possession of formal land title is also a constraint. Only an estimated 30 percent of urban households in Djibouti-ville have land title and around 25 percent have Permits of Provisional Occupation, which is a permit that allows temporary residence on informally-squatted state land.

Policy and regulation

In 2011, the Ministry of Housing was created with the guideline "a decent house for each Djiboutian". In 2015, several projects were planned to support this goal, including the subdivision and servicing of 100 hectares of land, the construction of 2 500 social housing units for low and middle income families and 500 units for government staff. These projects are located in several peripheral and new sub-division areas of the capital, including PK 12, the Barwaqo II and Balbala neighbourhoods.

Housing continued to gain a lot of political attention in the past years, as it is considered an effective means to reduce poverty and improve living conditions of the population. The government is working in collaboration with the World Bank to carry out comprehensive diagnostics of the housing sector in order to prepare a national housing strategy. This initiative has been driven by the Ministry of Housing, Spatial Planning and the Environment and involved a series of workshops held in September 2014 on land management, housing delivery channels, housing finance, as well as spatial development and access to services to provide input into the formulation of the strategy. In addition, the Saudi Fund for Development are providing funds to support construction of 1 000 units of social housing, as part of the government's larger program. Some of governments policies include;

- Decent housing for all Djiboutians: This policy highlights the importance of housing in national development and puts responsibility on government to ensure that policies and laws are formulated that support the goal of access to adequate housing for all Djiboutians.
- Slum improvement strategies: The government works with International Financing Institutions (the World Bank, African Development Bank and French Development Agency) in the delivery of services and the in-situ improvement of existing slum neighbourhoods in Djibouti-ville.
- Public Rental and Lease-to-Own Housing: This programme is executed by the national real estate company (SID) and targeted at middle-income households. Houses are sold at approximately $30,000, which require a down-payment of 10 percent and repayments over 15 years. The objective is to increase the supply of housing, where units are built in 2 – 4 storey walk-ups in new subdivisions of Djibouti-ville.
- Site and Service Program: In August 2015, the government announced the launch of a programme for Assisted Self-Construction of units aimed at the poorest households. Here, the government will provide serviced plots of 100 – 120m^2 and provide technical assistance and construction support to households to construct units. Monthly payments for any services or materials would not exceed DJF 5 000 – 7 000 (US$28 – 40) and a maximum term of 20 years.

Other policy priorities include better management of urban development and improving basic services in the city. A number of actions have been taken, including the reorganisation of the Ministry of Housing, Urban Planning and Territorial Development, and the preparation of a master plan for urban planning and improvement of Djibouti City.

Opportunities

Nestled between Yemen, Somalia and key shipping routes in the Red Sea and Gulf of Aden, Djibouti has a strong geo-political position and has a lot more potential to capitalise on its location.

The rehabilitation of the 752 km Djibouti-Ethiopian Railway linking the two capitals was completed in June 2014. An expansion of the Doraleh Port, is expected to quadruple revenues and significantly benefit Djibouti's economy. In 2015, the capacity increased from 160 000 containers in 2004 to 830 000 containers. Djibouti also hosts the largest American permanent military base in Africa, Camp Lemonnier. In May 2014, the US signed a new 20-year lease to serve 4 000 American service members and civilians, and announced a US$1 billion programme for expansion and upgrades. The lease fees are rumoured to have doubled from US$30 million to US$63 million per year, with an additional US$7 million per year committed to development aid.

In 2014, FDI was a record US$286 million, which accounted for almost 20 percent of gross domestic product (GDP), boosted by a vast ongoing investment programme, especially for infrastructure. The US$6 billion programme includes building new ports, railways and roads, an aqueduct, a desalination plant and housing, and is funded by Chinese investors and the international aid community.

The programme is a big turning point for Djibouti, whose leaders want to make the country a regional hub for trade, handling and financial services. Major investment is planned to strengthen the country's comparative advantage in goods trading. The government has been trying in recent years to reduce the structural obstacles to adequate electricity and water supply that handicap growth of the private sector, and raised funding in 2013 for several projects which aim to improve supplies.

The tourism sector is also seen as very promising in terms of real estate and development of the housing sector. Djibouti currently welcomes only 50 000 tourists a year and most are business travellers visiting because of the presence of foreign military bases. According to reports, this number could be increased tenfold if investments in developing adequate tourism infrastructure and services are made.

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Egypt, Arab Republic

KEY FIGURES

Main Urban Centres	Cairo (capital)
Exchange Rate: 1 US$***	7.83 Egyptian Pound (EGP)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	6.9 | 10.1 | 10.4 | 10.1
Population^ | Population growth rate (2013)^	83 386 739 | 1.61
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	43.07 | 1.71
GDP / capita (current US$)^ | GDP growth rate (annual %)^	3 436.25 | 2.20
GNI / capita, Atlas method (current US$) ^	3 280
Population below national poverty line*	25.2
Unemployment rate (%)*	11.9
Gini co-efficient (year of survey)^^	30.75 (2008)
HDI (Global Ranking)" | HDI (Country Index Score)"	110 | 0.682
Lending Interest Rate^	11.71
Mortgage Interest Rate (%) | Mortgage Term (years)#	12.00 | 25
Credit % of GDP^	27.30
Average Mortgages % of GDP°	...
Price To Rent Ratio City Centre** | Outside City Centre**	11.31 | 11.19
Gross Rental Yield City Centre** | Outside of City Centre**	8.84% | 8.93%
Outstanding home loan (% age 15+)##	6.22
What is the cost of standard 50kg bag of cement (in US$)? #	6.40
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	9102
What is the size of this house (in m²)? #	54
What is the average rental price for a formal unit (in US$/month)#	103
What is the minimum plot size for residential property (in m²)#	80
Ease of doing business rank !	112
Number of procedures to register property !	8
Time (days) to register property !	63
Cost (% of property value) to register property !	0.70

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

Egypt is a populous nation, part of the Magreb Region. Its capital, Cairo, is one of the continent's megacities, with a population of 89.4 million. Egypt's economy has improved since the presidential election in July 2014: GDP is showing a continuous and sustainable growth path registering 4.7 percent during the first nine months of fiscal year 2014/2015, compared to 1.6 percent during the same period of the previous year. By May 2015 Egypt's budget deficit reached LE261.8 billion (US$34.9 billion), compared to a deficit of LE189.4 billion (US$25.25 billion) during the same period in the previous years. Unemployment decreased to 13.3 percent (3.56 million people) in 2015, according to the African Economic Outlook 2015. About 26.3 percent of Egyptians live in poverty (2012/2013 estimate), while 49 percent of Upper Egypt cannot provide the basic food needs. The state budget for the financial year 2015/2016 saw an increased budget for social protection programs to improve Egyptians' standard of living. Furthermore, the government is keen on improving the slum areas, as well as boosting investments in infrastructure and improve public services. Total government debt (domestic and external) reached LE2 181 billion (89.7 percent of GDP) at end of March 2015, compared to LE1 806.3 billion (90.4 percent of GDP) at end of March 2014.

With the increased confidence of international institutions in the Egyptian economy, Fitch credit agency stressed on Egypt's credit rating of "B" in June 2015, confirming a "stable" outlook through the semi-annual credit review for the country. This is part of a number of positive steps taken recently by international credit rating agencies (ratings improved four times during the last seven months) to confirm that the economic policies currently being pursued by the government are heading in the right direction. This positive sentiment also points to a continued restoration of confidence in the performance of the Egyptian economy.

To boost economic growth and investments, the government held the Egypt Economic Development Conference (EEDC) in March 2015. This succeeded in attracting investments in different sectors, and a number of mega projects were announced. The value of agreements signed at the EEDC are worth US$175.2 billion, comprising final agreements worth US$15 billion; engineering, procurement, and construction (EPC) contracts worth US$18 billion; loans and grants worth US$5.2 billion; investment memoranda of understanding (MOUs) worth US$92 billion; and the project to build a new capital city east of Cairo, worth US$45 billion.

Access to finance

The Global Competitiveness report in 2014/2015 ranked Egypt 125th of 144 countries in financial market development in 2013, compared to 119th of 148 countries in 2012. With regard to ranked ease of access to loans it ranked 129th of 144 countries. Risks to Egypt's public finances have increased significantly during the political transition as the authorities continue to adopt an accommodative fiscal policy stance amidst low tax revenues.

Egypt is moving towards becoming the biggest financial centre in North Africa. The banking sector in Egypt is well established, with a long track record, and enjoys high levels of liquidity. State-owned banks have the most balanced branch network overall, although their presence is greater in urban areas. Financial intermediation by the banking system is weak by international standards: savings are relatively high, and while banks collect large deposits, in relative terms they lend modestly. At the end of April 2015 the loan-to-deposit ratio was 41.6 percent versus 41.3 percent in the previous year.

Egypt's mortgage market stems from the Mortgage Finance Law, number 140, issued in August 2001. The Egyptian Financial Supervisory Authority (EFSA) was then assigned to supervise mortgage finance activities in terms of the law. The Mortgage Finance Fund (MFF) was established in 2003 by presidential decree, with a mandate to expand housing affordability to low and middle income households. The Egyptian Guarantee and Subsidy Fund was established in 2004, and works to expand housing affordability for moderate and low income Egyptian households.

In terms of the funding, low income earners can access a subsidy of up to 15 percent of the value of a residence when taking advantage of this finance.

Mortgage finance witnessed a remarkable growth of 82 percent during the first seven months of 2015, where the volume of mortgage loans granted amounted to LE 586 million (US$78 million) compared to LE321 million (US$42.8 million) during the same period of 2014. The total amount of mortgage loans granted by the companies until July 2015 was LE 2.6 billion (US$346 million). The Egyptian Mortgage Refinance Company (EMRC) held operations amounting LE73 million (US$9.7 million), compared with LE28 million by the end of July 2014.

Financial leasing activity witnessed a significant rise in the seven months of 2015 until the end of July 2015. The value of contracts rose by 227 percent compared to the same period of 2014, which amounted to about LE11.3 (US$1.5 billion) billion compared with LE3.5 billion by the end of July of the previous year. The number of contracts has also increased from 1 120 to 1 548 during the same period with a 38 percent increase. The value of leasing for the whole of 2014 contracts was LE7 billion (US$933 million). In addition, the number of leasing companies registered in the authority reached 219 companies compared to 214 during the corresponding period of the previous year.

Microfinance is still underdeveloped relative to the large potential market. In June 2015, the first Board of Directors of the Egyptian Union of Microfinance was formed. The Union will start its efforts to raise awareness of the importance of microfinance and to develop the skills of those working in that field. According to the EFSA, more than 400 institutions offer microcredit, with the vast majority being NGOs. Yet market studies suggest a supply gap of 90 percent. Some 16 microlenders reported to the MixMarket, an online source of microfinance performance data and analysis, in 2013, with 901 610 active borrowers and US$215.6 million worth of loans dispersed

Affordability

The World Bank classifies Egypt as a low-middle income nation, with a per capita GDP of less than LE12 000 (US$ 1600). The Central Agency for Public Mobilisation and Statistics (CAPMAS) maintains that the average Egyptian income is around LE3 000 (US$400). By the World Bank's calculations, the gross national income per capita was LE1 960 (US$261) per month in 2013. Housing affordability is limited despite government policy efforts. Just over one-fifth of Egyptians have incomes lower than US$2 per person per day. Northern Egypt is the most impoverished.

According to C-GIDD and current mortgage rates, the average annual income needed for the cheapest newly built house by a formal developer is US$4 178, while the average household income is US$5 864. On average, however, prices in Egypt are actually much higher than this. House prices in Egypt relative to income are more expensive than in Western Europe, double most Gulf countries, and four times more expensive than the USA.

Real estate prices inched upward as the economy picked up steam. Coupled with corruption and real estate tax, fixed-price plots intended to spur affordable development and alleviate crowding in the capital were often bought and simply flipped at a profit a few years later, undeveloped.

Housing supply

Egypt's population has tripled in the last half century to 89.4 million; the vast majority of its citizens continue to live on just five percent of the country's land in the Nile Valley. While the private sector has produced a glut of luxury apartments and upscale developments, there are few options for ordinary working people. Seeking to address Cairo's chronic shortage of affordable housing, the government has recently announced several mega-developments. In particular, these projects are targeted at medium-income Egyptians who earn too much to qualify for state-subsidised developments but can't afford to pay market-rate real estate prices. The vice president of the housing ministry's New Urban Communities Authority identifies that there is a massive gap in the middle-income segment. The private sector has been moving more upmarket and demanding increasingly high prices.

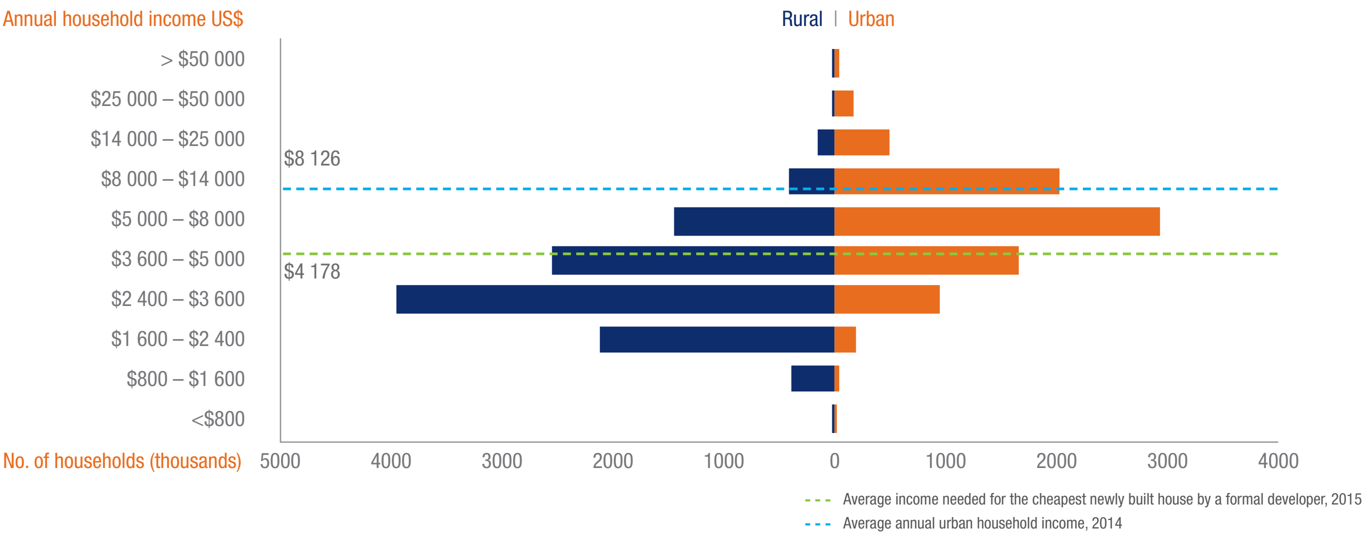
It is estimated that Egypt requires approximately 300 000 new housing units per year to house newly formed households, plus an additional 254 000 units to gradually deal with the backlog of housing over the past five years. However, total formal housing production in the country has not exceeded 200 000 units per year. At the same time, a large proportion of existing houses is not available because they are left vacant or unfinished by the owners (an estimated three million units in urban areas alone).

During 2014 and 2015, the government launched various projects that aim to increase the number of houses available for the low and middle income category. In March 2015, during the investment conference (EEDC) that was held in Sharm el-Sheikh, the Egyptian government announced plans to build a new capital to the east of Cairo. The project will cost US$45 billion (£30bn) and take five to seven years to complete. The aim is to ease congestion and overpopulation in Cairo over the next 40 years. This new city would include almost 2 000 schools and colleges and more than 600 health care facilities and will create more than a million jobs. It is planned to be built over 700 km² and house about five million residents.

In May 2015, the Egyptian Prime Minister Ibrahim Mehleb oversaw the signing of a protocol that grants the Egyptian government more than 50 000 housing units for social housing, within the United Arab Emirates (UAE) developmental projects in Egypt. This project is to be built in 36 areas in 17 governorates. As a part of UAE project, 30 000 new residential units were announced in nine cities, including "New Cairo", "6th of October City", and "Badr City". As part of the Social Housing

Programme, government is building 200 000 residential units annually. Demand for this housing is outstripping supply: even for the more expensive units in New Cairo, 24 200 households submitted applications for 7 000 units.

EGYPT, ARAB REP.



The Dar Misr initiative, first announced in November 2014, is targeted at higher income earners, and clearly not meeting the attracting a segment of the population that is above average income. 6th of October City saw just 6 000 applicants for 12 000 available units. Dar Misr aims to build 150 000 middle-income homes on the outskirts of satellite communities like 6th of October and 10th of Ramadan cities, targeting the employed who have savings. The housing ministry announced the prices; LE255 000 (US$34 000) for a 100 m², two-bedroom unit in Badr City and LE550 000 (US$73 333) for a 130 m² three-bedroom, two-bathroom flat in New Cairo. Applicants pay LE200 (US$34 000) to enter the lottery for the units. These prices are far out of the range of someone attempting to support a family on his salary if his salary is between LE3 000 (US$400) and LE10 000 (US$1 333) per month.

In July 2015, the Ministry of Finance announced that the government plans to increase investment towards developing low income housing to LE13.7 billion (US$1.8 billion) a growth of 19 percent from last year's allocations. In addition, the government expenditure on housing increased to LE8 464 billion (US$1 128 billion) in 2013/2014 and is expected to reach LE10 162 (US$1 354 billion) million by the fiscal year 2014/2015.

There have been setbacks. The much-touted Arabtec project that promised to begin building a million middle-income homes before the end of 2014 had been suspended as of early March. According to the original deal, the military was to donate 160 000 000 m² of land for the project, mostly on the outskirts of Cairo, while mortgages and construction were to be financed with loans from Egyptian and foreign banks. However, the government in Egypt announced that it will build only 100 000 units with Arabtec in the first phase. The project is still available and they welcome any other investors who are interested in building houses for middle income class. Some news on the internet reported that the government changed those terms mid-stream, however, saying Arabtec must obtain all the funding from abroad. It also changed its mind about giving away the land, saying that it would sell it to the developer via NUCA and the housing authority. Reporters quoted housing ministry sources in mid-March saying that the parties had arrived at agreements on some of the disputed terms, but at press time, no formal new deal had been announced.

According to the competitiveness report from the world economic forum, Egypt is ranked 100th of 144 countries in infrastructure pillars in 2013. For overall infrastructure, quality of roads and quality of electricity supply, it ranked 125th, 118th and 121st respectively of 144 countries in 2013.

Property markets

Egypt's property tax law was amended in 2014. President Abdel Fattah Al-Sisi issued Presidential Decree 117/2014, amending the 196/2008 Property Tax Law to modify the tax-exempt tranche so that it included those owning a single residential unit of up to LE2 million. Hotels, clubs, hospitals, medical centres and clinics affiliated to the armed forces are exempted from paying taxes. Residential properties with annual rental values less than LE24 000 are exempted along with commercial units with annual rental values less than LE1 200.

There is an inconsistent approach to property valuations and a lack of valuation information, making the effective use of financing difficult, as lenders have little idea of the true value of a property that they will recover in the case of default. Over 90 percent of urban housing is in the informal sector is without formal title. This has hindered the use of houses as collateral for other investments, and limits infrastructure development.

In July 2015, the first Board of the Egyptian Real Estate Financing Federation was formed. It will play an important role in raising the awareness in the field of real estate financing. The Federation will cooperate with numbers of governmental entities to facilitate and simplify the real estate registration system. In addition, EFSA will cooperate with the Federation through the Financial Services Institution to prepare training programs and offer professional certificates for those operating in the field. The First Egyptian Real Estate Appraisal Standards was issued during June 2015, according to decision no. 39 of 2015 issued by EFSA's board of directors, regarding the First Egyptian Real Estate Appraisal Standards which was published in the Egyptian Gazette issue no. 130. These standards will be applied by all real estate appraisers.

These developments notwithstanding, the persistent inefficiencies in property registration and the unfettered competition from developer finance further hamper the development of the mortgage market and therefore the down-market affordability of houses. According to World Bank's 2015 Doing Business Report, Egypt is ranked 84th of 189 countries in registering a property. Registering property requires eight procedures, takes 63 days and costs 0.7 percent of the property value. While the registration fee ranges from US$75 to US$300 (LE2 000), the Global Property Guide suggests that the actual, full costs of a transaction can be as much as 10.85 percent to 12.3 percent of the property value, of which about a third is paid by the buyer and two thirds by the seller. It is against the law for a property to be formally traded within five years of purchase. To get around this, property buyers often use a 'signature validity court verdict' method, which allows resales whenever necessary and without approvals.

Other factors that hinder the advancement of the housing sector are high vacancy rates, rent control and informality. Almost 3.7 million urban housing units are either vacant or closed, and an estimated 42 percent of the housing stock in Greater Cairo is frozen under rent control. The high vacancy rate is associated with past rent control in older areas and poor location of new housing. The lack of market mobility has led to stagnating neighbourhoods that should have undergone change as part of urban and employment transformation (such as the downtown area of Cairo). The relatively low housing production levels, high vacancies, and low incomes relative to housing costs have resulted in a rapid growth in informal housing production, estimated at half of all housing production, and sometimes more.

Policy and regulation

The new investment law; Law 17/2015 ratified by President Abdel Fattah el-Sisi on the eve of the economic conference, continued the process of deregulation, removing the last remaining restrictions on foreign ownership of land and property in Egypt. The new law also allows the government to directly assign, for free, state-owned land to the private sector as part of public-private partnership schemes. Indeed, the minister of housing recently announced that, based on its land ownership, the government will hold a 24 percent equity share in the new capital project. Poor policies and low income and finance affordability resulted in chronic housing shortages and growth of informal housing.

Egypt's housing policy framework has been assertive in addressing the challenges of supply and affordability, but its efforts have been criticised as insignificant. Recent political and social instability has further undermined these efforts and highlighted the need for a new approach. A shift from supply-side housing subsidies to mechanisms stimulating private sector involvement in the mortgage market promised to promote the rapid growth of Egypt's housing sector, stimulating broader economic growth in turn.

EFSA's board of directors published decision no. 64 of 2015 regarding the conditions and requirements that must be met for granting a licence to practice mortgage finance and refinance activity. Among the conditions to be met in the mortgage finance company that its issued capital shall not be less than fifty million pounds. Upon its establishment, the company shall pay the quarter of this amount. The company is committed to complete it within one year from the date of being listed at the commercial register. In addition, the capital of Mortgage Refinance Company shall not be less than two hundred and fifty million pounds. Upon its establishment, the company shall pay no less than half of the amount cash. The company is committed to complete it in three years at the most.

Opportunities

All sectors of the Cairo real estate market have witnessed a positive performance and improved sentiment during the first three months of 2015 due to stronger confidence and investment appetite created by increased economic and political stability. The recent announcement of the mega real estate project Cairo Capital will serve as an extension for New Cairo and will draw the centre of gravity further to the East of the existing city. It is expected that this will increase confidence in the Egyptian market.

The positive economic outlook arising from the Economic Summit is expected to result in additional investment in the residential sector, strengthening the market further in 2015. According to international real estate firm, JLL, residential sale prices have continued to increase across Cairo in the first quarter of the year with office rents increasing in New Cairo and retail rents edging further upwards over the past quarter. The hotel sector has also recorded improved performance with tourist numbers and hotel occupancy rates improving.

The provision of home financing is critical in making home ownership a realistic target for Egypt's citizens. The introduction of the mortgage law in the early part of the last decade has facilitated the growth of the market in Egypt. The recent amendment allowing foreign companies to offer home financing as well as the Central Bank initiative to provide long term financing to institutions offering mortgage products for low cost housing will contribute to the continued growth of the sector.

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Eriteria

KEY FIGURES

Main Urban Centres	Asmara (capital)
Exchange Rate: 1 US$***	15.01 Eritrean Nakfa (ERN)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	12.3 | 11.6 | 10.1 | 12.3>
Population^ | Population growth rate (2013)^	6 536 176 | 3.16
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	22.19 | 5.10
GDP / capita (current US$)^ | GDP growth rate (annual %)^	590.23 | 1.70
GNI / capita, Atlas method (current US$) ^	530
Population below national poverty line*	69.0
Unemployment rate (%)*	7.9
Gini co-efficient (year of survey)^^	
HDI (Global Ranking)" | HDI (Country Index Score)"	182 | 0.381
Lending Interest Rate^	7 – 12
Mortgage Interest Rate (%) | Mortgage Term (years)#	12.00 | 25
Credit % of GDP^	...
Average Mortgages % of GDP°	...
Price To Rent Ratio City Centre** | Outside City Centre**	...
Gross Rental Yield City Centre** | Outside of City Centre**	...
Outstanding home loan (% age 15+)##	...
What is the cost of standard 50kg bag of cement (in US$)? #	23.80
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	90 901
What is the size of this house (in m²)? #	125
What is the average rental price for a formal unit (in US$/month)#	...
What is the minimum plot size for residential property (in m²)#	500
Ease of doing business rank !	189
Number of procedures to register property !	11
Time (days) to register property !	78
Cost (% of property value) to register property !	9.10

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database
> Economic Intelligence Unit 2015

Overview

Eritrea is one of the least developed countries in the world. The unresolved "no-peace-no-war" border stalemate that has existed between Ethiopia and Eritrea since 1998 remains a major impediment to the Eritrea's development and growth efforts, given that a number of possible national socio-economic initiatives and resources remain tied to the border issues.

In 2012, Eritrea had an average annual per capita income of US$507 with a population of about 6.5 million, of which an estimated two-thirds live in rural areas. The World Bank's 2015 Doing Business Report ranks Eritrea as the most difficult county in which to do business (last out of 189 countries). No census has been carried out in Eritrea to date and official statistics on the prevalence of poverty in the country are limited. Based on anecdotal evidence, poverty is still widespread (up to 69 percent) and 80 percent of the population depend on subsistence agriculture for their livelihoods. Consequently, a large portion of the population is vulnerable and food insecurity is high, with an estimated 50 percent of children suffering from under-nourishment.

In 2011, the UN Security Council imposed a second set of sanctions against the country, expanded from those imposed in 2009 (consisting of an arms embargo, as well as asset freezes and travel bans on some Eritrean political and military leaders). The most recent sanctions require international companies operating in Eritrea's mining sector to ensure that funds are not used to destabilise the region. They also call on member states to ensure that no illicit means are used to collect the two percent "diaspora tax" that Eritrea levies on its citizens working abroad (which is thought to be the most significant source of revenue for the ruling party).

The diversion of resources to the military and negligible foreign investment (beyond the mining sector) means that Eritrea's economic performance will remain below potential. Nevertheless, real GDP growth picked up from 1.3 percent in 2013 to 1.7 percent in 2014 on the back of strong government consumption and high (public and private) investment in mining. Analysts agree that a moderate growth trend is set to continue with growth expected to reach 3.8 percent in 2016. Furthermore, growth is unlikely to be affected by UN sanctions, which are not stringent enough to affect output or investment in the mining sector. However, it is also unlikely to result in substantial improvements in the living standards of the average Eritrean, given the lack of economic opportunities in sectors other than mining. Inflation has soared over the past two decades but is expected to ease to 10.1 percent in 2015 from 17 percent in 2012, in line with trends in international commodity prices. However, food shortages caused by a poor cereal harvest in 2013 will put upward pressure on domestic food prices in 2014. In the short to medium term, inflation is expected to average around 12 percent.

Despite these challenges and setbacks, and the fact that the country is ranked 182nd out of 187 countries in the 2014 United Nations Human Development Index, Eritrea has attempted to make progress towards its own development goals. According to the UNDP, the government has endeavoured to protect the most vulnerable segments of the population and to implement its long-term development policies. It maintains an extensive social safety net, investing in three priority areas: food security and agricultural production, infrastructure development; and human resources development. These priorities are part of the country's five year National Development Plan (which was being finalised at the end of 2014), which aims to create the necessary conditions for the emergence of a modern, technologically advanced and internationally competitive economy.

Access to finance

The Eritrean financial system remains significantly underdeveloped with a limited supply of financial services, which fall far short of demand. According to the World Bank's 2015 Doing Business Report, in the 'ease of getting credit' category, Eritrea was ranked 185th out of 189 countries. The country does not appear to have any private credit bureaus or public credit registries. As a result of the shallow financial system, the average level of credit extended to the private sector is quite low and the government pursues administered interest rates, which discourages private savings and increases the cost of borrowing. The cost of borrowing still remains prohibitively high, with real interest rates around 7 to 12 percent. If not subsidised, the interest rates could be as high as 30 percent depending on the use of the money being borrowed. The low level of financial sector development in Eritrea has continued to limit investment opportunities.

Eritrea's banking sector remains controlled by the state, with lending directed towards other state-owned or state-controlled entities. There are currently six financial institutions comprising the financial sector: the central bank (Bank of Eritrea); the Commercial Bank of Eritrea (CBE), a state owned bank with nearly twenty branches in the country; the Housing and Commerce Bank of Eritrea (HCBE), a private bank, specialising in commercial and residential mortgage loans; the Development and Investment Bank, a state-owned bank specialising in long-term industrial and agricultural loans; an insurance company; and Himbol, a government owned and operated exchange and remittance service, which it hopes will help narrow the gap between the exchange rate being offered by the banks and the black market.

Although the government enacted the comprehensive Bank and Financial Institutions Act, permitting the licensing of private financial institutions, including foreign banks, no other local or foreign private financial institution has been allowed to work in Eritrea (except the foreign exchange bureau). Money and capital markets are non-existent, so open-market operations are not possible in monetary policy management. Currently, commercial banks are required to set aside 20 percent of their deposits as reserves.

HCBE offers savings and current accounts in the local currency (Nakfa), US Dollars and Euros, as well as US Dollar denominated Certificates of Deposit. According to the Bank's website, its main product offerings include: medium and long-term loans for the construction of houses and businesses, as well as various types of medium- and long-term loans for the construction of buildings, stores, community centers, and so on. The bank's other product offerings include loans for purposes of purchase of existing buildings and homes repairs, maintenance, modifications and extensions; as well as commercial, consumer and personal loans. The bank also has a large scale housing construction programme that it financed, to deliver stock for sale to the public.

Data on mortgage lending is not available and does not appear to be collected by the Central Bank – it is therefore not possible to determine the size of the mortgage market. It is likely small, however. The country's collateral markets are underdeveloped making it difficult for citizens to obtain mortgage loans. For example, undeveloped land, no matter the tenure form, cannot be used as collateral and this denies landholders the opportunity to borrow for house construction.

According to a 2005 Housing/Urban Development Policy Report compiled by the Eritrean government and United Nations, the major providers of non-conventional finance, primarily for income generating projects, are the Savings and Micro-Credit Programme (SMCP) and Acord. SMCP was founded in 1996 with financial support from the World Bank and has established a countrywide network of village banks through which low income borrowers obtain micro-loans for business. Acord started its operations in 1994 and focuses on supporting rural grassroots organisations. Employee-based savings and credit associations, housing cooperatives, and informal credit and savings groups (Ukubs) exist but at the time these were not significant channels of housing finance (and it is difficult to ascertain if things have changed since then). Furthermore, the government's saving and micro credit programme also provides credit in all six administrative regions to help women establish small and medium enterprises and thus improve their incomes and their families' economic conditions. By far the largest proportion of housing is self-built, with funding coming primarily from personal savings.

Affordability

Although the level of urbanisation is low by global standards (around 25 percent of the national population live in towns), access to housing and urban infrastructure services is severely constrained. While some households are able to make use of bank loans, a significant percentage of houses are either self-financed, or built with remittances from Eritreans living abroad. The most acute concern for government is to house low income households since the majority of Eritreans fall below the poverty line.

The banks, usually HCBE, require a 25 percent deposit, and then an installment to income ratio of no more than a third of the borrower's income over a maximum tenor of 25 years. According to local news sources, a 16m² room in Asmara and in villages in the vicinity goes for 1 000 Nafka (around US$17) per month and the median average salary of a government employee in the country is 800 Nafka (US$13) per month. It becomes quickly apparent that only higher income households can afford the available housing stock in Eritrea.

In 2013, the government launched a major housing project in Asmara. According to the official website, apartments and houses will range from 30 – 120m² and 125 – 200m² respectively. Apartment prices range from EUR 18 007 (US$0 248) for a 30 m² unit to EUR66 471 (US$75 112) for a 120m² unit. House prices vary from EUR71 323 (US$80 595) for a 125 m² home all the way up to EUR113 006 (US$127 697) for a 200m² unit. As stipulated on HCBE's website, only nationals who have fulfilled their national obligations and who make a 25 percent deposit payment for the house or business shops they select are qualified for the purchase. The costs of these types of units are prohibitively expensive for the vast majority of Eritreans.

Housing supply

According to a 2005 Housing and Urban Development study, the majority of households own their homes (69 percent), ranging from 82 percent in villages to 63 percent in the primary cities. However, it is not clear if these households have formal title or are able to use their land rights to mobilise finance. The remaining 31 percent is composed of renters, including private renters (20 percent), sharers (6 percent) and government renting (4 percent). The formal and informal rental housing sector appears to offer viable housing solutions for many families in Eritrea.

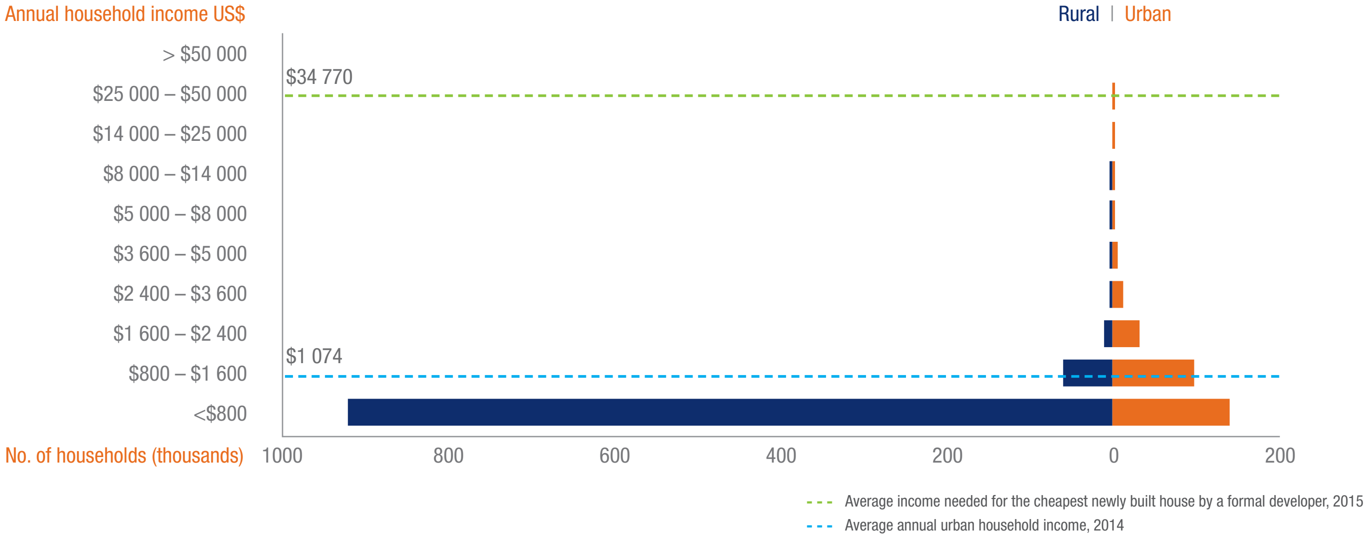
In Asmara, over a half of households in the city were tenants. In the rest of the country, this proportion is lower, ranging from around 17 percent in small towns and 22 percent in the medium-sized towns. According to a 2014 law, annual rent must be paid with the sole exception of rural housing. Regarding "house sharers" they tend to mostly be immediate or extended family members who are either unable to pay for their rents or cannot find a house to rent. The large ratio of sharers reflects the serious housing problem in the country. The majority of urban residents in Eritrea live in over-crowded housing with limited access to affordable water and safe sanitation.

In 2005 it was estimated that over the next ten years, 5 000 new dwelling units a year would be required in Asmara alone. At that time, the government was producing less than 1 500 dwellings per annum. It is not clear what the current delivery rate is, or at whom it is targeted. In 2013, the government undertook to provide much needed housing units in Asmara. According to local sources, the Asmara Housing Project is a pilot project that is being developed in the Sembel, Halibet and Space 2001 districts of the city. The project consists of 1 680 homes and shops, and is the largest modern housing infrastructure project in the Horn of Africa. According to local news sources, in 2014 Eritrea has been quietly building a number of multimillion dollar infrastructure projects. From luxury resorts to colleges to modern homes and dams, Eritrea is witnessing an unprecedented development boom. This includes a US$115 million Dahlak Master Plan and several high-end resorts in Ras Harab and Halibay. It also appears as though the government is constructing residential properties that will be sold to Eritreans in the diaspora who can afford to pay in foreign currency.

In an interview with state media in February 2014, President Isaias Afwerki said, "The pilot housing project in Asmara is a precursor of a comprehensive urban and rural national housing scheme for the years to come". Therefore it is suggested that urban areas such as Mendefera, Teseney, Assab, Dekemhare and Keren should expect to see housing development projects of their own.

The private sector has also been involved in delivering housing units in the country. The US$300 million Massawa project appears to be a mix of luxurious resorts,

ERITREA



hotels and residential buildings. Currently, construction of the project has been postponed, presumably, due to the Asmara pilot project taking a priority. Although little information has been provided on this massive project, observation of the tenders provided by the government seem to indicate the models were designed by Piccini, an Italian based engineering and machinery producing company. Another Italian company, Gruppo Italiano Costruzioni, is reportedly constructing 1 680 housing units in the capital city, Asmara, as well as several housing projects and a resort in Massawa.

Property markets

Under the 1994 Land Proclamation Act, land ownership is vested in the state, with individuals, both Eritreans and foreign investors alike, granted users' rights under a lease arrangement, renewable, for 10 – 60 years. Women have equal rights to men under the Land Proclamation Act. Two legal instruments drafted in the 1990s gave every Eritrean the right to land for housing in urban areas and ancestral villages, subject to meeting certain allocation criteria. There are two distinct forms of land tenure for housing: "Tessa" and lease land. "Tessa" land refers to allotted village land. Lease land is allocated in urban areas and houses built on it may be sold, donated, inherited, transferred or mortgaged. The property market in Eritrea remains challenging. According to the World Bank's 2015 Doing Business Report, registering property in Eritrea requires 11 procedures, takes 78 days and costs 9.1 percent of the property value.

According to local news sources, earlier this year, the government of Eritrea was reported to have demolished 105 houses in the village of Tselot in the Central Administration Zone. According to the government, the demolished buildings were built by individuals on half pieces of land allotted to residents in the villages who had sold portions of their land in order to be able to construct their own houses. The government is believed to have been issuing warnings against the selling, purchasing or exchanging of government allotted land and that anyone who exercises this would be penalized. The government has previously carried out similar demolitions in the capital, Asmara.

Policy and regulation

On the national and local levels, a number of institutions and programmes carry out a range of functions related to land, urban planning and housing. The main national institutions include the Department of Urban Development of the Ministry of Public Works, the Ministry of Lands, Water and the Environment (MLWE), the Housing Commission, and the various municipalities.

The main mission of the MLWE is 'to ensure the implementation of sustainable land management and guarantee optimum use and fair distribution of land'. It is mandated to study land capability and land use planning, allocation of land parcels, and monitoring whether allocated land is utilized according to designated purpose. Currently the Land Law (that was promulgated in 1994) is not being implemented, and the pronounced objectives of the macro policy and land policy, such as tenure security through implementing usufruct rights, agricultural and industrial development are still not fully realised (Weldegiogis, 2015). There is currently no land use planning in the country- rather, it is carried out on a demand basis. In 1997, a Registration Law was promulgated to introduce an efficient, simple and modern system for the registration of land and other immovable property. The status of the implementation of this legislation is unclear.

Opportunities

Eritrea clearly has a great need for affordable housing delivery. The government is strongly encouraging companies and individuals to invest in building residential housing and other supporting social and economic infrastructure. In the housing sector, the main drivers of the development initiatives are embedded in the country's commitment to "development through self-reliance" policy. This refers to the country empowering its people to trust their own capabilities and spirit to promote sustainable development; and as an alternative to an overdependence on foreign aid and external development models.

To create even greater opportunities in the formal housing sector, Eritrea needs to continue with ongoing reforms to modernise its finance markets. These reforms should resolve the problems of an inadequately responsive banking sector, undeveloped capital markets and the relatively high interest rates that have discouraged lending. Furthermore, the distribution and availability of banks in the villages and secondary towns should be improved before undertaking any meaningful housing development plan.

There are enormous opportunities for both the public and private sectors to strengthen the development of housing finance, as well as increase its supply. Possible initiatives include expanding tailored housing loan products to low income groups; providing technical assistance to banks to enable them originate and manage loans for low income housing; and introducing innovative and competitive housing solutions and products for the poor. Furthermore, substantial remittances from the diaspora provide a useful source of housing finance (when it is not subjected to tax) that could be harnessed for both mortgage and microfinance lending.

Beyond mortgage finance, there are real opportunities for growth in the housing microfinance sector. High levels of self-build coupled with the microfinance industry with good links to the formal banking sector, and experimentation with housing, mean that housing microfinance has enormous potential to contribute towards housing some of the population.

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Ethiopia

KEY FIGURES

Main Urban Centres	Addis Ababa (capital)
Exchange Rate: 1 US$***	20.73 Ethiopian Birr (Birr)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	13.5 | 8.1 | 9.0 | 9.0
Population^ | Population growth rate (2013)^	96 506 031 | 2.52
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	19.03 | 4.85
GDP / capita (current US$)^ | GDP growth rate (annual %)^	567.82 | 9.94
GNI / capita, Atlas method (current US$) ^	550
Population below national poverty line*	29.6
Unemployment rate (%)*	5.4
Gini co-efficient (year of survey)^^	33.59 (2010)
HDI (Global Ranking)" | HDI (Country Index Score)"	173 | 0.435
Lending Interest Rate^	5.09
Mortgage Interest Rate (%) | Mortgage Term (years)#	11.70 | 17
Credit % of GDP^	...
Average Mortgages % of GDP°	...
Price To Rent Ratio City Centre** | Outside City Centre**	6.18 | 10.11
Gross Rental Yield City Centre** | Outside of City Centre**	16.19% | 9.89%
Outstanding home loan (% age 15+)##	2.04
What is the cost of standard 50kg bag of cement (in US$)? #	5.41
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	34 515
What is the size of this house (in m²)? #	60
What is the average rental price for a formal unit (in US$/month)#	288
What is the minimum plot size for residential property (in m²)#	...
Ease of doing business rank !	132
Number of procedures to register property !	10
Time (days) to register property !	41
Cost (% of property value) to register property !	2.10

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

The International Monetary Fund (IMF) ranks Ethiopia as among the five fastest growing economies in the world. The Ethiopian government's investment in agriculture and public services has resulted in a decade of high economic growth resulting in a decrease in the national poverty rate from 56 percent in 2000 to under 30 percent in 2014 – this is the second fastest rate of poverty reduction on the continent. The Ministry of Urban Development, Housing and Construction received the 2015 UN Public Service Award for the Integrated Housing Development Programme. With a population of approximately 96 million people, Ethiopia is also the second most populous country in Africa and is growing rapidly at 2.52 percent per year.

Despite having one of the lowest proportions of urban population in the world at only 19 percent, Ethiopia is now one of the most rapidly urbanizing countries in the world. According to recent UN estimates, the urban population of Ethiopia is expected to triple between 2010 and 2040, growing at an average rate of 3.5 percent per year. The combination of high population and urban growth rates, coupled with a high prevalence of urban poverty has placed enormous strain on Ethiopian cities and the economy's ability to create sufficient employment opportunities.

The Growth and Transformation Plan (GTP2) (the successor economic development programme to the government's ambitious 2010 to 2015 GTP) will run from 2015 to 2020. This will continue to target infrastructural development including power projects, transport, urban housing, as well as poverty reduction. Full details have not yet been published but the government is reportedly planning to spend some ETB11 billion (US$53 million) on urban infrastructure. Economic growth is officially forecast to reach 11.4 percent in 2014/2015 (EIU, 2015).

Curbing inflation has been the government's key economic policy focus for the last few years. As a result the rate of headline inflation has dropped to 7.1 percent in December 2014, from a peak of 39.2 percent in November 2011. The average interest rate on deposits remained unchanged at 5.09 percent between 1995 and 2014. On a number of occasions inflation outstripped interest paid on deposits, thereby limiting the ability of monetary policy to manage demand and savings.

Access to finance

Ethiopia is amongst the major under-banked economies in the world. The banking industry is highly profitable, concentrated and moderately competitive. Traditionally it has been dominated by the state but performs relatively poorly. There is no stock market and treasury bills are the only active primary securities.

Ethiopia has 19 banks – 16 of which are privately owned. Ethiopia's banking sector has managed to thrive despite the ban on foreign ownership and the extended reach of the state. The total capital of the banking system is ETB 25.6 billion (US$ 1.28 billion), of which private banks account for 53.9 percent. The largest bank is the government-owned Commercial Bank of Ethiopia (CBE), which accounts for 34.2 percent of the total capital of the banking system. CBE has grown since the introduction of the Integrated Housing Development Programme's current project in Addis Ababa, in which it plays an important role in the provision of mortgage finance. Over the past three years CBE opened 298 new branches to a total of 700 in June 2013. In general, access to financial services has been improving and the total number of bank branches reached 2 208 in 2014 – 34 percent of which are located in Addis Ababa. This increase has brought down the ratio of bank branches to population from 49 675 to 39 834 (AEO, 2015).

Ethiopia's banking sector is stable and sound. According to the IMF, the system-wide capital adequacy ratio stood at a comfortable 17.5 percent, (well over the 8 percent requirement). Returns on assets and equity showed solid performance, at 3.1 percent and 44.6 percent, respectively. The NBE regularly monitors adherence to Basel I capital adequacy requirements, and almost all commercial banks have risk adjusted capital adequacy ratios well above the minimum requirement. The ratio of non-performing debt is currently way below the 10 percent target at about 2.1 percent. Growth in deposits has been robust and the share of savings within the banking sector has risen (AEO, 2015). As of 2015, there are 24 MFIs registered microfinance institutions (MFIs) listed on the Mix Market and US$657 million worth of loans distributed.

However, the financial sector remains shallow with a limited range of services. The financial sector remains closed to foreign participation and capital markets are non-existent. Lending is mainly collateral based. According to the 2014/15 Global Competitiveness Report, Ethiopia scored 3.3 out of 10 and ranked 120th out of 144 countries in financial market development, lower than the average of "factor driven economies". In Doing Business 2015, Ethiopia continues to underperform with respect to Getting Credit (165th out of 189 countries).

Ethiopia lacks a public credit registry or private credit bureau, making it hard for financial institutions to assess the creditworthiness of borrowers. The World Bank's 2015 Doing Business Report showed that almost 70 000 individuals and 20 000 firms were recorded on the public credit registry (an increase from the previous year), but representing just 0.2 percent of the population.

Historically, lending for housing (both development and mortgage finance) was carried out by a specialist lender, the Housing and Savings Bank (HSB). HSB granted long-term loans at a subsidised rate for residential housing and commercial building construction, purchase and renovation, time deposits and long-term borrowings. It was succeeded by the Construction and Business Bank (CBB), a wholly government owned public enterprise which has the additional mandate of universal banking. Mortgage loans require a 30 percent deposit and borrowers must be formally employed. The other major mortgage lender in the country, CBE, disbursed 1 022 mortgage loans in 2010/11. For the 2010/11 financial year, CBE had ETB3.48 billion (US$168 million) loans outstanding for building and construction. Mortgage rates appear to average 11.7 percent in 2015.

While private sector investment in real estate is very high, investment in the housing sector is limited. This has to do with low domestic savings and a shortage of external resources, as well as a shift in government policy that no longer provides land for developers of residential real estate, and higher perceived profitability in non-residential real estate. International remittances represent a huge potential finance resource for housing.

Affordability

A key challenge to housing affordability is the absence of a diversified and flexible housing finance sector. A high percentage of households depend on informal incomes, making them ineligible for formal finance. As a result, only upper income groups and members of the diaspora can afford newly constructed housing built by the private sector. Although mortgage lending is growing, cash is the predominant form for purchasing formal housing. Houses tend to be constructed progressively on an instalment basis. Loan-to-value ratios are moderate: a loan by the CBB requires a deposit of 30 percent up front. Loan terms are short, generally five years.

Traditional construction techniques involving the heavy use of bricks, blockets and cement are expensive, inefficient, and time consuming. There are few factories producing construction materials, and locally available inputs are in short supply. The development of the Derba Cement Factory reduced the cost of cement by more than half. Derba announced that it would offer three months credit to contractors who made a 50 percent payment and provided a bank guarantee. Bulk orders at the reduced price are placed through the Commercial Bank of Ethiopia and Dashen Bank to avoid middlemen and protect affordability. Cement production was given a further boost with investments by Dangote Cement as well as South Africa's Industrial Development Corporation and Pretoria Portland Cement (PPC), such that Ethiopia is now able to export cement. Dangote commissioned a US$500 million cement plant in Ethiopia in June of this year. Located in the industrial centre just outside Addis Ababa, the cement plant will initially produce 2.5 million metric tonnes per year to meet rising demand within the Ethiopian market but is expected to double its production in the near future. The Habesha Cement Share Company, which has been established by South Africans will have a yearly production capacity of 1.4 million tonnes of cement, is expected begin production in November 2015.

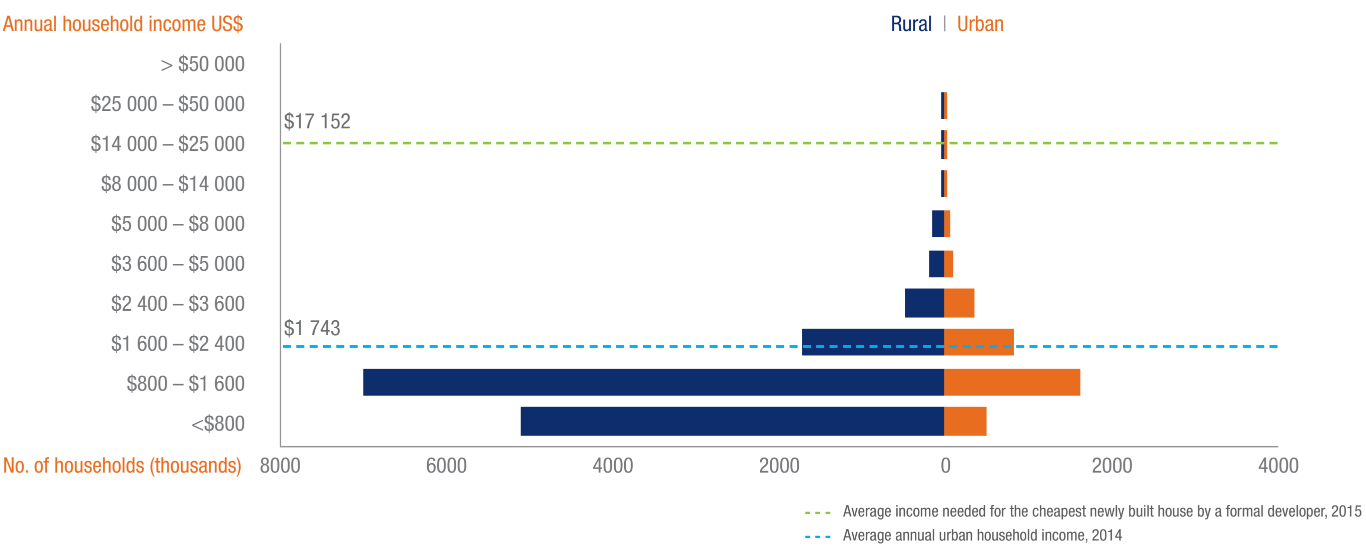
Housing supply

The existing housing stock, particularly in Addis Ababa, is generally of poor quality, with many settlements congested and unplanned. Using the UN-HABITAT slum definition, 80 percent of Addis Ababa is a slum with 70 percent of this comprising government owned rental housing. Only 30 percent of total housing stock is in fair condition, while the remaining 70 percent is in need of total replacement or significant upgrading. Ethiopia's housing deficit is between 900 000 and one million units in urban areas, and about 300 000 housing units are required in Addis Ababa alone every year in order to meet the projected demand of 1.5 million new homes by 2025.

There are four categories of new residential developments taking place in the sector: (a) government-initiated condominium buildings; (b) residential neighbourhoods initiated by developers; (c) owner-built housing dwellings; and (d) new home activity driven by housing cooperatives. In addition, there are two other major categories of housing units in Addis Ababa: kebele-rental housing (very old stock), mainly for those on low incomes, and informal settlements.

a) Government-built Condominiums: Since 2005 Ethiopia has been implementing the Integrated Housing Development Programme (IHDP), an ambitious government-led low and middle income housing programme. This programme was implemented in Addis Ababa and 55 other cities. The first

ETHIOPIA



phase of the IHDP has been successful in many respects and has built 171 000 housing units. There were, however, a number of unanticipated challenges facing the program. The most pressing is the affordability of the units for low income households, with the cost increases in the price of condominium houses deeming them no longer an option for many low income households. The inability to pay the monthly mortgage and service payments forces many households to move out of their unit and rent it out rather than risk losing it through bank foreclosure.

In order to address these challenges, a new and enhanced second phase of the IHDP was launched in 2011. This phase involved a new housing project in Addis Ababa divided into four different groups based on payment arrangements: 10/90 (involving a 10 percent deposit and a 90 percent CBE mortgage loan), 20/80 (80 percent LTV), 40/60 (60 percent LTV), and for housing associations, a full up-front payment is required. The 10/90 scheme is designed for people in the lower income bracket, in the ETB1 200 (US$58) and less monthly income. This group is expected to save ETB187 (US$9) every month. The 20/80 scheme is designed to incorporate those registered previously, in 2005, and the new ones who earn more than the lower income bracket. The money expected to be saved by this group varies according to the type of house. Starting from a studio apartment, which entails ETB151 (US$7) monthly saving, the range goes up to ETB 685 (US$33).

The 40/60 scheme has special conditions for buyers from the diaspora, so that they can pay in hard currency. The saving varies from ETB 1 033(US$50) for one bedroom to ETB2 453 (US$118) for three bedrooms. Demand has increased since CBE agreed to provide mortgage financing to prospective households. If city residents are able to save 40 percent of the total cost of the planned house they will be eligible for the programme that has the remaining 60 percent covered by the state owned bank through a mortgage loan to be paid within 17 years. Site selection and other preconditions have been completed and construction of 10 000 houses has started. The cheapest price is ETB128 590 (US$6 203) for a house with one bedroom (55m^2 total area) while the two bedroom homes cost ETB200 475 (US$9 670) and lays on 75m^2. The biggest house will cost ETB320 000 (US$15 437) with three bedrooms (100m^2 area). Though affordable, these houses are expected to be of higher quality and more spacious than those in the low cost condominium housing projects. In 2014 alone, some 22 000 condos were handed over to beneficiaries and the government expects to transfer 76 000 houses to individuals in 2015.

The later (the housing cooperatives having 12 to 24 members) is mainly targeted for the higher income groups both for local residents and the diaspora. Members of the housing cooperatives are expected to cover 100 percent of the housing costs – 50 percent at the time of registration and the remaining 50 percent when securing the land and construction permit. Housing cooperatives are established under four categories, the first is on the basis of neighbourhoods, the second is based in work places and the third is the diaspora who live abroad. The housing modalities are G+4 apartments with one to three bed rooms with estimated price of ETB210 000, ETB280 000 and ETB385 000 respectively for local residents. For the diaspora the typology of the housing units are G+4 apartments and town houses with two, three and four bedrooms with estimated prices of 533 000, 720 000 and 979 000 Eth. Birr respectively. The diaspora are expected to establish their coops in each Ethiopian embassy and councils with the help of the ministry of Foreign Affairs and the construction of the houses is expected to be implemented by either the government housing enterprises or by their own private contractors.

More recently, the Ethiopian Ministry of Urban Development, Housing and Construction recently announced plans to construct 2.45 million houses in housing schemes between 2015 and 2020. Out of the residential houses, 750 000 will be built in urban areas and 1.7 million in rural areas. This construction project is in line with the GTP2 currently underway and will be erected in the housing schemes of 10/90, 20/80 and 40/60. Out of the 150 000 ha of allocated land, 40 percent will be set aside for the construction of houses, 30 percent for its infrastructure and the remaining 30 percent for green areas.

b) Residential neighbourhoods initiated by Real Estate Developers: There are approximately 50 private real estate companies operating in Ethiopia that are almost exclusively focused on high income groups:

- Arab Contractors is considering developing an affordable housing project (comprising of 7, 9 and 12 floors) in Addis Ababa (April 2015).
- China's Tsehay Real Estate Plc has begun work on a US$150 million upmarket complex of flats, offices, retail outlets and a hotel next to the city light rail (July, 2015).
- In June 2013, Chinese Geo-Engineering Corporation started construction of a real estate complex which will include 21 high-rise buildings of between 12 and 15 storeys to be completed by 2015.

c) Owner-built housing construction: Self-built housing was by far the most common type of housing delivery approach before the introduction of the Integrated Housing Development Programme. Though relatively limited now, this building approach is still active in older residential neighbourhoods. Costs for owner-built construction are generally higher and this segment of the market tends to include the full range of housing units from modest homes constructed over extended periods to large and luxurious homes often built by razing or replacing older properties.

d) Home construction by Housing Cooperatives: Cooperative housing developments, organised by groups that share a common employer or membership, have been a long-standing feature of the residential real estate market. The city administration has registered more than 500 housing cooperatives. The minimum membership in a housing cooperative is 14 while the maximum is 24. Many cooperatives members are middle-income, based on employer associations such as Ethiopian Airlines or other state-owned companies. In recent news, Ethiopian Airlines has invited nine companies to bid to take over an employee housing project from a Chinese contractor. The project entails the construction of 2 502 housing units in two phases on a 313 300 m^2 plot in the Bole District.

Property markets

In the World Bank's 2015 Doing Business Report, registering a property requires 10 procedures, takes 41 days and costs 2.1 percent of the property value; for this, Ethiopia ranks 104th globally. This is still cheaper and quicker compared to the rest of the region. However, key obstacles remain, including land policies, the scarcity and cost of construction material, the lack of basic supporting infrastructure and the lack of long-term financing.

All land is owned by the state. Land administration is divided between municipalities (for urban land) and regional governments (for rural land). In urban areas there is a system of leasehold tenure, which has replaced the permit system; in rural and peri-urban areas a permit system (based on use rights) applies. In terms of the leasehold system in urban areas ,individuals lease land from the government for up to 99 years. The lease may be transferred between private individuals but only on the basis of the lease being used as surety or collateral; the lease cannot be traded to a third party. The government has the right to take the land back, on payment of compensation for improvements made. Compensation is not paid for the value of the land itself. In the conversion from the permit to the lease system, government converts the permits to leases when a land transfer transaction is being carried out. Foreigners are barred from owning property in Ethiopia.

In urban areas, formal land delivery is through planning and public auction by city government. New parcels of land are leased with a fixed lease period and conditions according to a land use plan. Alongside this land delivery system a cash land market operates in which people exchange leases or permits through sale agreements. Buyers pay property transfer taxes and commissions to middlemen. Within the city boundary, new parcels of land come onto the market through an informal system without planning or documentation. The exchange is usually among personal connections, and a simple sale agreement confirms the transaction. About 90 percent of these parcels are subdivisions of land with 'permission to occupy' rather than titles.

The recent growth in the property market has led to a surge in building activity. Manufacturing related to the construction industry constitutes one of the largest and fastest growing industries.

Policy and regulation

Until recently, there were few national coordination policies regarding housing and urban development. There are now a number of players in the sector that are focused in addressing the housing shortfall as well as the associated land and tenure issues. In 2005, the national Ministry of Works and Urban Development (MWUD) was established in order to guide the overall development of the country's urban areas and conducting studies on its urbanisation patterns. It has since been renamed the Ministry of Urban Development, Housing and Construction. Cities and regional governments are responsible for preparing physical urban development plans, and the Housing Development Bureau works towards the implementation of the second phase of the IHDP in Addis Ababa, including the Micro and Small Enterprises Development Programs.

A number of policies govern the housing sector, including the following:

- Urban Development Policy (2005): Formulated by the Council of Ministers of the Federal Democratic Republic of Ethiopia to link together the small-scale efforts made by regional governments and cities since 2000.
- The Federal Rural Land Administration and Land Use Proclamation No. 456/2005: Enacted for the purpose of ensuring tenure security, strengthening property rights of farmers, sustainably conserving and developing natural resources, establishing land data base, and establishing an efficient land administration in the country.
- Expropriation of Landholdings for Public Purposes and Payment of Compensation and Council of Ministers Regulation No. 135/2007: The Federal Constitution vests in the government the power to expropriate private property in the public interest, provided it pays compensation prior to acquisition and in an amount commensurate with the value of the seized property.
- Ethiopian Building Proclamation 624/2009 formal sector: A legal document outlining the building regulations and requirements, for use by local authorities to ensure building standards are maintained in their jurisdiction. Parts of Ethiopia are located in an earthquake zone and a code exists to ensure buildings resist maximum predicted earthquake loads. The codes are only used and enforced in buildings developed in the formal sector.
- Proclamation (number unknown): Allowed the importation of cement as the lack of locally available cement caused major construction delays for condominium projects
- A number of proclamations exist between 2002 – 2005 deal with the lease holding of land, condominiums and land expropriation provisions.
- Regulation No. 15/2004: Outlines the establishment of the Addis Ababa City Government Housing Development Project office and outlines its duties and responsibilities.
- Regulation No. 12/2004: Outlines the condominium regulations for Addis Ababa city, regulating further details to Proclamation No. 370/2003.

In June 2013, it was reported that a bill to regulate the rental sector was under consideration. Of the estimated 600 000 families living in rental accommodation, 373 000 rent from government. The new bill would regulate housing standards and rental relationships. Two other pieces of legislation are also under consideration: a real estate law and a law that penalises those who unlawfully register or take a house.

Opportunities

Like many other African countries, Ethiopia has a great need for affordable housing delivery. Housing finance markets are destined for growth at virtually all income levels, but particularly within the lower to middle income ranges. Real estate developments have tended to focus on the high end of the market but there is considerable unmet demand for less expensive homes for professionals and middle-income households, to the extent that supply can be expanded for homes in the range of ETB400 000 (US$19 295) to ETB1 000 000 (US$48 239).

A sector that warrants further development and exploration is Ethiopia's microfinance industry, one of the largest in Africa. Given relative tenure security, this creates enormous potential for the development of housing microfinance products which are appropriate for low income earners. Formal encouragement of self-build construction is required, especially through regulatory reform around building standards and greater product innovation by banks.

Due to expensive and inefficient building materials, there is a huge requirement for cost-effective housing at a faster speed and larger scale. Developers with cheaper and unconventional construction materials have significant advantages over competitors. Promising prospects include the use of pre-fabricated boards, steel-based construction of high rise buildings, and locally available environmentally friendly building materials.

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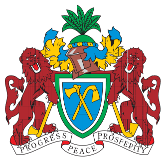
Gambia, The



KEY FIGURES

Main Urban Centres	Banjul (capital), Serekunda
Exchange Rate: 1 US$***	40.13 Gambian Dalasi (GMD)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	5.2 | 6.1 | 5.3 | 5.3
Population^ | Population growth rate (2013)^	1 908 954 | 3.18
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	59.02 | 4.27
GDP / capita (current US$)^ | GDP growth rate (annual %)^	422.78 | -0.20
GNI / capita, Atlas method (current US$) ^	450
Population below national poverty line*	48.4
Unemployment rate (%)*	7.7
Gini co-efficient (year of survey)^^	47.28 (2003)
HDI (Global Ranking)" | HDI (Country Index Score)"	172 | 0.441
Lending Interest Rate^	28.50
Mortgage Interest Rate (%) | Mortgage Term (years)#	20.00 | 15
Credit % of GDP^	13.45
Average Mortgages % of GDP°	...
Price To Rent Ratio City Centre** | Outside City Centre**	...
Gross Rental Yield City Centre** | Outside of City Centre**	...
Outstanding home loan (% age 15+)##	...
What is the cost of standard 50kg bag of cement (in US$)? #	6.90
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	50 000
What is the size of this house (in m²)? #	220
What is the average rental price for a formal unit (in US$/month)#	61 – 257
What is the minimum plot size for residential property (in m²)#	...
Ease of doing business rank !	138
Number of procedures to register property !	5
Time (days) to register property !	66
Cost (% of property value) to register property !	7.60

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

With an area of only 11 000 km² and a total population of approximately 1.9 million people, the Gambia is one of the smallest countries on the continent and also one of the most densely populated in Africa (with 173.6 persons per km²). Although the country's market size is much smaller compared to some of its West African neighbours, the Gambia has the comparative advantage of being one of the most politically stable countries in the region. According to the World Bank's 2015 Doing Business report, Gambia improved six places in its overall ranking for doing business since 2014 – it now sits at 138 out of 189 countries.

Due to a relatively high urbanisation rate of a 4.3 percent, approximately 59 percent of Gambians live in cities. Spatial inequality remains a critical issue in the Gambia as there is a large rural-urban gap in income and wealth. It is estimated that on average, 48 percent of people lived below the national poverty line. While remittances from the large diaspora have helped alleviate poverty, high unemployment and underemployment, particularly among women and the youth, is one of the major causes of poverty in the Gambia. Youth unemployment is estimated at over 40 percent – three times higher than among adults. A lack of employment opportunities is spurring a number of people (many of them highly skilled) to leave the country. In 2011, authorities launched the Programme to Accelerate Growth and Employment (PAGE), a poverty reduction strategy that emphasised agriculture and investment in infrastructure to help boost incomes particularly for the rural poor.

In 2011, a drought caused a contraction of the Gambia's GDP. GDP recovered moderately in 2012 and in 2013, and a further 1.6 percent in 2014, according to estimates from the Gambia Bureau of Statistics (GBS). The principal factors behind the poor growth are the decline in tourism earnings and reduced agricultural outputs due to delayed rains in 2014. Furthermore, the negative publicity about Ebola in the region continues to deter many tourists in the short term, even though the Gambia was free from the epidemic.

Although the government maintains a broad commitment to macroeconomic stability, policy slippages over the past few years have exacerbated the Gambia's economic difficulties. A failure to meet fiscal targets and limit domestic borrowing has resulted in the abandonment of the three-year extended credit facility agreed with the IMF in 2012. In April 2015, the IMF approved the immediate disbursement of US$10.8 million under the rapid credit facility in order to cover urgent national needs. According to the Central Bank of The Gambia (CBG), domestic public debt rose by 39 percent year-on-year between December 2013 and 2014.

CBG uses its reserves as its main policy instrument, but also uses interest rates to signal changes in policy. The CBG increased its rediscount rate (its main policy rate) by 200 basis points in August 2014 and followed this with an additional 100 basis points hike, to 23 percent nine months later. This tightening monetary policy reflects the Central Bank's concern over inflation. In an attempt to improve the effectiveness of monetary policy, the CBG is planning to replace the current rediscount rate with a repurchase (repo) rate.

Access to finance

The Gambian financial market is underdeveloped and has limited financial products. Doing Business 2015 ranks the Gambia 160th out of 189 economies for getting credit. The sector comprises of 12 banks (one of which is an Islamic bank) with the remaining 11 conventional banks being mostly foreign owned. There has been an influx of foreign banks over the years, which has increased the penetration of financial services in the country. That being said, only four large banks control 68.1 percent of the industry's total assets, indicating high concentration in the banking sector. Furthermore, the banks are mainly located in the greater Banjul area. The banking penetration rate is approximately 25 percent for the urban population and five percent for the rural areas. Surprisingly, the increased number of banks in recent years have not led to a fall in interest rates as all the banks are chasing a small pool of deposits for which they have to pay a premium, which keeps interest rates high at an average of approximately 28.5 percent in 2014.

The Gambia does not have a functioning credit bureau which makes it difficult for banks to assess the credit worthiness of potential borrowers. Furthermore, the Gambia's financial sector is characterised by a high interest rates and scarce investment capital, accentuated by limited facilities for long-term development financing. Government borrowing, through high-yielding Treasury-Bills, adversely affects the availability of capital for investment in productive activities. The banking sector is characterised by a relatively low rate of interbank lending; a largely domestic source of the banks' funding; and an increasing non-performing loan ratio that stood at 16 percent in September 2014. At end-June 2014, the liquidity ratio of the banking industry was 84.3 percent (80.5 percent in the previous quarter), significantly above the minimum statutory requirement of 30 percent.

The microfinance sector comprises of 72 active credit unions, 68 village savings and credit associations, two finance companies, insurance companies and foreign exchange bureaus. According to the CBG (2013), Village Savings and Credit Associations registered significant growth in 2013 both in terms of membership and size of deposit liability as well as amount of loan extended to members. Credit Union membership increased by 9.37 percent between 2012 and 2013. Savings and loans have increased by 22.31 percent and 28.25 percent respectively.

Regarding the Gambia's mortgage market, the Home Finance Company of the Gambia Limited (HFC) offers a mortgage product that finances 70 percent of the value of a property payable over a maximum of 15 years. In May 2012, HFC's mortgage book size stood at approximately GMD 35.7 million (about US$890,000). HFC offers four different types of mortgage products, namely Home Purchase, Home Completion, Home Improvement and Home Equity. To accommodate the needs of the overseas market and the diaspora, a few real estate and mortgage brokers have established offices in Europe and the US as well as in the Gambia. So far this year mortgage rates in the country have averaged 20 percent.

The Gambia has a pension industry that actively supports housing expansion. The Social Security and Housing Finance Corporation (SSHFC) aims to provide adequate social protection for workers and to facilitate social shelter delivery on a sustainable basis; it invests its funds to achieve optimum returns in order to contribute meaningfully towards the socio-economic development of the Gambia. The corporation operates four constituent funds: the Federate Pension Fund, the National Provident Fund, the Injuries Compensation Fund and the Housing Finance Fund.

Affordability

As mentioned, the Gambia has a high incidence of poverty (estimated to be 48 percent). About 52 percent of houses are built with semi-permanent materials and only 40 percent with permanent materials. Approximately one third of the population lacks access to potable water, and over 50 percent has inadequate access to sanitation facilities.

Property prices have risen steadily over the past few years, in some areas by as much as 30 percent, spurred on in part by the booming tourism industry and property interests of Gambians in the diaspora. Secondary property markets are limited by the shortage of mortgageable stock in primary markets. This shortage of affordable housing is also reflected in the lack of adequate, affordable rental housing stock, and the consistent reports of steep rises in rentals in urban areas.

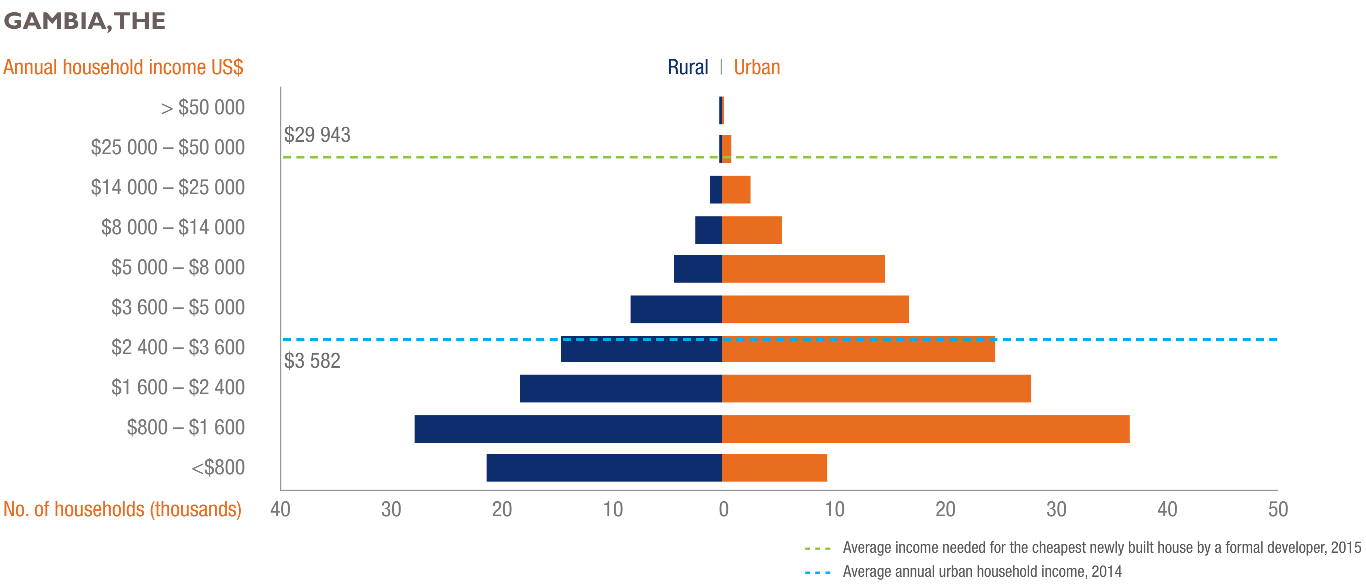
There is a shortage of affordable housing for most Gambians. Most housing built by private developers is out of reach of the majority. The one developer for this market is the SSHFC, which has a mandate to provide affordable housing for the poor, and provides serviced plots of land with or without small construction loans for low and middle income groups. They also develop complete housing units for purchase by middle income households. However, the organisation has been criticised for providing products that are unaffordable for most. The price of a three-bedroom house (220m^2) is about US$100 000 (GMD4 million), while a two-bedroom house is US$50 000 (GMD2 million). As a result, most Gambians self-build their housing as they cannot afford to purchase a house outright.

One of the largest private developers, TAF, requires monthly payments of at least GMD41 815 (US$1 042), depending on the housing product. As most mortgage products are also above the financial ability of most Gambians, they are targeted at the diaspora market. Another Gambian developer, Sky High Limited, also offers plots for sale, although its website suggests that this is targeted at a foreign market – an entry-level 400m^2 plot costs US$4 275 (GMD171 555).

Housing supply

The Minister for Lands has stated that the country needs an estimated 50 000 housing units by 2015. There have been efforts and investments made in the housing sector by a number of public and private sector investors, but it remains to be seen if the country will meet its shelter Millennium Development Goals.

In 2011, UN-Habitat implemented its Participatory Slum Upgrading Programme. A 36-month programme with an estimated cost of US$5 million, it seeks to meet the housing needs of low and middle income earners in the cities of Banjul, KMC and Brikama. The programme was aiming to construct 2 000 housing units across the three cities. In addition, 200 commercial shops, mosques, three chapels, community centres, recreation facilities and parks were planned to be constructed in the three sites. Water and sanitation, waste collection and telecommunication services are also provided. The SSHFC will take the lead in implementing the



project, together with local municipalities. The project is part of a wider collection of urban upgrading projects that address urban infrastructure, governance, health, environmental issues, local economic development, urban safety and urban disaster management, all being driven with the support of UN-Habitat. The Gambia is now in the second phase of the programme which entails action planning and programme formulation. The government has expressed its desire that the private sector, particularly real estate developers, be given the opportunity to participate in this programme by providing standardised houses for low income earners.

The SSHFC fund has successfully implemented two housing schemes: Bakoteh Housing Estate and, the Kanifing East Site and Services Project. The Bakoteh project provided 200 housing units of two and three bedroom houses. These houses were allocated to Gambians under a mortgage arrangement of 25 years. The Kanifing Project, which consisted of 754 properties, also offered a mortgage arrangement of 25 years. A third housing project, Brusubi Housing Project involves three phases and promises to deliver close to 3 000 housing units. This project site has a total area of 6.9 hectares and is covered by the lease for Brusubi Housing Project phase 1. The project comprises 138 service plots, of which 100 plots are to consist of complete housing units for outright purchase or purchase by beneficiaries on a four year mortgage arrangement. The remaining 38 service plots are to be sold by tender to mobilise resources to meet additional infrastructural and other costs. The complete housing units are to consist of three bedroom bungalows and two storey houses.

SSHFC has partnered with an investment group (BP Investment Group) to provide about 400 houses and 110 apartments by 2016. The social housing project, the Modern City, will be built in Brusubi and include 12 different types of houses and apartments (including 5 different types of flats) with two rooms or more, and social amenities. The partnership with BP Investment Group (a Dubai-based company with an international repute in social housing) is expected to bring capital and 'modern' ideas to the project.

In addition to the abovementioned initiatives, in June 2013, the government disbursed a total of GMD24.5 million (US$ 610 515) in two phases for the implementation of the housing loan scheme for civil servants to build houses, purchase vehicles and address other personal needs. In doing so, the government is hoping to improve the affordability of adequate housing for its employees.

Furthermore, there are several private sector players operating in the Gambia. This includes companies such as the abovementioned Sky High Group who offer construction, real estate and end-to-end services, from land purchase, servicing, road works and building materials supply through construction, sales and leasing, and property management. Prospective buyers can choose from a series of house plans. Recently a new foam panel house model was introduced. Buyers are required to put down a 50 percent deposit and pay the balance over a period of up to 10 years.

Real estate company TAF, provides developments, sales and letting services. The company offers a 60-month payment plan for its properties, and advertises no down-payment and no interest. Diamond Properties Gambia is a real estate development company offering property sales, construction, rentals and leasings, property evaluations and advice. The company offers 500m^2 plots in laid out developments, and a sample of house plans from which to choose. The company offers mortgage finance arrangements over one to five years. In its 'Buy for Future' project, buyers first purchase the land and then follow with the development of a top structure.

Another private sector initiative is Amiscus Horizon (AH) that started its operations in 2014. The company's main objective to make housing affordable for all in the Gambia by pioneering the concept of cement block banking. Their business model is based on the concept of building a home in incremental stages. The company enables low and middle income clients to accumulate construction materials (cement blocks) to the point they have enough blocks to commence their construction project, the blocks banked are a form of savings and also presents a simple hedging process in terms of protection from inflation of block materials. The home building scheme involves banking cement blocks on a monthly basis and once the client has enough blocks for their building project, it is transported to their site. Within a few months of operations, clients have included teachers, nurses, police officers, young professionals, farmers, and so on. The number of clients have grown from 12 to 600 in total. The company is now working on providing an exchange platform in which clients can convert or trade their excess cement blocks for other construction materials, enabling them to attain most of the essential building materials needed to complete their projects within a period of three to seven years. AH has also worked with financial institutions, such as the HFC, to provide financing once the required amount of blocks are saved for a house depending on the client's budget capacity for the construction and then it is paid off over a period of five to 10 years. AH is currently considering offering its own in-house mortgage offering in order to meet the growing needs of its clients for customised and affordable financing solutions.

Property markets

Property rights and secured interests in property are protected by the Constitution. The Department of Lands issues title deeds which are duly registered. Both moveable and real properties are recognised and enforced. The concept of mortgage exists (even though the mortgage market is extremely small) and there is a recognised and reliable system of recording such security interests. The legal system fully protects and facilitates acquisition and disposition of all property rights including land, building and mortgages. That being said, the bulk of the land is free hold or controlled by farmers and traditional rulers. Such lands however can be easily taken over by government or declared reserved lands to be used in future for social amenities such as schools, hospitals or office buildings.

Therefore, land tenure remains an ongoing issue. This is partly because registering property involves, on average, five procedures, which take 66 days and cost 7.6 percent of the property value. The country scores a modest four out of 12 in the 'strength of legal rights' index of the World Bank (2010-2014), a measure of the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders. Tenure security is limited, with only 45 percent of the population being secure and in some cities the number is even lower. Tenure security is highest in rural areas, at between 70 percent and 89 percent. It takes an average of three years to secure a title deed and the cost is exorbitant: GMD4 000 (US$ 100) in transfer tax to the municipality and GMD40 000 (US$997) in capital gains tax per transaction. This limits accessibility to mortgage financing, and dampens the incentive to self-build through housing microfinance. That being said, the SSHFC attempts to do land banking across the country, as part of its strategy to decentralise its operations. SSHFC does this in an effort to close the gap in housing and enable those with low incomes to access housing.

Policy and regulation

The Ministry of Local Government and Lands is responsible for housing and land. According to local news sources, the Ministry intends to revive the Housing Unit of the Department of Physical Planning and Housing. Furthermore, the use of appropriate and affordable building materials and technology will be enhanced and capitalised through collaboration with stakeholders. There are also plans to revive the building technology unit of the Department of Community Development.

Laws effectively disbanding the SSHFC and creating distinct entities to deal with social security (the Social Security Corporation Bill) and housing funding (the Housing Finance Corporation Bill) were introduced in April 2010; however these have not yet been promulgated and the SSHFC continues with its mandate. Fortunately, the latter Bill has provisions to retain a fund for affordable housing. To encourage better functioning housing finance markets, the country requires extensive reforms, especially around infrastructure supporting the mortgaging process.

The list below provides a brief overview of the main policy and regulation frameworks governing the housing sector. This information is by no means exhaustive.

- SSHFC Act (1981): Mandates the SSHFC corporation to finance, develop and administer housing projects alone or in partnership with other agencies. The Act was one of a series of actions by the Gambian government to address the problems caused by rapid urban growth. The Housing Finance Fund, like the social security scheme funds, was established as a consequence of this act.

- State Lands Act (1991): Provides a legal basis to improve and rationalise the land tenure system by the replacement of the customary tenure with a long-term (99 year) leasehold system in designated (specified) areas of the country.
- The Physical Planning and Development Control Act (1991): Provides a unified legal basis for preparation and approval of physical development plans, control of developments (including buildings) and for creating a better environment and proper use of land in The Gambia.
- Land Acquisition and Compensation Act (1991): A legal instrument by which the government can acquire land and compensate persons (including freehold land) anywhere in the country for public and planning purposes.
- The Survey Act (1991): Provides a legal basis for the establishment of standards and specifications for survey work, to ensure protection of survey marks, to enable private surveyors to undertake official survey, and for cadastral surveys for registration of title to land.
- Rent Tribunal (August 2014): Designed to introduce a new legal regime for the regulation of rent matters. It aims to produce two main benefits, namely: it will enable the house owners to let out their properties to tenants based on an officially-approved rental fee; and potential tenants are also able to access and to occupy affordable housing. Under the new law, each rent tribunal would have a registrar keeping an up-to-date register of all rented property within its jurisdiction, as well as the personal details of landlords/landladies. A landlord/landlady is required to register rented properties using a prescribed form. Failure to do so is an offence.

Opportunities

The Gambian market offers potential in the areas of high income and tourism housing development. Substantial remittances from the diaspora provide a useful source of housing finance that can be harnessed by both mortgage and microfinance lenders.

Like many African countries, the affordable housing market is inadequately served. More recent interventions by UN-Habitat may shift the investment focus of the private sector and open up opportunities for interventions that better target lower income earners. The high levels of informality and an established microfinance industry point at potential for housing microfinance, which could be supported by the well-developed pensions industry.

There is a push for the use of alternate approaches, technologies and materials (for example, the use of burnt bricks made from lacerite clay sand that is widespread in the country) which could reduce the need for cement and other imported materials and speed up the improvement of housing. Therefore, there are considerable opportunities for investors who provide innovative housing solutions.

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Ghana

KEY FIGURES

Main Urban Centres	Accra (capital), Kumasi
Exchange Rate: 1 US$***	3.91 Ghanaian Cedi (GHS)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	11.7 | 17.0 | 8.3 | 8.7
Population^ | Population growth rate (2013)^	26 442 178 | 2.05
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	53.39 | 3.29
GDP / capita (current US$)^ | GDP growth rate (annual %)^	1 461.61 | 4.18
GNI / capita, Atlas method (current US$) ^	1 620
Population below national poverty line*	24.2
Unemployment rate (%)*	5.3_
Gini co-efficient (year of survey)^^	42.76 (2005)
HDI (Global Ranking)" | HDI (Country Index Score)"	138 | 0.573
Lending Interest Rate^	12.5 – 35^*
Mortgage Interest Rate (%) | Mortgage Term (years)#	28.00 | 20
Credit % of GDP^	...
Average Mortgages % of GDP°	0.25% (2010)
Price To Rent Ratio City Centre** | Outside City Centre**	7.99 | 6.36
Gross Rental Yield City Centre** | Outside of City Centre**	12.52% | 15.73%
Outstanding home loan (% age 15+)##	12.03
What is the cost of standard 50kg bag of cement (in US$)? #	8.00
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	24 358
What is the size of this house (in m²)? #	40
What is the average rental price for a formal unit (in US$/month)#	500
What is the minimum plot size for residential property (in m²)#	111
Ease of doing business rank !	70
Number of procedures to register property !	5
Time (days) to register property !	46
Cost (% of property value) to register property !	1.10

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
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CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database
_ GSS: Ghana Statistical Services, 2015
^* HFC, Fidelity Bank & Ghana Home Loans, August 2015

Overview

The past two decades have seen Ghana experiencing strong and inclusive growth. The country has out-performed regional peers in reducing poverty and improving social indicators. This led to high volumes of direct foreign investments (DFI) within the period.

However, due to the government's excessive borrowing short-term vulnerabilities have risen significantly amid high fiscal and current account deficits to the extent that the current debt burden of the nation has risen to approximately GHC98.6 billion (US$25.2 billion). The country's international reserve position has weakened alongside mounting public debt. High interest rates and a depreciating currency have begun to weaken private sector activity. Economic growth has slowed with the current GDP rate of 38.65 percent at the end of June 2015 from 48.59 percent as at January 2015 and inflation rate of 17.9 percent as of July 2015.

There is a general economic activity slowdown which has been exacerbated by the current perennial energy crisis combined with high costs of fuel products to provide power which has virtually collapsed most home-grown Ghanaian businesses such as hair dressers, carpenters, welders, some microfinance businesses and most SMEs which heavily depend on constant supply of electricity to do business.

In March 2015, Moody's downgraded the country's sovereign rating for the second time from B2 to B3 due mainly to the country's deteriorating debt burden and large fiscal imbalances and a sharp weakening of the Cedi. However, with the recent positive review by the IMF, a partial bond guarantees by the World Bank and the resumption of donor support the country's currency, the Cedi gained some ground against other major currencies within the past two months.

Access to Finance

Over the past years, Ghana's financial system has undergone intensive regulatory reform and restructuring that resulted in an increase in credit offered by commercial banks until recently when there was an acute credit crunch in the economy. This recent phenomenon has resulted in the financial institutions curtailing the amount of credit they offer which includes the amount of credit offered for the purchase of residential properties. Some of the banks are currently foreclosing on real estate developers who were given construction finance to develop properties that are left unsold. The financial sector has 26 commercial banks, 443 microfinance institutions and three credit bureaus (XDS Data, Hudson Price and Dun and Bradstreet). Out of the 26 commercial banks, only seven are listed on the Ghana Stock Exchange. According to the World Bank's 2015 Doing Business Report, in the 'ease of getting credit' category, Ghana is ranked 36th out of 189 countries. In 2012, the World Bank launched the Global Financial Inclusion Database (Global Findex) to explore levels of financial inclusion around the world. According to Global Findex, the use of credit is fairly common – 39.2 percent of adults over 25 years of age report that they had a loan. Currently in 2015, very few Ghanaians have an outstanding loan to purchase a home: 1.9 percent of the top 60 percent of income earners and 3.1 percent of the bottom 40 percent of income earners.

Only five of Ghana's 26 banks officially offer mortgage loans as a product (namely HFC Bank, Fidelity Bank, CalBank, Stanbic Bank and UT Bank which grants mortgage on a limited basis to customers of its subsidiary UT Properties), in addition, to Ghana Home Loans (GHL) which is the country's only residential mortgage lender. Less than three percent of loans granted by banks in Ghana go into housing finance. Most banks neglect the home loans market and focus instead on short-term lending and investment such as risk-free government bonds and trade finance that offers higher returns while consuming less capital. The total home loans book in Ghana is in excess of US$200 million and the number of borrowers just under 6 000. Ghana's housing finance system (as a share of GDP) is 0.5 percent compared with the African average of 15.7 percent of GDP, making it one of the lowest in the world.

Though some of the major banks have more than the required capital, they still do not finance mortgage loans due to the long tenor of between 10 to 20 years to recoup their investment. HFC bank, which is a major provider of mortgage loans in Ghana, has managed to increase its capital (total equity) from GH¢32 million in 2009 to GH¢95.4 million in December 2014. Assuming that HFC Bank will use all its equity to grant mortgage loans for the purchasing of an average house with the price of GH¢140 000 (US$35 897), it could give mortgage loans to purchase only about 681 houses. HFC is the only bank that has used the stock exchange to raise funds for mortgage lending by issuing and listing six corporate bonds since 1996.

Each of the five banks and GHL offers various mortgage loan products, which can all be categorised into four main loan categories. The first is the Home Purchase Mortgage, which is used for purchasing new houses. The borrower is expected to make a minimum 20 percent down payment of the cost of the property, while the bank provides a loan of 80 percent to cover the purchase price of the property. The loan term is for 20 years, and the interest rates are always variable for the Cedi mortgage loans which range between 27 percent and 32 percent among the various banks (there are also US dollar denominated mortgage loans which carry fixed interest rates between 12.5 percent and 14 percent among the various banks). The second product is the Home Improvement Mortgage, which is for renovation of already acquired property. These types of mortgage usually carry a term of five years. Another product is the Home Completion Mortgage, which is used to complete a house under construction. The last product is the Home Equity Mortgage, is used for realising equity locked up in a property. The Home Purchase Mortgage dominates the market.

Pricing for mortgage loans is in either the local currency (the Cedi) or US Dollars. US dollar loans are mostly given to Ghanaians in diaspora and resident Ghanaians who earn their incomes in US dollars. Everyone else is given a Cedi loan. There are also variations in the interest rates charged for both categories. While interest rate on Cedi loans varies by 30 percent, that of dollar loans is fixed between 12.5 to 14 percent (dependent on the lender). This is done to insulate the mortgage bankers from exchange rate risk when they have to pay back on their borrowings in US dollars from foreign sources.

In Ghana, mortgage loan providers are faced with many challenges such as insufficient property supplies due to lack of adequate construction financing from the banking sector to the real estate developers, the financial institutions have underwriting techniques but the lack of well-developed and resourced credit reporting systems. The financial institutions are expected to report all of their credit data to all three bureaus; the institutions do not frequently report such data to the bureaus for them to update their records. It therefore becomes very difficult to do a sophisticated underwriting to properly qualify applicants due to lack of updated records of applicants' credit transactions with other financial institutions. There are also acute delays in title registration of documents from the Land Title Registry and there is no reliable database for vital personal information such as date of birth and residential address. Further, there is no proper address system (the street naming and property numbering address system just started in the last quarter of 2014) making it very difficult to establish the credit worthiness of potential borrowers. There are also difficulties with collateral enforcement. Even where people have standard property that can be used for collateral, land registration systems in Ghana lack regulation such that most people have no documents to prove ownership of their property.

In April 2010 USAID launched and funded a housing microfinance pilot programme with Opportunity International, USA, International Land Systems and Sinapi Aba Trust. This programme provided US$1 million funding to Opportunity International, USA for disbursement to Sinapi Aba and International Land Systems to promote housing microfinance within the Ashanti and Brong Ahafo regions for two years. International Land Systems provided site plans for the recipients and Sinapi Aba provided housing microfinance loans. After the success of this programme Sinapi Aba has sourced its own funding to continue the program.

In late 2012, the MasterCard Foundation and Habitat for Humanity International, Ghana, jointly launched a five-year pilot project in Ghana to promote the growth of the housing microfinance and incremental housing construction. The US$2.2 million initiative engaged with three microfinance companies in Ghana (Sinapi Aba Savings and Loan, Unicredit and Opportunity International Savings and Loan) to provide technical support in the development of housing microloan products. This programme ended in June 2015, with the exception of Sinapi Aba the other two companies did not capitalise on the technical support and cited lack of funding to continue the programme so the 20 000 housing microloans to low income earners in mostly the rural areas was never achieved.

Global Access Savings and Loan offers housing microfinance loans to low income earners in both urban and rural Ashanti region. Mortgage lenders, such as Ghana Home Loans, have reported that despite the difficult operating terrain, the demand for home loans is very strong and most borrowers are firmly committed to meeting their loan obligations. Growth in the housing sector has put pressure on mortgage lenders who have struggled to raise funding to meet the demand. Furthermore, the mortgage loans market environment has recently seen signs of significant improvement. These include the introduction of credit bureaus that give lenders access to the credit history of borrowers within seconds; most banks and other financial institutions feel very reluctant to update the bureaus with credit activities on their customers and this makes it difficult to determine the true credit worthiness of borrowers.

In 2012, Ghana Union Assurance launched the first collateral policy to provide cover to finance houses on construction. The Collateral Replacement Indemnity (CRI) targets borrowers in the lower to middle income mortgage market (with incomes below GH¢4 400, or US$1 128) who do not have the deposit required by mortgage lenders, but who have the capacity to pay if the debt is spread over a period of time. Working with the support of Home Finance Guarantors Africa Reinsurance Limited, the CRI enables borrowers to access a 100 percent loan.

Finally, the development of a secondary property market in Ghana will be required to fuel the growth of the home loans market and enable home loans to achieve scale. In addition, there is an appetite for the development of a Real Estate Investment Trust (REIT) market.

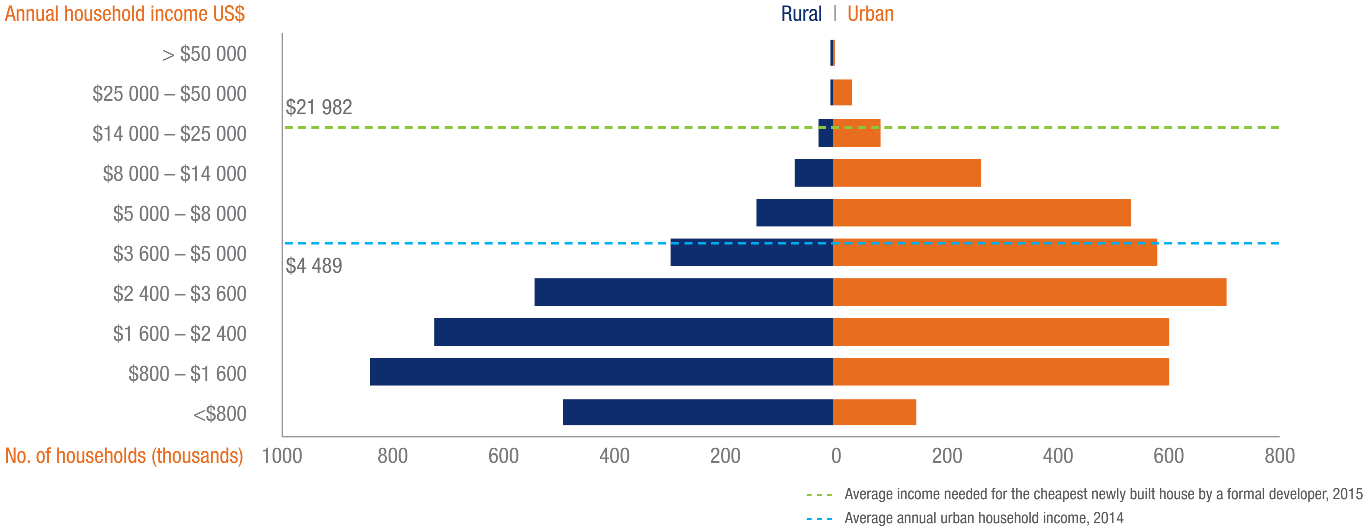
Ghana Home Loans (GHL) in July 2013 hosted a mortgage backed security conference in Accra to solicit investor confidence with a view to launching a mortgage backed security in the first quarter of 2014 to raise US$20 million with a tenor of 5 years at the rate of 7 percent with a semi-annual principal and interest payments. This initiative was delayed by regulatory issues but have since been resolved and GHL has made a shelve registration of US$100 million and will issue the first tranche of US$20 million of this initiative by the first quarter of 2016.

Affordability

Most formal housing units are beyond the affordability level of majority of the population. Analysts have indicated that only three percent of households can afford monthly mortgage payments. ASN Properties currently has the cheapest house (2 bedrooms) on the market on a 40 m^2 plot and costs GHC95 000 (US$24 297). This is a basic house with no kitchen cabinets, floor tiles or wardrobes. For a house of this size, the monthly mortgage payment will be about GHC955 (US$245), after making a 20 percent deposit of GHC 17 400 (US$4 600) in order to obtain the mortgage and require that the prospective mortgagor be earning about GHC2 387 (US$612) a month to qualify. The range of salaries is from a minimum of GHC600 ($153) to GHC10 000 (U$2 564) a month. This puts majority of formally employed households out of the reach of the housing market.

The minimum required mortgage down payments across all mortgage providers is 20 percent of the purchase price of the property to be purchased. This could be quite high for most households who do not have the required amount of savings because of low incomes and the very high cost of living. Most real estate developers like Devtraco, Regimanuel Gray, Comet Properties have houses already built with no buyers.

GHANA



Most households who cannot afford a mortgage engage the developers and make tranches of progress payments of equal percent after a formal contract has been executed (this is arranged between the developer and customer) with the final payment being made for the completion of the property.

In urban areas, renting is the most common form of accommodation. However, constraints in supply have led to exploitative practices by landlords, who demand two to three years in advance rental payments. As a result, households who cannot afford these high upfront payments end up overcrowded housing. According to the 2010 national census, almost one third of Ghanaians do not own a dwelling or pay rent of any kind. A CHF study undertaken in Accra in 2010 found over 3 000 people sleeping outside in an area less than one fifth of a km^2.

In addition, land and construction materials are expensive, as much as 80 percent of building materials are imported. Money spent on building the necessary infrastructure, even for modest homes can cost around US$300 per ft^2. Therefore, in the face of payment flexibility in this sector, the relatively low home ownership rate of 27 – 32 percent underscores the problem of housing affordability. In 2015, a standard 50kg bag of cement cost GHC33 (US$8.46), while a standard sheet of corrugated iron for roofing cost GHC23 ($5.90) (1.117×2.438, width – 0.4 mm).

Housing supply

The Ministry of Water Resources Works and Housing in July 2013 estimated the current housing deficit in Ghana to be about 1.7 million houses. The annual housing demand of about 100 000 units is not being met, with only about 40 000 housing units currently being delivered per annum by the combined resources of the Ghana Real Estate Developers Association (GREDA).

As much as 90 percent of Ghana's housing stock is produced between home owners who have already acquired land and small scale contractors. By adopting these strategies of incremental building, completion times range from 5 to 15 years.

The main players in the housing delivery market in Ghana are GREDA. This body currently delivers about 40 percent of the nation's housing requirements but they are mostly concentrated in three urban areas: Greater Accra, Kumasi and Takoradi. There are about 400 registered members with just about 150 who are actively delivering quality houses in the range of GHC215 000 (US$55 000) to GHC1 170 000 (US$300 000). This association has both local and foreign developers as its members. This also includes government players as Tema Development Corporation and State Housing Company (SHC). Some members of the association such as Devtraco, Taysec, Trassacco, Regimanuel also produce houses for the upscale market from a minimum of US$300 000 to US$1 million.

Provision of infrastructure also adds to the cost of property. Real Estate Developers have to provide electricity transformers, poles, cables, water and road networks to their construction sites which increases construction costs and after 24 hours, these materials become the property of the government.

Despite the enormous demand for housing, a recent debate in parliament noted that unfinished developments are visibly evident in urban areas. In 2012, a high profile development being driven by the government and a Korean construction firm STX, which promised the delivery of 200 000 units, fell through due to difficulties in contracting arrangements. Recently, a Brazilian firm announced the intention to construct 5 000 affordable houses, and in February 2014, the Moroccan construction company, the Addoha group, committed to constructing 10 000 affordable housing units in Ghana. With the exception of the Brazilian firm whose buildings are at various stages of completion, none of the other developments have materialised.

Slum Dwellers International (SDI) has partnered with the Ghana Homeless People's Federation to find solutions towards improving human settlements and shelter conditions. Two projects, Amui Dzor Housing project was completed in 2013 and the City Wide Slum Upgrading Project is yet to be completed. The Amui Dzor Housing project which is a collaboration with UN-Habitat's Slum Upgrading Facility and the Ministry of Water Resources Works and Housing as well as the Ashiaman Municipal Assembly consists of 32 residential accommodations, 15 stores for rental, six toilet and six shower facilities that are rented to the public on a daily basis.

Working with People's Dialogue on Human Settlements, these Ghanaian partners have focused on Land, Services and Citizenship (LSC) programme – a three-year project targeting mobilisation of savings groups, community infrastructure, profiling, mapping and organisation of city wide forums. Under the first phase of LSC 18 slum settlements have been mapped and profiled in two cities and a memorandum of understanding signed with Ashaiman Municipal Assembly. A Project Implementation Team has been set to jointly oversee the implementation of project activities. The Municipal Assembly provide technical assistance to anchor the profiling and mapping activities. Funded in part by UN-Habitat, the project is driven by the Ministry of Local Government, and two municipalities, Tema and Ashiaman. UN-Habitat provided a grant of US$400 000 as a capital enhancement, and a further US$100 000 for administration and development. An additional US$400 000 capital enhancement grant is expected to undertake the second phase of the project.

Property markets

Most Ghanaians buy land for the purpose of constructing a building, a house, or developing a farm. However, cultural traditions tend to look down upon the idea of selling of property. The real estate market in Ghana has not been fully realised as majority of the population tend to buy land with the purpose of developing their own homes. The real estate market however is growing as the younger generation of Ghanaians realise the capital gains made from property is a quick path to wealth in periods of rapid inflation.

In the past, government supported the development of the GREDA, whose members have constructed over 1 000 000 new homes since their formation in

1988. However, GREDA is a land and housing developer organisation and is not in the business of offering real estate services for existing housing stock. There are many people operating as estate agents, many of whom have no formal or professional training.

According to the World Bank's 2015 Doing Business Report, registering property in Ghana requires five procedures, takes 46 days and costs 1.1 percent of the property value. Ghana was ranked 96th of 189 countries for this indicator in 2015. The capacity to register a property remains limited to major centres – Accra, Kumasi, Takoradi and a few smaller towns – and the process through the Lands Commission remains quite manual and is fraught with administrative limitations. Furthermore, the land tenure system contributes to the property ownership crisis. Lands are owned by traditional rulers and families. Members of GREDA face a lot of challenges in their efforts to deliver houses to the population. Some of these constraints are land acquisition where in Ghana almost all land is vested in the traditional authorities developers sometimes have to acquire their land from several sections of the same traditional authority.

The growth of the oil and gas industry has brought some up market developers into the market that are developing highly priced condominiums and other high rise developments in the city centers, most of who sell off-plan with their prices ranging from between US$300 000 to more than US$1 million. Property rentals in the middle to upper sector range between US$2 500 and US$8 000 a month. The real growth of the property market is in the low to middle income bracket where the price of properties range from between GHC97 500 (US$25 000) to GHC585 000 (US$150 000) and most developers sell off-plan.

Both HFC Bank and GHL have established subsidiaries to capitalise upon and facilitate the growing residential property market. HFC Realty is wholly owned by HFC Bank Ghana, and began operations in 2006 with a mission to hold, develop and manage real estate in the country. It operates as a developer, property manager, valuer and real estate broker in the industry. GHL established the online Ghana Home Loans Online Realty, an online database of properties available in the Ghanaian market.

Policy and regulation

The Borrowers and Lenders Act of 2008 and the Central Securities Depository Act of 2007 are two pieces of legislation that were enacted to speed up the foreclosure process (from 18 months to 90 days) and to allow for the immediate online registration of collateral at the Bank of Ghana.

Housing in the country has never been a significant component of national economic planning, but has been seen rather as part of its welfare sector. In 2014 a national housing policy was drafted by the Ministry of Water Resources, Works and Housing. The policy focuses on six thematic areas: a national housing vision, goals and objectives; land for housing, housing finance, housing design and construction; institutional reforms; and a housing governance. This housing policy takes the same form as previous ones enacted for example, provision of tax holidays and financial guarantees for real estate developers or zero tax on equipment and machinery imported for housing construction. However this new housing policy document failed to address the lack of incentives such as mortgage tax relief or first-time home purchase subsidies.

In 2012, the Ghana Housing Finance Association started work with stakeholders to draft a Condominium Property Bill to govern the development of units for ownership, constructed in buildings rather than free standing on plots. This condominium property bill sets out the requirements for management of common areas and the title definitions for ownership. This document has been finalised and presented to the Ministry of Water Resources Works and Housing for onward presentation to Cabinet for deliberations before it is presented to parliament for passage. As at the end of August 2015, this bill is yet to be presented to cabinet.

Opportunities

The opportunities in the Ghanaian housing sector look very prosperous. With the discovery of oil and gas, the sector has opened up the housing industry to many Ghanaian and foreign investors. The Chinese, the Moroccans, the Brazilians and others are taking advantage of the prospects and are constructing large sections of houses for sale. The Chinese are constructing two 13 storey high rise condominiums in the heart of Accra. The first one consists of 60 units with 12 three bedrooms, 15 two bedrooms and 33 one bedrooms. The second consists of 30 units of 15 one bedrooms and 15 two bedrooms each.

There is however the need for the banking sector to provide long-term construction finance to aid the local real estate developers to produce more units for the low to middle income earners where there is the bulk of the housing demand. With greater awareness, access and acceptance of mortgage products in the country and finalisation of reforms to the land administration system, the mortgage industry can thrive and allow room for additional mortgage bankers. With the exception of Global Access Savings and Loan and Sinapi Aba Savings and Loan, no other institution is providing housing microfinance to the rural low income earners and this is an area that more players are needed to help individuals in the rural areas to improve on their housing needs.

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Guinea-Bissau

KEY FIGURES

Main Urban Centres	Bissau
Exchange Rate: 1 US$***	586.59 Central African CFA
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	0.8 | 0.6 | 2.6 | 2.4
Population^ | Population growth rate (2013)^	1 745 798 | 2.41
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	48.55 | 4.08
GDP / capita (current US$)^ | GDP growth rate (annual %)^	585.62 | 2.54
GNI / capita, Atlas method (current US$) ^	570.00
Population below national poverty line*	69.3
Unemployment rate (%)*	7.5
Gini co-efficient (year of survey)^^	35.52 (2010)
HDI (Global Ranking)" | HDI (Country Index Score)"	177 | 0.396
Lending Interest Rate^	9 – 11%
Mortgage Interest Rate (%) | Mortgage Term (years)#	9 – 11 | 10
Credit % of GDP^	12.09
Average Mortgages % of GDP°	...
Price To Rent Ratio City Centre** | Outside City Centre**	...
Gross Rental Yield City Centre** | Outside of City Centre**	...
Outstanding home loan (% age 15+)##	...
What is the cost of standard 50kg bag of cement (in US$)? #	9.00
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	153 429
What is the size of this house (in m²)? #	70
What is the average rental price for a formal unit (in US$/month)#	170 – 852
What is the minimum plot size for residential property (in m²)#	500
Ease of doing business rank !	179
Number of procedures to register property !	8
Time (days) to register property !	51
Cost (% of property value) to register property !	10.60

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

The Republic of Guinea-Bissau is a country on the west coast of Africa, bordered by Senegal to the north, Guinea to the south. Its area is 36 125km² and the official language is Portuguese; the population is 1 745 798. Guinea-Bissau is in the group of the least developed countries in the world, with an HDI score of 0.396 – ranking it at 177 out of 187 countries in 2014. The GDP per capita is US$ 582, which is less than the ECOWAS (Economic Community of West African States) average. The country faces a growing dependence on foreign aid, with the public investment programme sustained almost entirely from grants and loans.

The total population growth rate, according to the 2009 Census, is 2.41 percent. GDP growth rate in 2014 was 2.52 percent, while the estimated annual inflation rate is 0.6 percent. Total public expenditure will be 16.2 percent of GDP in 2015; interim public investment 3.8 percent. The poverty rate is 69.3 percent. According to the World Bank's 2015 Doing Business Report, Guinea-Bissau ranked 179th out of a total of 189 countries.

One of the country members of CPLP (Comunidade dos Países de Língua Portuguesa/Community of Portuguese Speaking Countries), Guinea-Bissau continues to struggle with political crises, the latest the president's dissolution of the democratically elected government in August of this year. The present political crisis has affected social, financial and housing development, interfering with the implementation of new rules and incentives for investors.

Access to finance

Guinea-Bissau does not have a financial sector that caters to the construction of new housing units. Due to this, access to mortgage finance is restricted to medium to high income households, and those who have a warranty or an employment contract of 10 years, the typical loan tenor. Whoever does not meet these requirements will have to save the amount needed or to apply for a loan abroad, for example in Portugal, if they have a business or a warranty seen as capable of covering the costs of the loan. Many Guinean citizens have used this strategy successfully.

Four commercial banks operate in the country (Ecobank, Orabank, BDU, BAO) and all loans granted will have to respect the maximum 33 percent taken from any employee's salary. Some people do manage to build their homes using this type of loan, with loan values varying from CFA francs 3 to 5 million (US$5 177 to US$8 629). This depends on the nature of their employment contract, which allows the yearly renewal of the loan at the beginning of each year (some organisations will provide a four or five year contract, depending on the length of time needed to develop their projects). The interest rate is nine to 11 percent, according to the Branch Chief of Ecobank Headquarters in Bissau. According to information gathered at Orabank, there are plans to the practice of mortgage finance for large segments population of Guinea-Bissau. But the plans are still subject to research. Due to the country's political instability, it is still very difficult for the banks to provide loans for a long payment period, which makes the access to housing finance extremely limited.

Affordability

The majority of the population lives in the suburbs, in low quality housing, many without electricity or running water. Initiatives to improve conditions were underway, but due to new political upheaval, these have been interrupted with no clear date for their resumption. In the past, and according to information obtained at the Ministry of Public Works, some of the houses constructed by the state have been allocated by assessing applications or by using a lottery system. There was a commission with the responsibility of evaluating the allocation of houses, assessing specific household needs. Though these households were predominantly war veterans or civil servants. In all these years, the government was only able to provide three buildings.

Housing supply

The city is growing in a disorderly fashion characterised by precarious dwellings that are vulnerable to collapse in adverse weather conditions, particularly the rainy season. This constitutes a problem for the government, as the housing backlog continues to grow. In contrast, there is the construction of very expensive housing, threatening the conserved Portuguese architectural design. For example, the construction of a six floor building at the center of the National Heroes Square has been unpopular.

There is no specific system for housing delivery in Guinea-Bissau. Middle income households purchase plots to construct housing. This requires approval by the city council, and construction can only begin once approval is given. This land is generally owned by the council or is inherited by individuals. Prices of plots are increasing, and have been subject to speculatory investments.

The government is aware of this issue, taking into account that the problem has been exacerbated by inadequate mapping of the entire city of Bissau. To increase supply of housing, the government signed several agreements with China and Morocco, for the building of 1 500 social houses for low income households. The projects are to be constructed in two different neighbourhoods, once the areas have been demolished. Due to the new political crisis, it is uncertain whether these projects will continue and if plans for restoration of some main areas of the city will be undertaken.

There are some private developers working in the field but their houses will be for rental purposes from international organizations accredited in the country. The rents will be too high for a normal Guinean citizen, considering the average state salary of CFA francs 40 000 to 400 000 (around US$68 to US$689). Rent in these developments can be from CFA francs 500 000 to 1 000 000 (US$856 to US$1 724).

Property markets

The country's disorganisation has resulted in high house prices, especially for foreigners and workers of the international community. There is little state regulation of the real estate market, and no policy in place to be implemented. Some private agencies have entered the rental market, and sometimes selling units for CFA francs 18 million to 50 million (US$31 000 to US$86 000).

Policy and regulation

According to information obtained from the Ministry of Public Works, there is a document that regulates the buying and building of houses in the country. The document is entitled, 'General Regulations of Urban Construction of Houses in Guinea-Bissau'. It explains the different classifications, areas for construction, environmental quality and security, among other regulations to follow when building or demolishing a house.

Opportunities

Guinea-Bissau is a very promising country. Despite the many investors still show interest in starting a business in the construction sector. Straight after the 2014 elections, with a complete new and accredited government, the country was subject to attention from foreign investors who could see the prominent and promissory future of the country. With the resumption of flights to and from Portugal, which is the country that facilitates the entrance of foreign investors in Guinea-Bissau, many are hopeful. Positively, according to the national institution which regulates the formalisation of enterprises in Guinea-Bissau, around 2 000 enterprises have been created since the elections of 2014. Investors are welcomed, and the population is eager to contribute and improve their lives.

Sources:

UNDP. (2014). Human Development Report.
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Interview with the General Director of Housing and Urbanism from the Ministry of Public Works of Guinea-Bissau.
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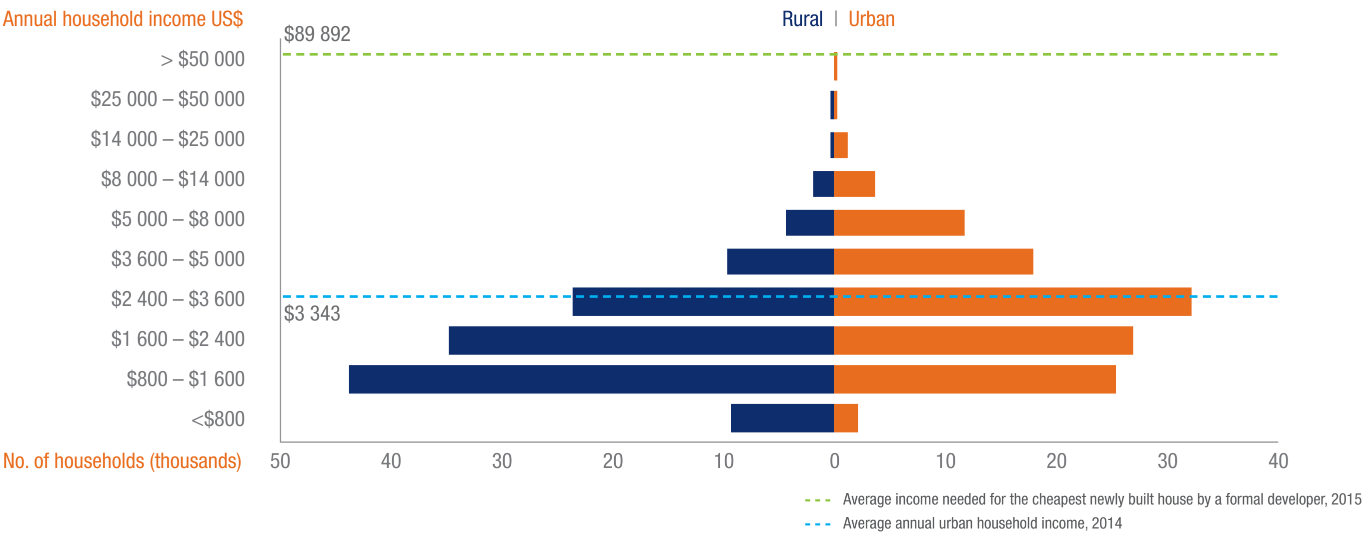
GUINEA BISSAU



Kenya

KEY FIGURES

Main Urban Centres	Nairobi (capital), Mombasa
Exchange Rate: 1 US$***	101.75 Kenyan Shilling (KSh)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	7.9 | 7.0 | 5.5 | 5.3
Population^ | Population growth rate (2013)^	45 545 980 | 2.65
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	25.20 | 4.32
GDP / capita (current US$)^ | GDP growth rate (annual %)^	1,337.91 | 5.33
GNI / capita, Atlas method (current US$) ^	1,280
Population below national poverty line*	45.9
Unemployment rate (%)*	9.2
Gini co-efficient (year of survey)^^	47.68 (2005)
HDI (Global Ranking)" | HDI (Country Index Score)"	147 | 0.535
Lending Interest Rate^	16.51
Mortgage Interest Rate (%) | Mortgage Term (years)#	16.00 | 25
Credit % of GDP^	34.42
Average Mortgages % of GDP°	3.53% (2013)
Price To Rent Ratio City Centre** | Outside City Centre**	12.3 | 18.34
Gross Rental Yield City Centre** | Outside of City Centre**	8.13% | 5.45%
Outstanding home loan (% age 15+)##	12.13
What is the cost of standard 50kg bag of cement (in US$)? #	7.60
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	17 000
What is the size of this house (in m²)? #	30
What is the average rental price for a formal unit (in US$/month)#	222
What is the minimum plot size for residential property (in m²)#	238
Ease of doing business rank !	136
Number of procedures to register property !	9
Time (days) to register property !	72
Cost (% of property value) to register property !	4.30

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

Kenya has consolidated its place as the largest economy in the East and Central African region while Nairobi, its capital city, is regarded as the business hub and main port of entry into this region. After rebasing its GDP in September 2014, Kenya has been classified as a middle-income country. Rebasing increased the size of the economy by 25.3 percent making Kenya Africa's ninth largest economy, up from 12th, surpassing Ghana, Tunisia and Ethiopia. In fact, over the last 10 years, with the exception of 2008 and 2009, Kenya has sustained an economic growth above 4.5 percent in each of the years. Subsequent to the economic deterioration of 2008, Kenya's economy started on a recovery trajectory which climaxed in 2010 when the economy expanded by 8.4 percent – its highest performance in 37 years. Kenya registered GDP growth rates of 6.1 percent in 2011, 4.6 percent in 2012, 5.7 percent in 2013 and 5.3 percent in 2014. According to a recent Economic Update published by the World Bank, Kenya has just joined the club of fastest growing economies in the world and has emerged as one of Africa's key growth centers with sound economic policies in place to ensure future improvement.

It is widely expected that economic gains made in 2014 will be sustained and possibly improve in 2015 into 2016 and 2017. The World Bank projects that Kenya's GDP will grow by six percent in 2015, 6.6 percent in 2016, and by seven percent in 2017. However, the strength of the Kenyan Shilling, the size of the public debt, vulnerability to external shocks caused by the recent entry into the sovereign bond market, security situation, current account deficit and unstable oil prices remain key challenges in 2015. In fact, the Shilling has deteriorated significantly since the beginning of 2015 resulting into a liquidity mop-up by the Central Bank which is likely to constrain credit.

Access to finance

Kenya's financial sector is highly developed and is regulated by the Central Bank of Kenya (CBK). By the close of 2014, the CBK's Banking Supervisory Report pointed out that Kenya had 44 banking institutions (43 commercial banks and one mortgage finance company), eight representative offices of foreign banks, 13 microfinance banks (MFBs), two credit reference bureaus (CRBs), 13 money remittance providers (MRPs) and 87 foreign exchange (forex) bureaus. Out of the 44 banking institutions, 30 were locally-owned banks while 14 were foreign-owned. The number of financial institutions providing mortgage finance was 37 from 36 institutions in the previous year.

Kenya has a dynamic mortgage industry, which is growing rapidly and becoming increasingly competitive. For two years in a row, Housing Finance Kenya has remained the leading mortgagee, followed by KCB. Together, these institutions have provided 52.8 percent of outstanding mortgage loans by value and 53.3 percent of existing mortgage accounts in 2014. Other major mortgage lenders include: Standard Chartered, CFC Stanbic, Equity, Co-operative, Barclays, Commercial Bank of Africa, Development Bank and I & M bank. These ten banks contributed 85.5 percent of the value of outstanding mortgage loans by the end of 2014. As of 31 December 2014, the total mortgage book stood at Kshs164 billion (about US$1.8 billion) thus showing a growth of 18.8 percent on the previous year. There were 22 013 mortgage loans in the market by December 2014, an increase from 19 879 in the previous year.

Nevertheless, mortgage lending is still accessible to only a minority of the population. The average loan size has risen from Ksh6.9 million (US$79 945) in 2013 to Ksh7.5 million (US$82 924) in 2014. By December 2013, the average mortgage interest rate offered by banks was 15.8 percent, a drop from 16.4 percent in the previous year. Interest rates charged by the banks ranged from 8 to 21.3 percent. Some of the lowest interest rates are provided by KCB (12.9 percent) and Standard Bank (10.9 percent). Higher rates were offered by Equity Bank (18 percent), Consolidated Bank (18 percent) and Housing Finance Kenya (16 percent). These bank rates fluctuate, depending on the borrower and central bank rate. This rise and fall in interest rates appear to be the major reason for non-performing (NPLs) swelling to Ksh10.8 billion

(US$119.4 million) in 2014 from Ksh8.5 billion (US$97.9 million) in December 2013 because nearly 92.5 percent of mortgage loans are on variable interest rates basis.

Based on a ranking of mortgage market constraints, a 2013 survey on the demand side of the market revealed that high cost of houses, high interest rates on mortgages, high incidental cost of mortgages, low levels of income and difficulties with property registration and titling are the major inhibiting factors to the growth of the Kenyan mortgage market. To this end, policies such as the adoption of the Kenya Banks' Reference Rate (KBRR) in July 2014, is expected to increase transparency and promote pricing competition. In addition, the automation and digitisation of the land registries are likely to be helpful.

Similarly, to address affordability challenges, supporting growth of the microfinance movement has been another focal point of monetary policies. Kenya has a strong microfinance sector, with 13 deposit taking microfinance institutions from nine in 2013. The coming-into-force of the Microfinance (Amendment) Act, 2013, has allowed the former deposit taking microfinance institutions (now 'microfinance banks') to operate current accounts, issue third party cheques and engage in foreign exchange trading. Regulations for non-deposit taking microfinance Institutions are yet to be put in place. The Ministry of Finance is in the process of discussing the best way forward for regulating the non-deposit taking microfinance businesses. Mix Market, an online self-reported source of microfinance data, reports on 51 MFIs in Kenya representing 10.6 percent of the accounts, 1.5 million active borrowers with a gross loan portfolio of US$ 3.3 billion. Most microfinance banks and non-deposit taking MFIs provide HMF in one form or another. For instance, Rafiki Microfinance Bank provides a Rafiki home savings account through which one can access Rafiki housing microfinance, landlords HMF and home ownership starter HMF. On the other hand, Kenya Women Microfinance Bank provides a 'Water Tank' loan and a roofing loan called 'Mabati' loan.

Similar to the microfinance institutions, the cooperative movement has also been another important avenue to creating affordable housing finance and providing decent shelter. Housing cooperatives are mainly engaged in community mobilisation to build support and participation of individuals, groups, and cooperatives to work towards affordable housing. The primary housing cooperatives have formed a national union – NACHU. As of now, NACHU has over 600 member housing cooperatives and has become a leading organisation in the provision of housing micro-finance, capacity building and technical services. NACHU has supported various community housing and real estate project. One such project is the 80 units, two-roomed house and toilet Ngasemo Housing Scheme located on the outskirts of Nairobi with an asking price of Ksh4.5 million (US$44 500).

Altogether, access to finance has been improving. Key statistics, such as domestic credit from the banking sector indicate a significant positive change. According to CBK, credit to the private sector grew by 22.2 percent in 2014 following growth of 20.1 percent in 2013. Private households (at 26.2 percent) and real estate (at 18.8 percent) were the main activities to which credit to the private sector was allocated. These statistics are provided by financial institutions in the annual depository surveys conducted by the CBK. When access to finance and financial inclusiveness in Kenya is estimated from the demand side, statistics still suggest a significant improvement. Global Financial Inclusion Survey (Findex) conducted by the World Bank is one of such demand side surveys. According to Findex, 74.6 percent of Kenyans above 14 years say that they have accounts, including mobile money accounts. Furthermore, between 2011 and 2014, the number of Kenyans that attest to having bank accounts has increased by 30.4 percent from 42.3 percent to 55.2 percent while those that report to having borrowed from a financial institution rose by 53.2 percent from 9.7 percent in 2011 to 14.9 percent in 2014. The Findex survey of 2014 confirms that 12.1 percent of Kenyans above 14 years have used their loans for housing purposes. Despite an improvement in the access to finance, these statistics, together with the doing business statistic shows that Kenyan is ranked at position 116 out of 189 countries in terms of ease of getting credit, which means that much still needs to be done.

Affordability

As with most African countries, affordability is a major constraint to the growth of the housing and mortgage markets in Kenya and a key challenge to access decent housing. Given an average loan size of Ksh7.5 million (US$82 924), average mortgage interest rate of 15.8 percent, 90 percent loan-to-value and assuming a 25-years loan, repayment of such loan will be Ksh100 740.4 (US$1 113.8). Unfortunately, statistics show that a high numbers of people will not afford such repayment due to poverty. In fact, going by an income and expenditure survey conducted by the World Bank in 2005, 99.9 percent of Kenyans will not afford this average mortgage loan. Specifically, the Kenya National Bureau of Statistics (KNBS) defines 'middle income' households as those whose monthly incomes fall between Ksh23 671 (US$321.1) and Ksh119 999 (US$1 628) based on the rates of October 2005. Seen this way, none of the middle income earners will be able to afford the average mortgage loan unless the distribution of income has changed significantly since 2005.

These statistics shows that affordability is a major challenge in Kenya's housing and mortgage markets. This is indeed manifested in the large informal housing and proliferation of slum dwelling. This, together with a high urbanisation rate (urban population grew at 4.3 percent in 2014) indicates that rental housing, incremental construction and use of alternative building materials and technologies are likely to remain a feature of housing in Kenya. A highly speculative property market and the high demand for housing has driven Kenya's residential property price inflation up steadily over the last 13 years, resulting to over 80 percent rental housing (homeownership was established at 17.7 percent in 2009 by the KNBS).

In an attempt to overcome the affordability problem, lenders, developers, borrowers, cooperatives and NGOs have come up with different strategies. For instance, providing credit products that match cash flows of the poor such as the home improvement loan (Rafiki MFI and Bank of Africa) and incremental financing ('Ujenzi Kwa Hatua' meaning an incremental building loan by Humanity for Habitat). Another creative way to obtain affordable housing involves the use of joint land purchases by groups of low income households which makes land affordable and reduces the risk to the lenders. A good case to illustrate this is where 2 000 slum dwellers in Nairobi purchased 23 acres of land in Mukuru slum. Through the help of Akiba Mashinani Trust (AMT), a Kenyan NGO working closely with slum dwellers across the country, they organised themselves into 49 groups of 40 and started saving in 2007. The land was purchased in 2011 for Ksh81 million (US$953 000). Eventually, all 2 000 slum dwellers will have homes there and an additional 1 000 middle income homes will be built to subsidise the cost.

Housing supply

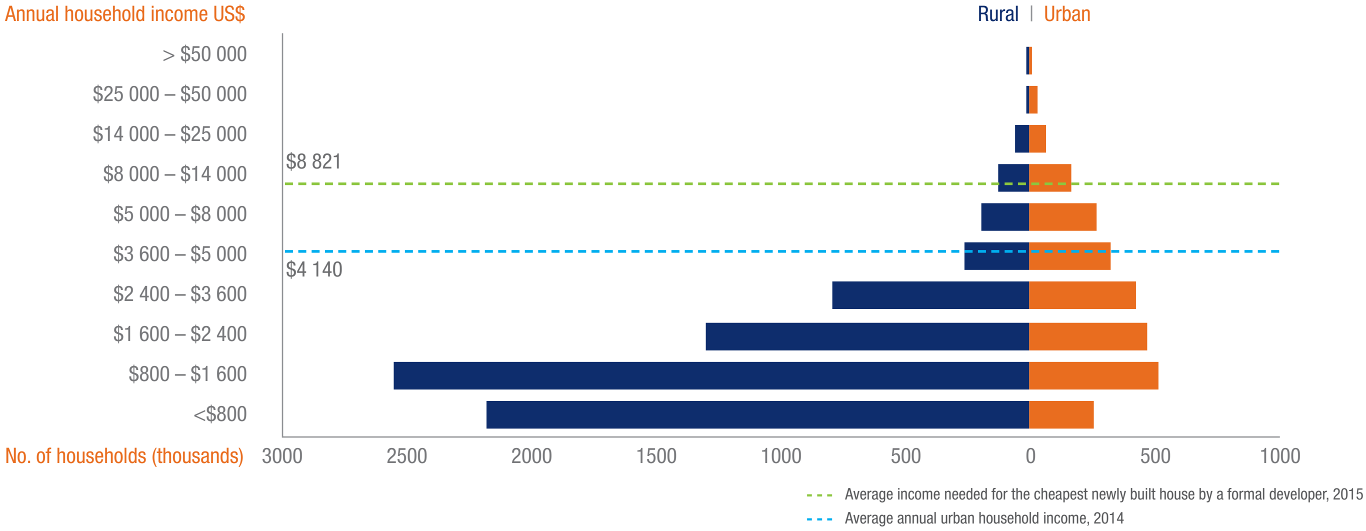
According to the 2009 Population and Housing Census, Kenya had 8 738 097 dwellings. Out of which, 3 385 308 were urban dwellings. At the same time, the United Nations placed the proportion of slum dwelling in Kenyan urban centres at 54.7 percent in 2009 and 56 percent in 2014. If this is accurate, then the stock of decent housing in 2009 was only 1 533 545 units, and 1 851 763 units that constitute dwelling units in slum areas form the backlog by then. Considering that urban population between 2009 and 2014 had grown at an average rate of 4.4 percent per annum, at an average urban household size of 3.4 persons, Kenya would need about 132 000 units per annum to meet urban population growths. If production remains at 50 000 units a year, as put by the ministry in charge of housing in 2011, a recurrent gap of about 82 000 units is added to the existing deficit annually.

Statistics on investment into housing indicates that there is a growing interest in this sector. According to the annual economic survey of KNBS, about Ksh127.7 billion (US$1 585 million) was invested into housing production in 2010. Accordingly, the amount injected into housing production has grown by 15.2 percent, 17.2 percent, 14.6 percent and 17.3 percent in 2011, 2012, 2013 and 2014, respectively. Similarly, the number of outstanding mortgage loans has also been on the rise from 13 220 loans in 2009 to 22 013 loans in 2014. Relative to the size of the economy, outstanding mortgages to GDP had risen from 2.3 percent in 2009 to 2.4 percent in 2010, followed by 3.1 percent in 2011, then 3.5 percent in 2012 and 2013, before hitting 3.6 percent in 2014. This indicates that the supply and demand of housing in Kenya are increasing despite being insufficient to meet the existing deficit.

Property Markets

According to Knight Frank, which reports on the high end residential market, the prime residential market has recorded a reduction in activity in the second half of

KENYA



2014. This is possibly due to reduced international investor confidence due to the insecurity concerns experienced towards the end of 2014, and the mismatch between demand and supply. As a result of reduced demand in the high end market, most developers in the Nairobi prime apartment market appear to be shifting focus from three- and four-bedroom apartments and mansions to smaller units, such as: studios, one- and two-bedroom apartments, due to oversupply in the former and the affordability challenges (for instance, in the Karibu homes project among others). On the whole, the Kenya Bankers Association (KBA) Housing Price Index shows that house prices have risen significantly in 2014 compared to similar periods the previous year. Prices for apartments and bungalows recorded the highest increases at 12.2 percent and 10.25 percent between 2013 Q3 and 2014 Q3 while maisonettes, which represents a niche in the high end market, documented a mere 5.7 percent growth. According to the hedonic model estimated by KBA, house prices in this period were driven mostly by size, neighbourhood and access to land. In their view, demand for bungalows was on the rise because bungalows, though old, are situated on spacious and on prime land, therefore these sites are fit for redevelopment. Indeed, the scarcity of land continues to push up property prices. Going by the Land Index (LI) based on advertised land prices, prepared and published by HassConsult and Stanlib, this is inevitable. As presented by this land index, land in the inner city suburbs have increased fivefold since 2007, while land prices in the satellite towns around Nairobi have increased six folds.

Policy and Regulation

The adoption of a National Land Policy in 2009, as well as the new Constitution in 2010, was a positive step towards resolving the protracted question of reliability, accuracy and legitimacy of the land administration system in the country. The National Land Commission (NLC) was created in 2012 with a range of functions including advising the national government on a comprehensive programme for the registration of land titles, management of public land, implementing settlement programmes, developing an effective land information system, and managing a land compensation fund. Even before the NLC stabilises and the new land laws take root, stakeholders are asking for a national policy on slum upgrading and prevention, land readjustment, a legal framework for forced evictions and squatter settlement or amendments of the existing law. On the other hand, large scale developers are of the view that the New Land Act (2012) and the Sectional Title Act (1987), as currently set up, are cumbersome, difficult, slow and ineffective for registration of more than 20 units. For one to obtain sectional title for a project with, for example, 10 000 units; to hasten the registration process and to cater for large scale multi-use and controlled communities projects; the amendments to the Sectional Act of 2014, Sectional Titles Gated Communities Act of 2014 and the Shared Communities Act of 2015 have been proposed. These are further discussed below.

- The Land Registration Act (2012): To revise, consolidate and rationalise the registration of titles to land, to give effect to the principles and objects of devolved government in land registration, and for connected purposes.
- The Land Act (2012): Provides guidance for the sustainable administration and management of land and land based resources. Classifies land as public, private and community land.
- The Land Control Act (2012): To control transactions of agricultural land. It also sets up the Land Control Areas and Land Control Boards.
- The Sectional Properties Act (1987): Deal with the registration of units in high-rise buildings and/or flats.
- The Distress for Rent Act: Rent disputes and distained goods.
- Amendments to the Sectional Act (2014) – proposed: Designed to simplify the registration process and enable developers to create all necessary individual titles of the units during the early stages of development.
- Sectional Titles Gated Communities Act (2014) – proposed: To control any uncontrolled developments in the neighbourhood.
- The Shared Communities Act (2015) – proposed: Create individual Sectional Title Units for undeveloped land and enable the transfer of villas on individual parcels of land from the onset.
- The National Land Commission Act (2012): To establish the National Land Commission.

Opportunities

Globally, urban populations are growing at a rate much faster than can be absorbed and managed, placing a high demand on services and infrastructure. Kenya is no exception. Kenya requires the construction of at least 132 000 units per annum to cater for new urban dwellers and has a backlog of 1.85 million units of backlog. Going by changes in house prices, the demand for housing has shifted to apartments and smaller units often attributed to the middle and lower income groups. The middle and upper class sectors are the most populous population segments despite affordability challenges. Providing more affordable homes and housing finance in Kenya is not impossible and there are a growing number of groups who are making strides in this direction. They are taking risks and testing new models. For instance, on end-user finance, products that match cash flows of the middle and low income earners such as home improvement loans, incremental construction financing, group loans and joint-income loans are likely to be appealing to many customers.

On the supply side, developers will be able to make a significant impact by constructing small units (studio, two-bedroomed and one-bedroomed houses), making joint purchase of land to reduce overall cost of completed units, sourcing concessionary loans at lower interest rates and by using alternative building materials. For these reasons, exciting opportunities exist in the mortgage and housing markets of Kenya.

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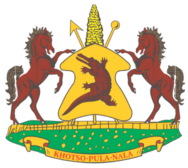
Lesotho



KEY FIGURES

Main Urban Centres	Maseru
Exchange Rate: 1 US$***	13.5 Lesotho Loti (LSL)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	5.3 | 6.6 | 6.0 | 5.5
Population^ | Population growth rate (2013)^	2 097 511 | 1.10
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	26.79 | 3.06
GDP / capita (current US$)^ | GDP growth rate (annual %)^	995.48 | 1.98
GNI / capita, Atlas method (current US$) ^	1 350
Population below national poverty line*	57.1
Unemployment rate (%)*	26.5
Gini co-efficient (year of survey)^^	54.17 (2010)
HDI (Global Ranking)" | HDI (Country Index Score)"	162 | 0.486
Lending Interest Rate^	10.34
Mortgage Interest Rate (%) | Mortgage Term (years)#	10.25 | 20
Credit % of GDP^	22.60
Average Mortgages % of GDP°	...
Price To Rent Ratio City Centre** | Outside City Centre**	...
Gross Rental Yield City Centre** | Outside of City Centre**	...
Outstanding home loan (% age 15+)##	...
What is the cost of standard 50kg bag of cement (in US$)? #	6.15
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	14 615
What is the size of this house (in m²)? #	45
What is the average rental price for a formal unit (in US$/month)#	...
What is the minimum plot size for residential property (in m²)#	400
Ease of doing business rank !	128
Number of procedures to register property !	4
Time (days) to register property !	43
Cost (% of property value) to register property !	8.40

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

Lesotho is a small, undeveloped country, bordered completely by the Republic of South Africa, with a population of 2 million people. In 2014, Lesotho's macroeconomic prospects were challenging; GDP growth in 2014 was estimated at 1.98 percent. The growth resulted from strong growth realised in mining, construction, financial intermediation, wholesale and retail trade, health and social welfare.

Lesotho's economic development agenda is still being guided by the 2012/13 – 2016/17 National Strategic Development Plan (NSDP). The plan has identified four sectors as the growth drivers during this plan period: commercial agriculture, tourism, mining and manufacturing. Yet, low human capital, poor land management allocation systems and poor quality policy and regulatory structures impact on economic growth. This provides a rather compromised environment for housing and related matters in Lesotho, requiring reforms.

Access to finance

The banking sector in Lesotho is small, dominated by three commercial banks and one Post Bank, all regulated by the Central Bank of Lesotho. These banks have a total of 45 branches, of which 32 are outside Maseru. Standard Lesotho Bank has the largest branch network with 17 branches (spread across all 10 districts), followed by Lesotho Post Bank with 13 branches. Nedbank and First National Bank (FNB), have 10 and six branches respectively. The target clientele of Standard Lesotho Bank, Nedbank and FNB is the formal sector, mainly medium and large corporate enterprises and salaried employees in urban and peri-urban areas. Commercial banks have concentrated their operations in urban areas and have no immediate plans to extend their network to rural areas, providing neither mobile banking services nor specialist financial products. Although credit has normally been granted only to high net worth clients, or to those who have long business relationships with the banks, Nedbank and Standard Lesotho Bank have recently shown a keen interest in financing micro, small and medium enterprises by establishing a dedicated department to handle small and medium enterprise financing.

As of December 2014, figures from the Central Bank of Lesotho indicate that the banking industry loan portfolio totalled M5 075 620 (US$375 971). Of this portfolio, M2 626 910 (US$194 586) was for personal loans, M1 815 135 (US$134 454) was enterprise loans, M 616 629 (US$45 676) represented mortgages while a small amount, M 16 855 (US$1 249) was for other loans including those to non-profit making organizations. This means that in 2014, mortgages represented 12 percent of the total banking industry loan portfolio while 36 percent loans were to enterprises and 52 percent were personal loans. All the three commercial banks require a deposit of 10 percent minimum for a home loan, but this deposit may increase for a home loan value in excess of M1 million (US$74 074). Repayment period is for a maximum of 240 months or twenty years. Interest rates are linked to prime lending rates, which was 9.25 percent as at December 2014.

In October 2011, the Lesotho government passed the Credit Reporting Bill, which will ultimately set up a credit bureau to be used by credit providers and the Central Bank of Lesotho. This bill makes provision for the licensing of private credit bureau operators and technical bureau services, which will assist financial institutions in lending out money by establishing a credit information point on borrowers.

One credit bureau, namely Compuscan, was licensed by the Central Bank of Lesotho and was expected to start operations in June 2014. After some delays, Compuscan commenced operations in August 2014. Two important developments also kicked off that played a key role in enabling the credit bureau to become operational. The SADC Credit Information Sharing Project, initiated and supported by FinMark Trust, also commenced in July 2014. Through this project a local Coordinator was engaged to work with the Lesotho credit providers to establish as association. This saw the partnership among the Ministry of Finance as the policy maker and project custodian on the ground, the Central Bank of Lesotho, the credit bureau and the credit providers working together to operationalise a credit information sharing environment in the country. It is hoped that this initiative will improve credit provision in the country.

To date, the total number of accounts recorded on the Bureau as at the last day of July was 98 765, while the total number of natural persons recorded on the Bureau was 78 218. The data is mainly from the banks and the retailers.

The 2015 Doing Business Report has ranked Lesotho 151 out of 189 countries, losing four positions compared to the 147 position the previous year. In 2012, the World Bank launched the Global Financial Inclusion Database (Global Findex) to explore levels of financial inclusion around the world. According to Global Findex, 14.5 percent of rural and 36.2 percent of urban Basotho over 15 years of age have an account with a formal financial institution. The use of credit is common; 57.4 percent of adults over 25 years of age report that they had a loan in the year to 2011. However, the vast majority of these loans were from family or friends. Only 3.5 percent of adults had a loan from a financial institution and only 6.1 percent had a loan from a private lender. Very few Basotho have an outstanding loan to purchase a home: 0.8 percent of the top 60 percent of income earners and 1.2 percent of the bottom 40 percent of income earners. Loans for home construction are slightly more common but still very scarce: 2.1 percent of the top 60 percent of income earners had one, and 0.8 percent of the bottom 40 percent of income earners.

Affordability

Nearly 70 percent of Basotho households earn less than M1 000 (US$74) a month and cannot easily afford to purchase formally developed houses. While banks may provide incremental financing for homeowners, generally to finance the cost of adding a room, such loans are not relevant for the house purchase market where prices are, on average, more than M300 000 (US$22 222). Only 9.8 percent of households in Lesotho purchased their houses from the public developer – and half of these were financed with savings or with work-related loan guarantee schemes. The remainder of the population build their houses independently, on an incremental basis using a combination of savings and credit to match their affordability. The banking sector offer home loans of no less than M 100 000 (US$7 407). Of the three commercial banks in the country, the Standard Lesotho Bank offers home loans from M100 000 (US$7 407) upwards, First National Bank offers from a minimum of M 150 000 (US$11 111) upwards. Nedbank Lesotho does not have a clearly spelled out minimum amount for home loans.

Housing supply

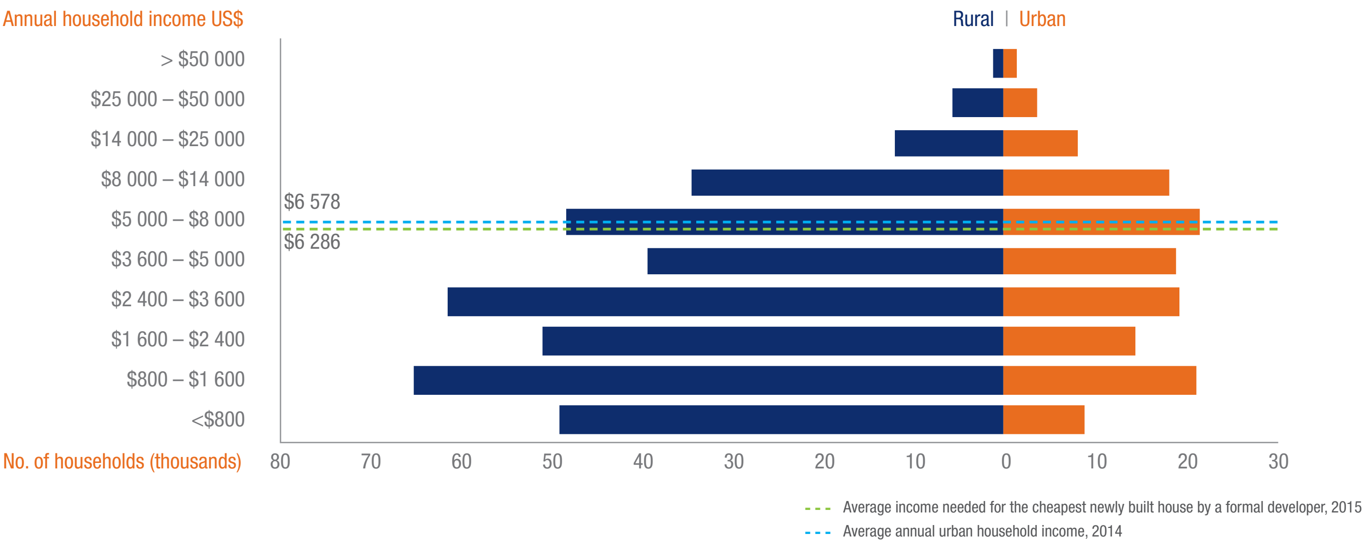
A significant proportion of housing is owner-constructed and owner-financed. Some 23 percent of households live in homes they built themselves, and 19.7 percent inherited their houses. The majority of people still depend on family networks and/or inheritance to acquire housing. The higher end market segment comprises housing units with prices ranging upwards from M500 000 (US$36 049) a unit, while the middle segment comprises houses ranging between M100 000 (US$7 407) and M500 000(US$37 037). In urban areas, and to some extent in rural areas, owners typically collect materials over time and eventually build their houses after all the building materials have been assembled. In this way, it normally takes a household a minimum of three years to gather the required building materials before they can begin the actual construction of the house. Households with unreliable or irregular incomes tend to apply this incremental housing strategy. In rare cases, homebuilders are able to access limited credit.

Although the formal real estate market is growing slowly, private sector developers are discouraged from playing a role in housing provision because of difficulties experienced in obtaining land. More recently, a strong demand for property expressed by the expatriate and high income community has resulted in the emergence of a few high density, enclosed real estate developments. One player in this evolution is the locally owned Matekane Group of Companies. Having established Matekane Property to manage the real estate needs of its various subsidiaries, the company then diversified into residential real estate. It developed Mpilo Estate, which involved the construction of 20 luxury three bedroom units, while Hilton Estate, with 15 units to be built to order, is in the planning phase. There is no further development on the Hilton Estate. Prices for the houses range from M1.8 million to M2.5 million. Take up rate for the luxury houses at Mpilo Estate improved tremendously in 2014/15. As at August 2015 a total of 15 houses had been taken, leaving only five to be bought.

The Lesotho Housing and Land Development Corporation (LHLDC) is a state-owned developer, which was established following the National Housing Policy of 1987. It is a product of the merger of the Lesotho Housing Corporation and the Lower Income Housing Company. The LHLDC has three broad mandates: to develop serviced sites, to provide rental accommodation and to provide home ownership. As of 2011, the LHLDC had delivered 9 519 serviced sites in various urban centres, although primarily in the capital Maseru. Over 811 serviced sites were availed to the market in 2013 – 650 were outside Maseru in Mohale`s Hoek district in the South, while the remaining 161 were in Maseru. This brought the total to 10 330 sites. Although the corporation has improved on its delivery record in recent years, it is challenged with adequately addressing the needs of low income groups. For this category, the primary approach involves the construction of malaene (rows of single or double interconnecting rooms popularly constructed for renting).

As indicated above, LHLDC commenced a project in Mohale's Hoek, where 650 serviced sites were up for sale. The costs of plots ranged from M12 000 (US$889) to M45 000 (US$3 333). The size of the plots range from 400 to 600m². These were targeted to low and middle income earners. There are three payment options. Firstly there is a M150 (US$11) registration fee, applicable for all options,

LESOTHO



then a once off payment can be made. The second option is that after paying the registration fee, a client is given 30 days within which to pay a 30 percent deposit towards the cost of the plot, and the balance is payable over six months. Under the third option, all the terms under option two apply, but should the client be unable to pay the balance within the six month period, then she/he is automatically put on a twelve months contract, to pay the balance, which attracts 18 percent interest. LHLDC reports that take up of these plots at the districts is quite slow compared to Maseru. By the end of March 2014, not all of the sites had been taken.

In Maseru district, the corporation continued with a residential housing project that started in 2009, MASOWE 111. This project entails the design and construction of residential houses on a turn-key arrangement. People who buy the houses are financed by the local bank of their own choice. Under this scheme 26 houses are complete and sold. The cost of these houses in a category of low to middle income earners ranged from M190 000 (US$14 074) to M240 000 (US$17 777). In the second category of middle to high income earners, houses cost between M577 000 (US$42 740) and M1.1 million (US$81 481). Of these, 11 houses were completed and sold in 2013. In 2014, the Corporation sold 160 high income serviced plots in the capital city Maseru. The fully served plots include full water reticulation, sewer lines, electricity and access roads to all the plots. These services are the ones that render this project a high income one since the services are not partial but full. For the middle income category, 51 plots we sold, again in the Maseru urban area. Another housing project, targeting low income earners is currently underway. Under this project, 20 batches of houses are being constructed. The construction of these low income houses is at foundation stage.

Another player in the housing services space is Habitat for Humanity Lesotho, which provides shelter for vulnerable groups by building simple, decent and affordable houses, in addition to raising awareness about legal issues around housing, property ownership and inheritance rights. The goal of the project is to provide disadvantaged children with safer living environments and access to resources to improve their lives. The aim was to construct two to three roomed houses with ventilated pit latrines.

As of July 2013, and through its first project, Habitat had constructed a total of 143 subsidised houses for low income households in Khubelu, a peri-urban area in Maseru district. This project commenced in 2002. Repayments on this project were to be completed within a ten year period. There were a lot of challenges during implementation of this project, such that by June 2012, only 10 percent of the beneficiaries had paid up their loans. But through the restructuring of the loans, a year later, in July 2013, 20 percent of the beneficiaries had fully paid. Consequently 29 families were presented with loan clearance certificates and land title deeds. Habitat Lesotho continues to explore options to see how other home owners can also pay up the remaining balances. Other developments by the organisation included ventilated pit latrines constructed for 98 families. 41 families benefitted through minor repairs being done to their homes, while maintenance and hygiene training was offered to 20 families. Lastly, some training on inheritance rights and security of tenure was offered for eight families. During 2014 up to June 2015, two-roomed houses were constructed and given to 44 families. The construction also included an improved pit latrine for these families. A further 130 families were each given a pit latrine, under the sanitation programme. During the same period, Habitat reached out to 171 individuals through its maintenance and hygiene training, while a total of 538 individuals benefitted from their inheritance training programme.

Property markets

The land tenure system in Lesotho is dual, with customary and statutory systems operating side by side. The basic tenet of land ownership is that land is owned by the people, but is held in trust by the King. Over the years, land administration and management in Lesotho has been characterised by a lot of deficiencies and weaknesses. These resulted in unplanned settlements, illegal encroachment of settlements on agricultural land, encroachment of settlements and grazing on wetlands, and poorly managed rangelands. A variety of land reform programmes have been introduced that aimed to improve management and introduce more robust land administration processes. Following the MCA supported land reform project that established the Land Administration Authority, there is noticeable improvement in the land registration. Land titling in urban areas have now been effectively institutionalised. The above challenges however still require continued land reforms to enable more productive use of available land. Land allocation provisions and practices continue to frustrate foreign investment efforts as well. Statutory limits on land allocation stand at 1 000 m^2 for residential purposes and 10 000 m^2 for industrial use. If potential investors require land size above this limits, such have to be personally approved by the Minister of Local Government. Approval processes are long, which can take anything from a few days to a number of years.

The IMF estimates that real estate accounts for nine percent of GDP, with an annual growth of just above one percent. Still, REMAX Casa Blanca Realty, which recently opened offices in Maseru, reports an active property market with exponential growth recorded in some areas over the past few years. Foreign NGOs, expatriates and diplomatic missions have fuelled the economy in these areas, increasing the demand for property and putting pressure on prices. As a result, the buy-to-let market has experienced considerable growth, with mid to high level income earners seeking investment returns. For the majority, however, the property market is not a steady source of wealth. Aside from supply problems, especially around affordability, transactions in the property market are cumbersome and undermine market performance. Registering a property in Lesotho in 2015 required four procedures, takes 43 days and costs 8.4 percent of the property value.

Policy and regulation

Although Lesotho does not have a housing policy, much progress has been made in this process during 2013. In the late 1980s, the government received support from the World Bank and the Canadian Housing Foundation towards the drafting of a National Housing Policy, but this was never adopted. Certain aspects of this housing policy were still pursued, notably the formation of the LHLDC. In 2005, it was noted that Lesotho had a draft National Shelter Policy. According to UN-Habitat, the draft policy included a market driven shelter delivery approach, and advocated for transparent, efficient and consistent delivery systems. The draft policy also set out the development of an effective regulatory framework towards equitable access to the shelter delivery market. Further, the draft policy sought to recognise, support and integrate all sectors of the economy, including the informal sector, into shelter delivery, and to localise housing solutions. The development of the Housing policy has stalled. It is envisaged that this may just form part of the country`s development programmes with support from its cooperating partners.

A National Strategic Development Plan for Lesotho, also recognises the importance of housing in a section on 'shelter and property development'. The Plan asserts that government will strengthen land administration and physical planning, facilitate the provision of basic infrastructure to improve quality of shelter, improve the quality and safety standards of housing and ensure their enforcement, encourage the local production of construction outputs, promote densification and regularise property markets (residential and commercial) to improve safety and achieve the desired physical layout, develop housing finance and land markets as well as property development capacity, and identify appropriate housing solutions which especially target low income households and industrial workers.

Land administration reform was part of the private sector development component of the Millennium Challenge Account (MCA) 'compact' between the US and the Lesotho government. This component aimed to achieve improvement in the land laws and policies, in people's awareness of land rights, especially women's, and in the efficiency of issuing of land leases to people in urban areas, starting with Maseru. It also aimed to support the establishment of a Land Administration Authority to enhance land administration and land administration services.

Significant legislative and institutional reforms have taken place to date. These include the Land Administration Act and the Land Act, both of 2010, the Land Regulations and Land Court regulations of 2011 and the Draft Sectional Titles Bill of 2011. In the main these reforms are feasible and significant, particularly regarding increased efficiencies in the processing of title deeds. The main challenge that remains to be tackled is access to land, one obstacle that continues to negatively affect poor people in Lesotho. The country is in the process of finalising the second compact with the American government through the Millennium Challenge financing. This issue of access to land still features significantly as an inhibiting factor in attaining inclusive growth. It is hoped that its inclusion in Compact 2 will bring about more effective reforms that will enable the most vulnerable people to have access to land for other economic activity but also for shelter.

Opportunities

The demand for property, particularly for the middle to higher income groups, presents an opportunity for investment in the Lesotho property market. Housing solutions for the bottom end of the property market are also critically needed, especially given rapid urbanisation. The ongoing legislative and policy reforms and the fact that the current developments have so far concentrated in Maseru alone leaves other districts open for investments in the housing sector. There are also opportunities for microfinance institutions to provide innovative housing finance options targeted at lower income earners, and to grow this sector from its current almost non-existent position. The Ministry of Trade completed implementation of a World Bank assisted project – namely the Private Sector Competitiveness and Economic Diversification Project. Through this initiative, a number of reforms were made which impacted positively on the business environment. Outcomes of the project were that days required to register a company reduced from 28 to seven, days required to obtain an industrial license reduced from 35 to five days and, turn-around time for a trade license was reduced to 15 days from 30 – 50 days.

The preceding sections have indicated progress that has been made in addressing land allocation and management weaknesses. Much more reforms are still needed and have to be speedily implemented to redress the persisting weaknesses in the management of this critical economic asset.

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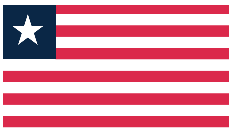
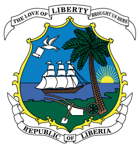
Liberia





KEY FIGURES

Main Urban Centres	Monrovia (capital)
Exchange Rate: 1 US$***	84.50 Liberian Dollar (LRD)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	7.6 | 9.9 | 7.4 | 7.0
Population^ | Population growth rate (2013)^	4 396 873 | 2.37
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	49.31 | 3.15
GDP / capita (current US$)^ | GDP growth rate (annual %)^	461.00 | 9.33
GNI / capita, Atlas method (current US$) ^	400
Population below national poverty line*	63.8
Unemployment rate (%)*	3.7
Gini co-efficient (year of survey)^^	38.06 (2007)
HDI (Global Ranking)" | HDI (Country Index Score)"	175 | 0.412
Lending Interest Rate^	...
Mortgage Interest Rate (%) | Mortgage Term (years)#	8.00 | 10
Credit % of GDP^	...
Average Mortgages % of GDP°	0.34% (2008)
Price To Rent Ratio City Centre** | Outside City Centre**	...
Gross Rental Yield City Centre** | Outside of City Centre**	...
Outstanding home loan (% age 15+)##	...
What is the cost of standard 50kg bag of cement (in US$)? #	8.75
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	15 000
What is the size of this house (in m²)? #	...
What is the average rental price for a formal unit (in US$/month)#	12
What is the minimum plot size for residential property (in m²)#	325
Ease of doing business rank !	174
Number of procedures to register property !	10
Time (days) to register property !	44
Cost (% of property value) to register property !	12.90

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

The Republic of Liberia is on the West coast of Africa and bordered by Sierra Leone to the west, Guinea to the north, Ivory Coast to the east and the Atlantic Ocean to the south. The country has a population of 4.3 million, 49 percent of which lives in cities, making the country highly urbanised. Liberia is a member of Economic Community of West Africa, (ECOWAS) and rich in natural resources among which are iron ore, rubber, timber, gold, diamond, coffee and cocoa. Liberia is one of the poorest countries in the world with an HDI score of 0.412, placing it at a ranking of 175th out of 187 countries in 2014. The country has suffered from a decade and a half of intermittent civil wars, which contributed towards a historical decline in GDP of 90 percent between 1989 and 1995. With the end of the war in 2003, and the inauguration of the Ellen Johnson Sirleaf administration in 2006, the economy began to recover and GDP growth began to improve, reaching 9.4 percent in 2007. Since then, the country has maintained political stability and Liberia celebrated the tenth anniversary of the end of the civil war in 2013. Economic growth has continued at 15 percent in 2013, led by public services reforms, iron ore exports, construction, and a rise in direct foreign investments. GDP grew 9.33 percent and inflation rate of 7.4 percent in 2015. Economic growth has been affected by the delay in direct foreign investments and public investment especially in the construction sector and the decline in commodities prices particularly rubber and iron ore. Ebola crisis has claimed more than 4 000 lives in Liberia starting in 2014. By 2015 the government efforts to contain the health crisis commenced to yield results. Liberia ranks 174th out of 189 countries in the World Bank's Doing Business report of 2015 climbing up 3 places from 2014.

Access to finance

Liberia's financial sector in 2014 includes the Central Bank of Liberia (CBL), nine commercial banks with 85 branches, 20 registered insurance companies, 23 registered microfinance institutions, 599 savings and loans associations and four rural community finance institutions. According to the CBL report, banking industry balance sheets showed positive growth at the end of November 2014, with total commercial bank assets increasing at a rate of 7.4 percent over the figures recorded for the same period a year ago. Overall the growth rate reflects continuous confidence in the banking system.

Prior to the civil war, the National Housing and Savings Bank was the only mortgage bank in Liberia. However, even then, the approach was limited to lending to individuals to build their own homes. There was no linkage between the bank and the National Housing Authority (NHA), the government owned housing development institution, to promote housing development in Liberia. The National Housing and Savings Bank collapsed in the 1990s during the civil war.

Access to housing finance is limited and when available is confined to Liberia's capital city, Monrovia. The government, however, is encouraging homeownership, as well as the development of a mortgage sector to make houses affordable to low and middle income earners. In 2013, the first formal mortgage programme for post-conflict Liberia was launched by the Liberian Bank for Development and Investment (LBDI), financed with US$ 10 million from CBL Mortgage Credit stimulus initiative. The programme involved LBDI taking ownership of a 30-year old estate that had been built for low income earners and managed by National Housing Authority. LBDI then sold the units to the tenants. There were 89 beneficiaries. A mortgage credit stimulus initiative also allowed LBDI to offer about 100 mortgages finance over 10 years.

Other initiatives include the financing of NHA by the National Social Security and Welfare Corporation (NASSCORP) and National Oil Company of Liberia (NOCAL) to boost housing development in Liberia. NASSCORP and NOCAL are partners of NHA and their funding has contributed so far to the construction of 88 houses by NHA. The NHA houses are two and three bedroom units respectively US$15 000 and US$20 000 with a fixed interest rate of 8 percent per annum and repayment between 5 and 10 years. A down payment of 30 percent is required.

There is little data on the microfinance sector but like some of the neighbouring countries, microfinance and informal finance play an important role in the economy. Providers of microfinance include commercial banks, private microfinance institutions, NGOs, credit unions, and other informal providers such as "susu". At the end of June 2015, four microfinance institutions are listed on the MIX Market, US$15.4 million disbursed to 52 277 borrowers and US$19.4 million has been deposited by 158 339 depositors. Access Bank remains the leader of the market with US$15.4 million disbursed to 16 202 borrowers and US$19.4 million deposit by 158 399 depositors.

Liberia ranks 160 out of 189 economies in the World Bank Doing Business 2015 for access to credit. There are no private credit bureaus and no public registry.

Affordability

Liberia is a low income economy, recovering from the lingering effects of its civil wars and the consequent economic and social upheaval of the population. Given this historical context, Liberia's recovery has been spectacular, driven primarily by the country's national Poverty Reduction Strategy. Foreign direct investment in mining, agriculture and construction has also played an important role still, the majority of the population lives below international poverty line (63.8%) and the ebola crisis has aggravated the situation. The monthly average wage was about US$50 in the urban areas and 40 percent higher than the rural areas. A high level of inequality of income persist in spite of the economic growth, 10 percent of paid employees are receiving 72 percent of total cash earnings. There is also income inequality between the rural populations and the urban populations and inequalities between the counties as illustrated in the 2010 Labour Force Survey (LFS). According to the LFS, there are about 1.1 million employed persons aged 15 and over working in Liberia about 600 000 in rural areas and 500 000 in the urban areas i.e. employment to the population ratio is 60.5 percent. Majority of people employed are working for themselves (68 percent informal sector) and 77 percent is considered vulnerable. In 2015 the national legislature finally passed the bill for the minimum wage introduced since 2010. The new minimum wage is US$3 for unskilled labour per day and US$5.50 for skilled labour.

Access to mortgage finance is extremely limited and rental homes are provided primarily by informal landlords and NHA. Rents vary according to the location and the quality of homes. They range from US$400 to US$1 700 for houses in Monrovia for the higher income households and expatriates. These houses are out of reach to an average Liberian earning minimum wage of US$90 a month. Less than one percent of the population has access to government subsidised homes managed by NHA. The majority of the population in the urban areas live in slums, in multi occupied houses where rents are subject to fluctuations according to demand.

Housing supply

Housing stock in Liberia can be classified in three categories, based on the material used for construction: construction with mud and straw with thatched roofs mainly found in the rural areas, small tin roofed wooden houses found in the urban and houses built with cement, concrete and stone, and corrugated iron for the ceiling in urban areas particularly in Monrovia. Majority of the houses are self-built and auto financed. According to 2008 census, there were 326 960 household living in dwellings in urban Liberia and 343 335 in rural areas. Houses in low income Monrovia tend to have many rooms (5.5 median) and the large houses tend to be crowded, multi-occupied rooms with a mean of 20 people whereas other cities have one to two households in a house with a mean of 10 people. There is little or no data on the housing stock currently.

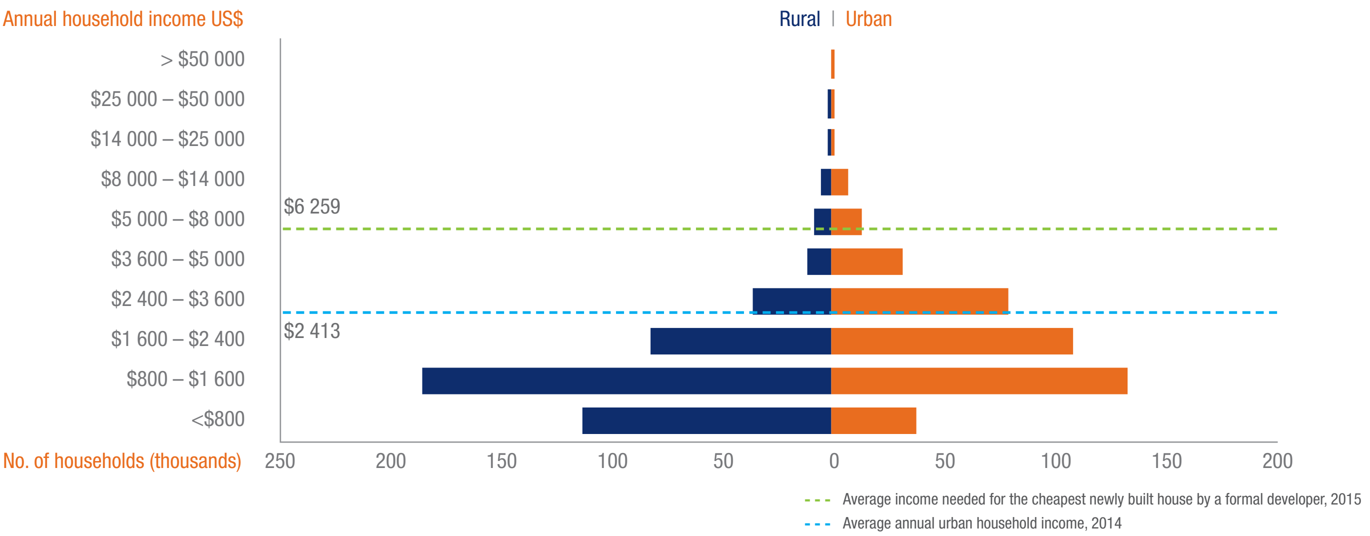
Even before the last civil war, Liberia's housing stock was insufficient. The war devastated much of the country's urban housing stock, and as a result, the majority of the population was displaced and now live in dilapidated conditions, and in slums. The poor state of housing has contributed substantially to the rapid spread of the Ebola virus.

The National Housing Authority, a state-owned institution, was the only institution that provided housing at a relatively large scale although still far below what was and is needed. Between 1962 and 1984, NHA developed and implemented a number of housing programmes in the major cities, producing 1 789 housing units and 600 serviced plots land for low cost housing.

Today, after 10 years of democratic government, the housing stock continues to be inadequate and the supply cannot meet the demands of galloping urbanisation. Liberia is already 49.31 percent urbanised, and is among the most urbanised in the region.

The government's ambitious programme of reconstructing Liberia and transforming Liberia from a poor country into a middle-income country with equal opportunities and access to all by year 2030, known as the Agenda for Transformation (AFT), lays emphasis on housing. The government has reinforced the capacity of the National Housing Authority to address housing needs in Liberia. In response, the NHA has developed a national plan (2013-2017) that includes interventions regarding housing development finance, housing development policies and strategies, and town and city planning. The NHA also has an ambitious housing delivery programme to boost the supply of adequate and affordable houses all over the country. In October 2014, the NHA finalised a plan for the construction of 5 000 houses worth over US$50 million. The project started in 2014 in the following cities: Kakata, Tubmanburg and Sanniquellie. Financed by Shelter Afrique, the project also provides US$29.2 million to three commercial

LIBERIA



banks to give long term loans to eligible Liberians. The project is ongoing. Other projects include the Ellen Johnson Housing Estate, an estate of 125 housing units, in Marshall and Margibi County programmed to be delivered this year and financed by the government of Liberia.

The government is also encouraging the private sector to participate in financing affordable homes for their employees. Some of the following companies that have initiated partnership with the government to provide affordable homes for their employees are Arcelor Mital, Putu Iron Ore Mining and Golden Veroleum.

Other private companies are emerging in the housing market as a result of the current reconstruction drive and economic growth of the country, as well as the efforts of the government in promoting investment opportunities. Among the private companies are Global Building Solutions, Real Estate Developers Inc. and Broad Cove Partners. Broad Cove Partners development is called Ecohomes, the first project is an estate on 300 acres parcel of land located on the RIA highway between Monrovia and Robert International Airport featuring renewable energy efficient and construction material produced locally to stimulate employment.

The project is a variety of single family homes and a small number of duplex attached houses total 500 planned houses with modern social and commercial amenities. Broad Cove is the lead investor. Prices are from US$39 900 cash for a one bedroom house and US$64 000 for 3 bedrooms with possibility of mortgage and a monthly payment of US$363 for 10 years for the one bedroom house. The SINLIB real estate programme is a partnership between SINLIB Real Estate Developers Inc. and NHA. The project is called Monrovia House and located near Redlight Market and the new Fendell Campus of the University of Liberia. The target market is middle class Liberian. There are 50 houses delivered, one to three bedrooms with modern amenities. The project offers mortgage and the minimum down payment is 30 percent of the house value. These developers are involved in a number of housing developments, including SINLIB Real Estate programme and 500 houses, recreational and commercial amenities programmed by Ecohomes. The homes are delivered with home owner's certificate.

The Director of Liberia National Housing Authority asserted that Liberia will construct 512 000 housing units by 2030, the target year for the country to achieve middle income status. This means Liberia needs at least 30 000 new houses every year for the next seventeen years.

Property markets

Liberia is a post conflict country and going through reconstruction and as such adequate houses are in great demand therefore rental prices are increasing and houses for sale are practically non-existent except for the new housing programmes. The need to reconstruct the post-conflict Liberia offers opportunities for real estate investments and property markets. The exorbitant rents demanded by landlords in most cases for inadequate houses are the result of insufficiency supply of housing and the need to fill the gap. Also there is a need to develop modern and adequate houses and other urban infrastructures to meet the demand of business, nongovernmental organisations and the diasporas who are returning home or interested in investing in Liberia. As in most post conflict countries, data regarding the property market is scarce and when available, does not reflect market reality.

According to the World Bank's 2015 Doing Business Report, Liberia ranks 174 out of 189 economies in terms of ease of registering property. Ten procedures are required to register property almost doubled the six procedures required, on average, across Sub-Saharan Africa, and the process takes 44 days. Cost of registering property is 12.9 percent of the cost of value of property.

Policy and regulation

The legal and regulatory framework governing urban development and specifically housing in general is very meagre and followed by hardly any developers. The zoning law though enacted since 1947 (to regulate zoning in Liberia) has not been implemented and the Building Code of 1958 has not been used. The president has given instructions to the Ministry of Public works, the ministry in charge to enforce the law.

Also to attain the vision defined in "Liberia Rising 2030" and the Transformation Agenda (AFT), the government of Liberia has recognised the need to ameliorate the country's housing policy. To meet this end the government instructed the National Housing Authority to develop a national Housing Development Policy and Strategy. In response, the NHA has produced a draft for new national policy to guide in production of 512 000 housing units between now and 2030. A two day national stakeholder's colloquium was organised in April 2014 to have a large representation from across Liberia to deliberate on the new policy. It has not been possible to find information on the outcome.

Opportunities

Liberia has suffered from two civil wars and economic instability for decades. The country's progress since the election of Ellen Johnson Sirleaf in 2006, however, has been impressive. Liberia's economic growth rate, at 9.33 percent in 2014, is one of the highest in the world. Although commodities prices have fallen in 2014 – 2015 the trend for global demand will remain unchanged overtime. There is no doubt that the global demand for natural resources, the different government economic development programmes, the NHA programme for affordable homes, improvement in doing business environment and fiscal incentives to encourage investments and develop the private sector, are all indicators of the opportunities. The country is rich in natural resources and has also been intensifying its exploration for offshore oil. Its geographic and historical context, given its slave history, also makes it a very attractive hub for the tourist industry. Infrastructure development projects, including road construction, port rehabilitation, the repair and expansion of the Mount Coffee Hydropower plant (with a maximum capacity of 80MW), and the construction of new heavy fuel power plants to improve production of electricity and boost growth in the manufacturing, and services, are all underway.

The challenges arising from the recent Ebola outbreak notwithstanding, Liberia's ambitious programme to attain a middle income status by year 2030 creates the context for very real housing investment opportunities. The different government development programmes and the efforts of the government in improving business environments, the results of which can be measured by the position of the country as well as the rate of urbanisation (49.31 percent), are indicators of opportunities for the housing finance and housing development sectors.

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Libya

KEY FIGURES

Main Urban Centres	Tripoli (capital), Benghazi
Exchange Rate: 1 US$***	1.38 Libyan Dinar (LYD)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	2.6 | 2.6 | 2.7 | 2.9
Population^ | Population growth rate (2013)^	6 253 452 | 0.83
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	78.36 | 1.08
GDP / capita (current US$)^ | GDP growth rate (annual %)^	6 575.43 | -24.03
GNI / capita, Atlas method (current US$) ^	7 920
Population below national poverty line*	30 (2014 est.)/
Unemployment rate (%)*	19.8
Gini co-efficient (year of survey)^^	...
HDI (Global Ranking)" | HDI (Country Index Score)"	55 | 0.784
Lending Interest Rate^	6.00
Mortgage Interest Rate (%) | Mortgage Term (years)#	9.50 | 25
Credit % of GDP^	26.96
Average Mortgages % of GDP°	<1%*^!
Price To Rent Ratio City Centre** | Outside City Centre**	7.07 | 7.08
Gross Rental Yield City Centre** | Outside of City Centre**	14.15% | 14.13%
Outstanding home loan (% age 15+)##	...
What is the cost of standard 50kg bag of cement (in US$)? #	10.00
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	50 000
What is the size of this house (in m²)? #	100
What is the average rental price for a formal unit (in US$/month)#	450
What is the minimum plot size for residential property (in m²)#	...
Ease of doing business rank !	...
Number of procedures to register property !	...
Time (days) to register property !	...
Cost (% of property value) to register property !	...

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
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CAHF Annual Survey Data (September 2015)
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** Numbeo Online User-Contributed Database
/ CIA World Factbook
World Bank (2013) MENA Housing Finance Mission to Libya, Back to the Office Report
*^! Hofinet: http://www.hofinet.org/countries/hfs.aspx?regionId=5&id=5

Overview

A deteriorating political and security situation has stagnated post-revolution progress in Libya. After the fall of Gaddafi's authoritarian regime in October 2011, the country has struggled to put in place a stable government resulting in ongoing unrest and civil war. In 2015, competing parliaments, declining oil revenues and instability have all contributed to the worsening situation.

The General National Congress that acted as legislative body since 2012 rejected the election results for the House of Representatives in June 2014, prompting them to reconvene in Tripoli and create a dual governance structure in the country. Consequently, the public budget was never approved in 2014, and the Central Bank of Libya (CBL) only allocated funds for public sector wages and fuel subsidies, without any budget for ministries or government programmes. As a result, all government programmes have been stalled.

Agreement between various militia and government helped to raise oil exports in the second half of 2014, from a low of 320 000 barrels per day in July 2014. However, as oil accounts for about 80 percent of GDP and 99 percent of government revenue, public budget has reduced substantially, causing a deficit that is being funded by Libya's foreign reserves.

With a population of 6.2 million people, GDP has reduced over the past few years to US$12 000 in 2013, with -9.4 percent growth in 2014. Yet, Libya is still considered as an upper-middle income country even though there is limited economic and political freedom. Economic freedom in Libya, a ranking of freedom in trade, business, investment and property rights measured by the Wall Street Journal and Heritage Foundation, was estimated at 38.59 in 2013, below the level of 'repressed', and the 2015 World Bank Doing Business report ranked Libya as 188th out of 189 countries for ease of doing business.

Key challenges that Libya faces include restoring the rule of law, putting in place a functional government, reducing dependency on the petroleum industry, and developing strategies for long-term development.

Access to finance

According to the 2014-15 Global Competitiveness Report, Libya ranked 144th out of 144 countries in terms of financial market development. High levels of liquidity, non-performing loans (NPLs), limited credit information systems and poor banking supervision have restricted the competitiveness of financial services and the availability of housing finance. Official figures of NPLs are largely unreliable, reported at ranging from 17.2 to 35.4 percent over the past decade, yet it is estimated that they have reached a level where most of Libya's public institutions would be considered technically insolvent without the continuous transfer of central government funds. As a result, Libya remains essentially a cash economy, where transactions largely operate outside of the formal banking sector.

For years, the banking sector in Libya has been very isolated. Early in 1970, when Gaddafi came to power, all the banks were nationalised, and international sanctions through the 1990s limited foreign investment in Libya. The CBL oversees the Libyan financial sector, which is dominated by five state-owned banks (which control around 85 percent of banking assets), 15 commercial banks, four specialized credit institutions, five insurance companies and a recently established stock market.

A process of privatisation and banking reform commenced in 2007, with some foreign banks authorised to acquire shares in public banks, the legalisation of joint ventures between foreigners and local investors in 2010 and a rise of interest in seeking new banking licenses. However, poor security in the past year has limited any progress in these financial sector reforms.

Bank lending for housing finance is restricted due to high collateral requirements, the lack of a Libyan land registry or credit bureau and inadequate central bank regulation. Libya has a very low loan-to-deposit ratio of approximately 23.4 percent (as of March 2013) compared to an average of 80 percent for the region. As a result, banks are highly liquid. The Savings and Real Estate Investment Bank grants subsidised housing loans to Libyan citizens at zero interest rate and tenors of up to 30 years. There is a lack of independent oversight, which opens the door to corruption and many Libyans view these loans as grants, so there are very high default rates. The bank's poor targeting of home loans and lack of enforcement of repayments distort the housing finance market and restrict the development of a functioning mortgage system.

The domestic credit to GDP ratio was last measured at 13.9 percent in 2013, far below the MENA average (almost 60 percent). The ratio of housing finance to GDP ratio has remained small, at below 1 percent. Unless allocated a loan through the government program, for which households who do not yet own a home are qualified, it is particularly difficult for low income or small borrowers to access finance for housing.

According to the IMF, the banking sector is currently well capitalised, but it may become vulnerable to asset quality deterioration and the introduction of new legislation. In 2013, the government passed a law that will enforce a strict Islamic Banking regime and ban interest in financial transactions starting in January 2015, being the third Middle Eastern country, behind Iran and Sudan, to ban non-Sharia compliant banking. This will essentially preclude conventional banks from lending and pose serious risks to the financial sector. Lack of government control of the country has left enforcement of this policy in limbo and many commercial banks have ceased lending, effectively paralysing the banking sector.

Affordability

More than 80 percent of the Libyan working population is employed by the public sector, while a mere four percent of Libyans are employed by the private sector. Although per capita income in Libya was estimated at US$12 200 in 2013, one of the highest in Africa, the wealth in the country is not distributed equally among the population. Median income per capita is around US$600 per month, meanwhile rent in a one bedroom apartment in central Tripoli can exceed US$2 000 per month, and on average, cost US$858 per month, or US$526 per month on the outskirts, well beyond the affordability limits of the average household. The house price to income ratio is in the order of 6.45 to buy in Tripoli, which makes affordability difficult for low income groups.

Housing is very difficult to access on the private market, due to the small amount of private land available for purchase and development, and the small secondary market in formal housing resale. As a result, the majority of households opt to sit on waiting lists for years until they are able to access a subsidised house from the Libyan government, often living in poorly serviced informal neighbourhood or overcrowded units housing multiple families.

In 2007, a minimum wage was established at US$200 per month for an individual worker, yet the enforcement of this minimum is not clear. Overall unemployment was estimated at 33 percent by the World Bank in 2012 and even higher for youth, up to 50 percent, with the majority of unemployed holding university degrees. During the civil unrest following the revolution, unemployment is expected to have risen into 2015 and the earning capacity of residents has fallen due to disruptions in business. At the same time, prices have increased, which has negatively affected the purchasing power of the lowest-income and least resilient households.

Public spending on state subsidies remains very high. Public sector workers are reported to receive a monthly housing allowance that ranges from 12 to 25 percent of their salary, yet most of the benefits are captured by higher income groups, so that subsidies rarely reach the neediest. Even with substantial resources, the government is unable to respond to all the demand, leaving a large section of the population unserved. UN-Habitat estimated in 2001 that 35 percent of the urban population in Libya were living in slums, figures that have been confirmed by various relief agencies working in the country.

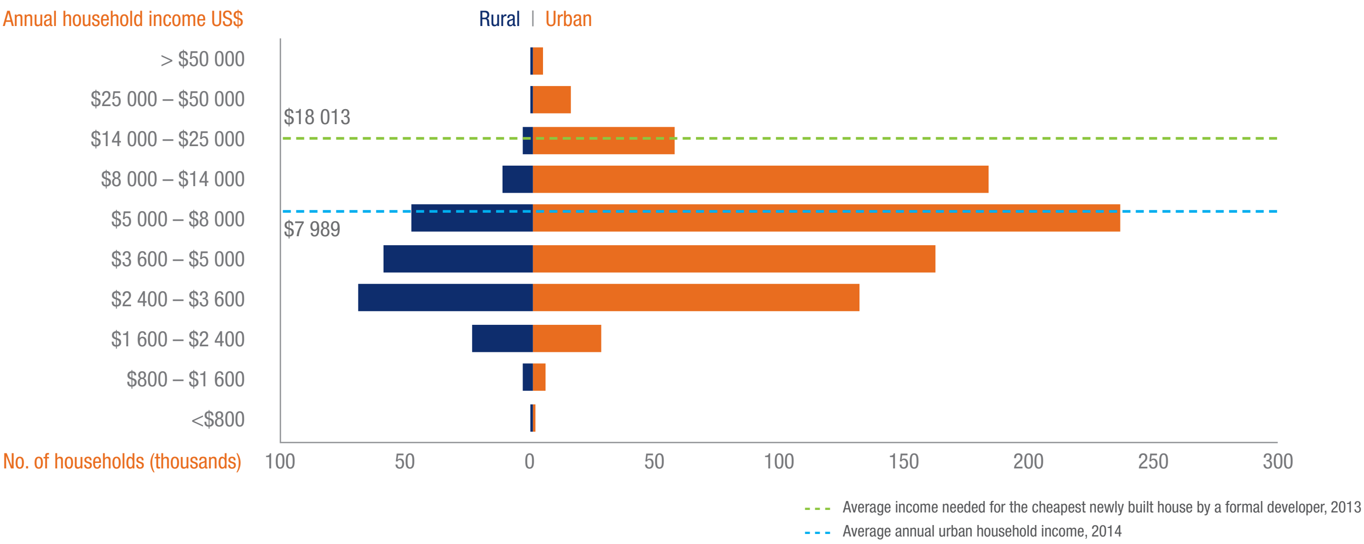
Housing supply

Housing supply in Libya has historically been the main responsibility of the government with the government providing free education, healthcare, public housing – offered to households with zero interest soft loans – and transport under Gaddafi's regime. From 1989 to 1996, around 75 percent of housing was constructed by the public sector. From 1997 onwards, the government has continued to play an instrumental role in housing supply. Housing construction and real estate transactions have been significantly halted by the unrest. In 2014, the housing shortage was estimated at 350 000, yet there has been a lot of destruction in cities and displacement of people, which will exacerbate housing shortage estimates once peace is restored.

The Housing and Infrastructure Board (HIB) of the Ministry of Housing and Utilities (MHU) is responsible for the implementation of public works contracts. HIB works on infrastructure and public building projects, along with managing the state's residential projects on a turn-key basis, contracting with both national and multinational firms.

Since its creation in 2007, HIB has been tasked with building 200 000 units. Official figures from the MHU in 2012 indicated that 134 341 housing units were under construction, 94 500 were in their bidding phase and 11 121 had been completed. Yet, the entire programme was put on hold in 2011 with an estimated US$11 billion worth of uncompleted housing projects under construction. Due to the poor security situation, many of these projects have remained unfinished and in limbo as HIB has struggled to relaunch their programme and the EU-imposed sanctions, that had put restrictive measures in place since 2011, were only lifted in January 2014. In December 2013, AECOM announced a partnership with HIB worth over US$205 million for 25 months, yet the programme has not been

LIBYA



implemented due to the unstable security situation. Another international firm, Egypt's Al Abd halted work on housing projects worth US$102 million in 2015 over ongoing security tensions.

Since 2011, many foreign and local investors involved in housing construction in Libya have been forced to abandon or face interruptions in their work. Efforts to recommence have been disrupted by continued insecurity, arguments over payment delays, and increased costs in the intervening period. This had resulted in very limited new supply and an increasing housing backlog caused by destruction of units and internal displacement of people.

Property market

The property market in Libya has been heavily influenced by decades of Gaddafi's system, which developed a system of patronage that has had a serious impact on land availability and exacerbated conflicts related to property ownership following the revolution. There is no procedure for dealing with construction permits, registering property and resolving insolvency, giving Libya a ranking of 189th, or last, in these sections of the 2015 Doing Business report.

Large plots of land previously owned by Italian farmers, about 38 000 hectares, were confiscated and redistributed among Libyans after the Coup d'Etat in 1969. These plots have been further fragmented over time due to the traditional inheritance system guaranteeing each son a part of their father's land. In 1971, the state confirmed all confiscated land as state land and was involved in further confiscations of uncultivated land and reallocation to citizens in accordance with what is considered acceptable to fulfill their needs. As a result, it is very difficult to determine ownership.

In the years before the revolution, Libya attempted to open up its real estate sector and enabled foreign investment in real estate, known as Decree 21 in 2006. This decree allowed the HIB to contract private and foreign developers for property development. Although foreigners can now buy real estate, a lack of clarity on property rights prevented much uptake, and efforts to open the property and real estate markets have been significantly set back due to the increased insecurity following the 2011 revolution, which have scared away potential investors.

Following the revolution, property markets have been in disarray as many former owners of confiscated land returned to lobby for reform of the property laws and compensation for land that had been confiscated. Draft bills on property ownership were brought before parliament, however nothing has been passed due to the political fragmentation and controversy of such reforms. The situation is further complicated by the fact that many properties have been resold and papers were destroyed in the early 1980s. It is estimated that up to three-quarters of home-owners in Tripoli could have been formerly confiscated homes.

Until the ambiguity of property rights are resolved, the banks will not allow property as collateral when ownership of a property is under dispute. The property market is further constrained due to difficulties in the ease of doing business and because corruption remains so high in Libya. Transparency International's 2014 Corruption Perceptions Index rated Libya at 166th in the world, out of 175 countries. Nevertheless, there is some optimism, with a group of Gulf and Libyan investors buying the largest cement factory in the country in April this year, betting on a construction boom and cement shortage once peace is restored and reconstruction begins.

Policy and regulations

Throughout the dictatorship of Gaddafi, policies on land and housing have been used to establish control over the population and built a large-scale system of patronage. In 1978, Gaddafi declared that property ownership was in the public interest in his manifesto, known as the Green Book. Private property was considered acceptable as long as it was not "exploitative", and Law 4 restricted the right of ownership to one house, beyond which property was confiscated. In 1986, land ownership was abolished altogether. This was promoted by the government as a means of redistribution, but has resulted in forcible confiscation of private property and reallocation by intransparent means. There are now efforts to revoke these laws, yet few reforms have taken place in the legal vacuum following the end of the regime.

As part of Libya's "opening up" policy, aimed at reintegrating the country into the international economy, Gaddafi's son, Saif al-Islam, established a property compensation committee in 2007 to consider claims on previously expropriated property. Yet, many former property owners fled Libya, in the early 1970s, and the subsequent exchange of property, along with Gaddafi's orders to destroy the land registry in 1982, makes it very difficult to verify ownership claims. In the aftermath of the revolution, some of these former land owners have returned to reclaim their land, with some even hiring militias for the purpose.

Due to the previous regime's ideology, Libya's policies have been characterised by large-scale subsidies. The subsidy system has not been transparent, which makes it difficult to determine either the effectiveness or cost of the state-provision of housing. Public expenditure on housing has, in general, increased in the last decade. In 2007, it was reported to have reached as much as 30 percent of overall public investment, with no figures for more recent years. Overwhelmingly, subsidies seem to have been misallocated and used for political reasons. Following the revolution, the government started to raise salaries and distribute a monthly allowance of US$400 per household (a total of US$480 million), in an attempt to calm the protests in the country. The salaries of public workers and allowances to the low income are still being paid on a monthly basis, yet the targeting and expenditures are unclear.

In addition with regard to Public Housing Construction; Gaddafi's government carried out the mass construction of housing to ensure an adequate house for all Libyans. These units were sold to eligible households (those that had not owned a home before), who were able to purchase the units with a zero interest long-term loan from government banks. The high rate of default and concessionary nature of these loans, has restricted the growth of housing finance sector.

The post-revolutionary policy direction on housing is still in a state of uncertainty. It is likely that the government's strategy will focus on clarifying tenure security and property rights and increasing the participation of the private sector. Subsidies for housing are also likely to continue, where the state engages private companies to build public housing on a turnkey basis, which are then sold on to households with concessionary housing finance provided through the public banks. This may be used to stimulate the reconstruction and development that is required and to continue to attract foreign investors.

Opportunities

In 2013 and 2014, the government plan was stated as to (i) strengthen the business environment to be more competitive and attractive to investors; and to promote private sector development leading to sustainable job creation; (ii) diversify the economy to promote industry and trade, tourism, agriculture, and the oil and gas sector; (iii) build the country's human resources, provide adequate training, as well as improve management of human resources in the public and private sector; (iv) strengthen public sector performance and accountability at the central and local levels; and (v) strengthen coordination within government on the reform programme and promote citizen participation.

However, as insecurity, rival governments, and a widening current account deficit continue, the short-term outlook for Libya is not positive. Foreign reserves are expected to decrease further through 2016 as oil revenues remain low. A peace agreement to reinstate a functioning unity government has been facilitated by the UN, starting in the Moroccan city of Skhirat in July. Talks are continuing and there is optimism that agreement can be reached with the Tripoli-based General National Congress (GNC) and to finalise the details of several outstanding annexes. Meanwhile, the mandate for the UN Support Mission in Libya (UNSMIL) has been extended until March 2016 and the humanitarian situation continues to deteriorate, affecting an estimated two million people, including approximately 435 000 internally displaced persons (IDPs).

Addressing the chronic housing shortage and providing shelter to IDPs can be expected to become a primary priority of the government and population as the terms of the peace agreement are settled and security begins to return. Once the treasury resumes normal functions, the Libyan government can also be expected to mobilise substantial resources toward reform and clarification of property rights, as well as development of the real estate sector, which will provide a good opportunity for future investors.

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Madagascar

KEY FIGURES

Main Urban Centres	Antananarivo (capital)
Exchange Rate: 1 US$***	3 305.20 Malagasy Ariary (MGA)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	5.8 | 6.9 | 6.1 | 5.2
Population^ | Population growth rate (2013)^	23 571 962 | 2.78
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	34.47 | 4.65
GDP / capita (current US$)^ | GDP growth rate (annual %)^	449.40 | 3.0
GNI / capita, Atlas method (current US$) ^	440
Population below national poverty line*	75.3
Unemployment rate (%)*	3.6
Gini co-efficient (year of survey)^^	40.63 (2010)
HDI (Global Ranking)" | HDI (Country Index Score)"	155 | 0.498
Lending Interest Rate^	61.00
Mortgage Interest Rate (%) | Mortgage Term (years)#	12.00 | 20
Credit % of GDP^	12.97
Average Mortgages % of GDP°	...
Price To Rent Ratio City Centre** | Outside City Centre**	23.76 | 26.20
Gross Rental Yield City Centre** | Outside of City Centre**	...
Outstanding home loan (% age 15+)##	1.82
What is the cost of standard 50kg bag of cement (in US$)? #	6.95
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	138 000
What is the size of this house (in m²)? #	120
What is the average rental price for a formal unit (in US$/month)#	...
What is the minimum plot size for residential property (in m²)#	...
Ease of doing business rank !	163
Number of procedures to register property !	6
Time (days) to register property !	74
Cost (% of property value) to register property !	10.20

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

Madagascar is an island country off the coast of Mozambique. The economy is driven by its extractive industries, banking, transport and agricultural sectors. In 2008 the country experienced a negative growth rate (-3.7 percent) as a result of the global financial crisis and local political instability, and in 2009 the government was overthrown. The economy has since been recovering slowly. In 2012, GDP was at 1.9 percent and increased to 2.6 percent in 2013 due to mining. In 2014 GDP growth was 3 percent but is expected pick up in 2015 and 2016 as governance and business climate reforms take effect, alongside buoyant extractive industries, agriculture and tourism. Inflation which was 6.9 percent in 2013 decreased slightly to 6.1 percent in 2014. Living conditions have worsened further. Although the country has significant national resources, it is estimated that more than 70 percent of its inhabitants live below the poverty line. Unemployment is 3.6 percent.

Presidential and parliamentary elections were held in the last quarter of 2013, a major step in ending the five year political crisis which should bring about renewed economic and social development.

Madagascar is one of nine countries which has been selected to pilot the Climate Investment Fund's (CIF) Scaling Up Renewable Energy in Low Income Countries Programme (SREP). It will receive new funding and operational support to do this, with the African Development Bank (AFDB), serving as implementing agency as Madagascar develops its new CIF investment plans. Criteria used to select countries include low energy access rates, existence of an enabling policy and regulatory environment, renewable-friendly energy development strategies, strong governance capacity, and capacity for implementation. Each country will be provided with up to US$300 000 to develop an SREP investment plan.

In June 2014, the government, under the newly elected president Hery Rajaonarimampianina, launched a dialogue on green growth to assess the challenges and opportunities presented by green growth in the country, developing ways of moving to sustainable development for all while preserving the country's natural capital.

Currently, environmental degradation costs the country nine percent of GDP annually. Ecological deterioration is aggravated by the populations' poor resilience to natural disasters, while most of the productive sectors of the economy are very vulnerable to climatic incidents. In 2013, Madagascar faced a major cyclone and its worst locust plague since the 1950s, and by June a quarter of Madagascar's food production had been destroyed.

The World Bank reports that the fiscal revenue to GDP ratio remains low (10.1 percent), well below the target in the revised state budget. Current expenditures continue to consume a large share (75 percent) of total public expenditures. The country continues to rank poorly on the ease of doing business index: 163rd out of 189 countries in World Bank Doing Business 2015 report, a decrease compared to the previous year's ranking of 157th.

Agriculture is the dominant sector in the economy, contributing 24.8 percent of GDP in 2008 and 26.4 percent in 2013. Over the same period, construction's contribution to GDP dropped from 4.9 percent to 3.5 percent, and finance, real estate and business services dropped from 15.5 percent to 11.3 percent by 2013. The secondary sector as a whole contributes about 15 percent to GDP, and was the leading sector in terms of growth in 2013, up 7.9 percent mainly due to extractive industries. The tertiary sector contributed 56 percent of GDP and grew by 2.4 percent due to banking and transport.

Madagascar's participation in Global Value Chains is limited to exporting unprocessed goods and selling imported goods. According to the Central Bank, creation of local enterprises has been reduced from -16.7 percent in 2013 to -25.5 percent in 2014.

Access to finance

Madagascar's financial sector is managed tightly by the Central Bank, and the country has a comprehensive national finance strategy for 2013-2017. The Central Bank lending rate has been held at a steady 9.5 percent since August 2009, allowing a sense of stability in an otherwise uncertain economy. According to the Central Bank of Madagascar, there are 11 banks, seven non-bank financial institutions (pension funds and insurance companies) and 31 microfinance institutions (MFIs). The financial sector is dominated by commercial banks, which hold about 84 percent of the total system's assets, while non-bank financial institutions and microlenders account for the remaining 16 percent of assets. Only five percent of the population use banks.

Increase in household expenditure has been financed by borrowings. As a result, private borrowing increased from 10.1 percent of GDP in 2013, to 17.1 percent in 2014, showing an increase of seven percent.

The increase in short term credit (from 11.4 percent in 2013 to 23.7 percent in 2014) is meaningful, as compared to medium term credit (from 8.6 percent in 2013 to 9.2 percent in 2014).

Public sector credit has been minimal and has decreased both for the short term (72.9% in 2013 to 20.0% in 2014) and the long term (from 73% in 2013 to 49% in 2014) credit. Most credit given has short to medium term maturity, with a maximum maturity of seven years. The average lending interest rate by banks was 13.5 percent in 2014, while the deposit interest rate was 10.75 percent in the same year. As a result of the high interest rates, only a select clientele can afford to obtain credit from the banks.

The microfinance sector is small at five percent of bank transactions, but has been growing rapidly. From a value of about AR22.7 billion (US$6.867 million) in 2002, it had grown to about AR244.4 billion (US$73.94 million) in 2011. The sector has approximately 31 players, including state, foreign investor and donor-supported initiatives. The Central Bank regulates the sector. Some 16 MFIs reported to the Mix Market (an online source of microfinance performance data and analysis), and in 2014 had a gross loan portfolio of US$148.9 million, disbursed to 192 191 active borrowers. Almost 800 000 depositors saved US$114.3 million in deposits. The largest of these is CECAM, with 54 602 active borrowers in 2014 and a gross loan book of almost US$35 million. In 2012, Orange Madagascar collaborated with MFS Africa to launch an online money transfer service so that its customers could receive international remittances directly to their Orange Money accounts. The intention was to lower the costs of sending money, both for the receivers and the senders.

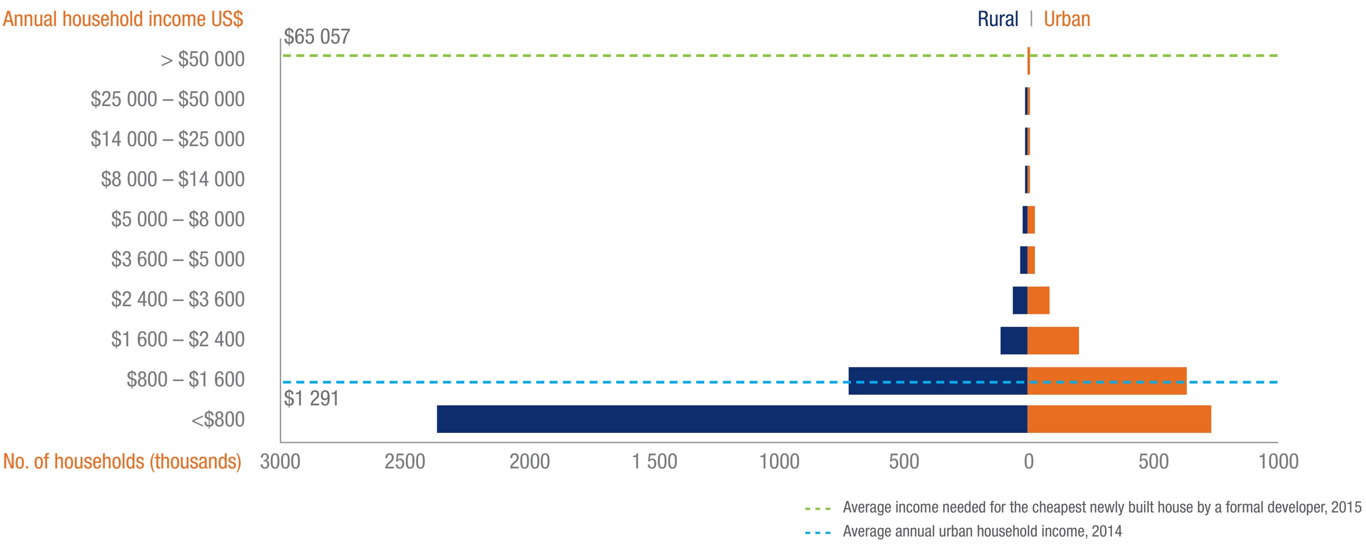
Overall, access to financial services is extremely low. According to the International Monetary Fund's Financial Access Survey, only 15.1 in every 1 000 households had a loan with a commercial bank in 2013, and 67.2 in every 1 000 households had a savings account with a commercial bank. Outstanding loans from commercial banks in 2013 amounted to 10.72 percent of GDP, and deposits amounted to 18.47 percent of GDP. In 2013, Madagascar only had 1.86 ATMs per 100 000 adults, and 1.74 bank branches per 100 000 adults. There were only 0.38 commercial bank branches per 1 000 km² in 2013.

Between 2010 and 2012, the International Fund for Agricultural Development (IFAD) implemented a project to improve access to professional domestic and international remittance services mainly for the rural population in the Malagasy highlands who have limited or no access to the formal banking sector. The African Development Bank provided a Credit line and Technical Assistance grant for the development of a credit product for rural micro, small and medium enterprises within Première Agence de MicroFinance in Madagascar (PAMF-Madagascar) between 2011 and 2014. The United Nations Capital Development Fund implemented a programme to strengthen coordination and supervision of the inclusive finance sector, develop financial infrastructure at the meso level, and improve the provision of financial services to the rural poor between 2010 and 2014. A project by IFAD is underway (from 2007 until 2015) to increase the incomes of poor rural people in five of the country's poorest and most densely populated regions. It aims to create efficient business development services that respond to the needs of small and micro rural enterprises. It should also assist in structuring traditional clusters into modern value chains by line of business, to enable long-term sustainability and market expansion with linkages to regional growth poles. IFAD also initiated a programme in 2009 which runs until 2018, it aims to support farmers and their organisations to better integrate them into the economy – by facilitating farmers' access to services by matching demand and supply, and increase production levels by establishing financial mechanisms responding to demand for services, through the Agricultural Development Fund and the Regional Agricultural Development Fund.

In 2012, the World Bank launched the Global Financial Inclusion Database (Global Findex) to explore levels of financial inclusion around the world. According to Global Findex, 4.3 percent of rural and 9.7 percent of urban Madagascans over 15 years of age have an account with a formal financial institution. Very few Madagascans have an outstanding loan to purchase a home: 1.2 percent of the top 60 percent of income earners and 0.4 percent of the bottom 40 percent of income earners. Loans for home construction are slightly more common but still scarce: three percent of the top 60 percent of income earners had one, and 1.4 percent of the bottom 40 percent of income earners. Poverty is widespread in Madagascar. About 49.1 percent of the population earns less than US$1 a day, thus basic needs such as food, education and housing for this group of people is largely unsatisfied.

Enforcement of prudential standards is weak, as insufficient funds have been available for supervision since the Central Bank ran into financial difficulties in 2004. Overall, there is a poor business climate. The country has dropped six places in

MADAGASCAR



terms of rankings of ease of doing business, and is now 163rd of 189 countries, according to the World Bank's 2015 Doing Business Report. It has, moreover, regressed in all the other fields except for ease of trading across borders (+1). Major obstacles to attracting investment are political instability, difficult access to credit, corruption, lawlessness, lack of infrastructure, costly and unreliable energy supply and the absence of an independent legal system.

Affordability

GDP per capita in Madagascar decreased in 2012 by 0.9 percent, in 2013 by 0.2 percent, but is estimated at having increased in 2014 by 0.9 percent and is predicted to increase by 2.6 percent in 2015. In 2012 it was estimated at US$449 (AR102 million), down 4.2 percent from 2011. In 2010, the average annual wage was estimated at US$700 (AR1.59 million), but much lower in the agricultural sector, at about US$340 (AR771 800).

Household affordability is further affected by droughts, flooding and cyclones, the three most common disasters that affect more than half of all households. It is not unusual for a household to suffer a loss equivalent to a full month's income. 72 percent of households say that recovering from such a shock can take over a year.

Housing supply

According to the Periodic Household Survey of 2010, about 86.5 percent of the country's households live in self-built, traditional housing. These houses are usually temporary structures made with compacted mud and poorly attached thatched roofs which provide very little protection from diseases and the environment, and little security from crime. Access to basic services is very low. Only 27.7 percent of the population has access to water, and only 7.1 percent to improved sanitation. Approximately 88.2 percent of the urban population lives in slums, and over 57 percent of urban residents have no refuse removal services at all. The rate of urbanisation is high, estimated to be 29 percent.

Habitat for Humanity indicates that 75 percent of the country's population live in rural areas. The average size house in rural areas is about 26m^2. The current housing backlog in Madagascar is estimated at about two million units. Annual population growth creates a demand for an additional 100 000 units; this demand is expected to grow by three percent.

Madagascar's property development sector, to the extent that one exists, is geared towards very high income earners, expatriates and tourists. No formal housing is developed for lower or even middle income earners.

Habitat for Humanity Madagascar has been working in the country since the year 2000, and has serviced about 4 460 families. The organisation builds new houses, develops water and sanitation services, and promotes urban renewal. Habitat Madagascar has been active in building houses in the east, central highland, west, south highland and northwest regions of Madagascar. Houses range between 15m^2 and 40m^2 for one bedroom, a living room, a kitchen and a bathroom. House foundations are made of stone or fired clay bricks and then covered with concrete floors, while the walls are made of clay brick and mortar. Clay tiles or thatch are used for the roofs, and windows and doors are made of eucalyptus wood. These materials are locally produced and come from renewable sources.

A joint government, UNDP and UN-Habitat initiative took place in March 2013, the country's first National Urban Forum. Under the theme 'building together the future of our cities', the Forum adopted a declaration that made the urban sector a national priority. A key aspect of the commitments involved strengthening the private sector in the development and management of urban infrastructure.

While the overall business climate has deteriorated in Madagascar in the past four years, the most significant decline has been in terms of obtaining construction permits. In 2014, the 16 procedures involved in acquiring a construction permit take 160 days and cost 1 105 percent of income per capita. For this reason, Madagascar ranked 163rd for this indicator out of 189 countries in the World Bank's 2015 Doing Business Report, down from 157th in 2014.

Property markets

Originally Madagascar prohibited foreign land ownership, offering rather long-term leases of about 99 years. Under customary law, land in Madagascar is perceived as the land of the ancestors (tanindrazana). Although land may become individualised, many believe that land must be titled or recorded in some fashion before an individual can claim perpetual ownership rights to the plot. In 2004, legislation that allowed foreigners to own land was passed. In order to acquire land, however, foreigners must invest up to US$500 000 in the real estate, banking or tourism sectors.

Most urban land is held under customary tenure, and residents do not have title recognised under formal law. In 2006, the Madagascar Action Plan was drafted, setting out development goals within the time frame of 2007 to 2012. One of these goals was to increase the number of households with land title from 10 percent to 75 percent. Progress on these goals is yet to be reported.

Madagascar ranked low on the World Bank's 'registering property' index, at 153rd globally in 2015 (down from 152nd the previous year), and behind the Sub-Saharan Africa average. In 2015, it took six procedures and over 74 days to register property. The process cost was 10.2 percent of the total property value.

Opportunities

Madagascar's most immediate challenge is to create a stable governance environment in which the society and economy can again begin to flourish. As a result of the successful political elections held in 2013, growth in 2014 was expected to be 3 percent, mainly related to agriculture and related industries, extractive industries, tourism and construction.

Many international partners, who did not recognise the transitional government that came to power in 2009 through unconstitutional means, have normalised their relations with Madagascar in light of the last elections. The Government of Madagascar identifies the "fight against poverty through inclusive growth" as its main objective and possesses a strategy centered on three pillars: improving governance, promoting economic recovery, and expanding access to basic social services. This strategy has been outlined in the Programme Général de l'Etat (PGE) and translated into a 2015-2019 National.

With the growing presence of microfinance in the country, there are opportunities for MFIs to diversify their product range to cater for the housing needs of low income earners. Energy efficient products should also be in high demand. There is a need for stakeholders in the housing sector to participate in the affordable housing process – from the supply of affordable and innovative building materials to the delivery of formal housing that is affordable to lower income earners.

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Malawi

KEY FIGURES

Main Urban Centres	Lilongwe (capital), Blantyre
Exchange Rate: 1 US$***	464.94 Malawian Kwacha (MWK)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	27.7 | 24.1 | 14.9 | 10.1
Population^ | Population growth rate (2013)^	17 964 697 | 3.32/
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	16.30 | 3.77/
GDP / capita (current US$)^ | GDP growth rate (annual %)^	253.02 | 5.70
GNI / capita, Atlas method (current US$) ^	250
Population below national poverty line*	50.7
Unemployment rate (%)*	7.6
Gini co-efficient (year of survey)^^	46.18 (2010)
HDI (Global Ranking)" | HDI (Country Index Score)"	174 | 0.414
Lending Interest Rate^	32#*
Mortgage Interest Rate (%) | Mortgage Term (years)#	32.00 | 15
Credit % of GDP^	16.20
Average Mortgages % of GDP°	0.5% (2004)
Price To Rent Ratio City Centre** | Outside City Centre**	...
Gross Rental Yield City Centre** | Outside of City Centre**	...
Outstanding home loan (% age 15+)##	6.03
What is the cost of standard 50kg bag of cement (in US$)? #	11.00
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	14 100
What is the size of this house (in m²)? #	50
What is the average rental price for a formal unit (in US$/month)#	28 – 225
What is the minimum plot size for residential property (in m²)#	70
Ease of doing business rank !	164
Number of procedures to register property !	6
Time (days) to register property !	69
Cost (% of property value) to register property !	1.90

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database
/ 2015 CIA World Factbook
#* National Bank Malawi
~! press properties limited
| Malawi Housing Corporation

Overview

A small country in Southern Africa, Malawi has an estimated population of 17.96 million, 46.73 percent between 0-14 years of age. Urban areas, the two largest being Blantyre and Lilongwe, make up 16.3 percent of the population, but increasing with a 3.8 percent urbanisation rate over the past five years.

Malawi is considered one of the poorest countries in the world with 61.64 percent of the population living on less than US$1.25 a day. Household income is low, gross national income (GNI) per capita is estimated at US$780[1]. But conditions are improving: between 1980 and 2013, Malawi's Human Development Index (HDI) increased from 0.272 to 0.414, though the country is ranked 174 out of 187 on the Index.

In 2014, growth in agriculture, manufacturing, construction, wholesale and retail trade led the economy to grow by about 5.7 percent. The agricultural sector experienced an increase of 6.1 percent, and now accounts for 31 percent of GDP. The sector also experienced a significant increase in maize (staple food) and tobacco (main foreign exchange earner) production. However, real GDP growth for 2015 is expected to drop to 5.5 percent as the adverse weather and floods experienced in January 2015 significantly disrupted agricultural activities and transport services. This is further compounded by high inflation, high interest rates, and a depreciating currency. Malawi's inflation was recorded at 21.3 percent in July 2015[2], compared to 19.5 percent in May 2015.

Access to finance

There are 13 commercial banks registered with the Reserve Bank of Malawi. These institutions make up nearly 80 percent of the financial sector assets in Malawi. Low penetration of formal banking and financial services characterises the country. According to Findex 2015, only 16.1 percent of adults own an account from a financial institution. Furthermore, only six percent borrowed from a financial institution in the past year and only six percent have an outstanding mortgage at a financial institution[3] Access to credit through formal channels is limited by lack of collateral, the high cost of borrowing and a low level of financial literacy.

According to the Reserve Bank of Malawi, five percent of all loans extended by the banking sector in 2010 were for real estate and fell to 1.1 percent in 2013, and construction made up four percent of all loans in 2013. This depicts a decline in demand for housing finance. High interest rates in 2014 played a significant role in higher credit risk levels that year. Furthermore, the 2013-2014 Financial Stability Report indicates that the level of non-performing loans increased slightly from 15.2 percent in September 2014 to 15.7 percent in March 2014. Before 1989, only the New Building Society (now named NBS Bank) could offer mortgage finance. The mortgage market has since broadened and new players include the National Bank and Standard Bank, among others. However, NBS still holds a 70 percent market share. Strict eligibility criteria, including a minimum 10 percent cash deposit, a minimum of six months history with a bank and three months of payslips, restrict access to mortgage finance. NBS's maximum term is 15 years with a maximum loan-to-value rate of 80 percent to 90 percent. Although still higher than previous years, in August 2015, the base lending rate/mortgage lending rate saw a significant decrease from 38 percent to 32 percent in hopes of increasing the affordability of loans[4]. NBS has pegged its base rate to the base lending rate when owner occupied, and an additional 2.5 percent if mortgage finance is used for commercial or rental property. The National Bank of Malawi offer mortgages at the base rate for an individual borrower, and an additional four percent for institutions.

Malawi's lending spreads, which increased from 21.3 percent to 31.1 percent between 2012 and 2014[5], depict a drastic difference from the Sub-Saharan African average of seven percent. It has been argued that higher bank overhead costs and relatively low productivity have contributed to this. Additionally, the current funding base, through own retail funds, has meant that extension of loans for greater than 10 to 15 years is unusual. Fundraising through the capital markets has been limited, with NBS Bank, the biggest mortgage lender, raising money through the capital markets and partially listed on the Malawi Stock Exchange.

The microfinance sector's growth has been fast paced. As of September 2014, 41 MFIs were registered with the Reserve Bank of Malawi, with increased overall assets of US$ 31.2 million (MK 17.4 billion) in 2014 from US$25 million (MK13.9 billion) in 2013. Epik Finance was one of the new microcredit agencies to enter the sector in 2014, specialising in housing finance and offering short term loans (18 months) to low and middle income earners, focusing on incremental building loans up to US$900 (MK500 000) per cycle.

The sector recorded an overall improvement in the repayment rate during the 6 months leading up to September 2014. The average repayment rate for the sector increased to 63 percent in September 2014 from 50.3 percent, due to a successful harvesting and marketing season. However, micro lenders are often constrained by irregular income streams for most microenterprises in the informal markets.

There are few notable organisations involved in housing microfinance. The Mchenga Fund, in conjunction with the Centre for Community Organisation and Development (CCODE), offers a housing microfinance product targeting the poor. Another innovative programme within the sector involves the partnership between Habitat for Humanity Malawi and two lenders of housing microfinance. Habitat provides construction technical assistance (CTA) and other support services to borrowers as part of the partnership. One is Opportunity International Bank of Malawi (OIBM), a non-profit organisation that provides small loans, savings, insurance, and training to people. The other lender, Select Financial Services, is a for-profit group with social investment principles focused on offering retail financial services to the non-banked and under-banked markets in southern and eastern Africa. OIBM's clients are served directly at their homes by the Habitat CTA officers, and the loans are primarily used for incremental building.

Malawi's modest pensions sector is mainly invested in equities, Treasury bills and property development. Pensions are not generally invested in housing finance lending. Two other factors limiting access to housing finance are limited tenure security and the lack of a national identification system. The current vital registration system in Malawi is voluntary, resulting in inadequate vital statistics. Attempts to change this include the National Registration Bill, which was formulated in 2005, while the National Civil Registration and Vital Statistics system is under development at the National Registration Bureau. Most banks have excess liquidity, their funds consisting primarily of a combination of equity plus retail funds from savers. Some have external lines of credit, but only for special schemes such as SME lending or access to foreign exchange. The main source of funds for the few mortgages remains retail funds, and most surplus funds are invested in Treasury bills, as there are no bonds.

The legal framework for credit information sharing was established following the enactment of the Credit Reference Bureau (CRB) Act in 2010, together with overarching financial sector legislation and the Financial Services Act of the same year. As a result, two credit reference bureaus were established and licensed: Credit Date CRB and CRB Africa. However, one of the credit bureaus has been engaged in a long-standing lawsuit with the Bankers Association of Malawi as a result of banks "failing to use services provided by credit reference bureaus as mandated by law."[6]

Additionally, property plays an important role in access to finance. According to the World Bank's Doing Business Report 2015, Malawi ranks 164th of 189 countries (compared to 171st place in 2014 and 157 in 2013) and in 2014 ranked 85th in terms of ease of registering property (an improvement from 97th in 2013). In 2013, government passed the Personal Properties Security Bill that enables borrowers to use, and lending institutions to accept moveable assets as collateral or security as one way of easing access to finance. The effect of the new law on improving access to finance for SMEs and individuals is yet to be established, as supporting systems like property registers are yet to be established. Furthermore, land in Malawi is managed by a group of key players including the Ministry of Lands, Housing, and Urban Development, the Malawi Housing Corporation, city councils, traditional leaders, and private entities. Most households live in unplanned settlements using customary practices due to the scarcity of serviced land for low income housing[7].

Affordability

The 2014 FinScope study reported that 41 percent of Malawians earn less than MK10 000 (US$18) a month. Nationally, only 10 percent of adults earn a wage or salary, while 23 percent earn their income through their own business and 43 percent through farming. This constrains access to mortgages, as well as their affordability; less than one percent of Malawians qualify for a mortgage. As a result, the opportunity for housing microfinance is significant. Microlender Select Africa has said that they would disburse as much as MK57.7 billion (US$100 million) if the context was optimal because of the enormous demand for housing loans.

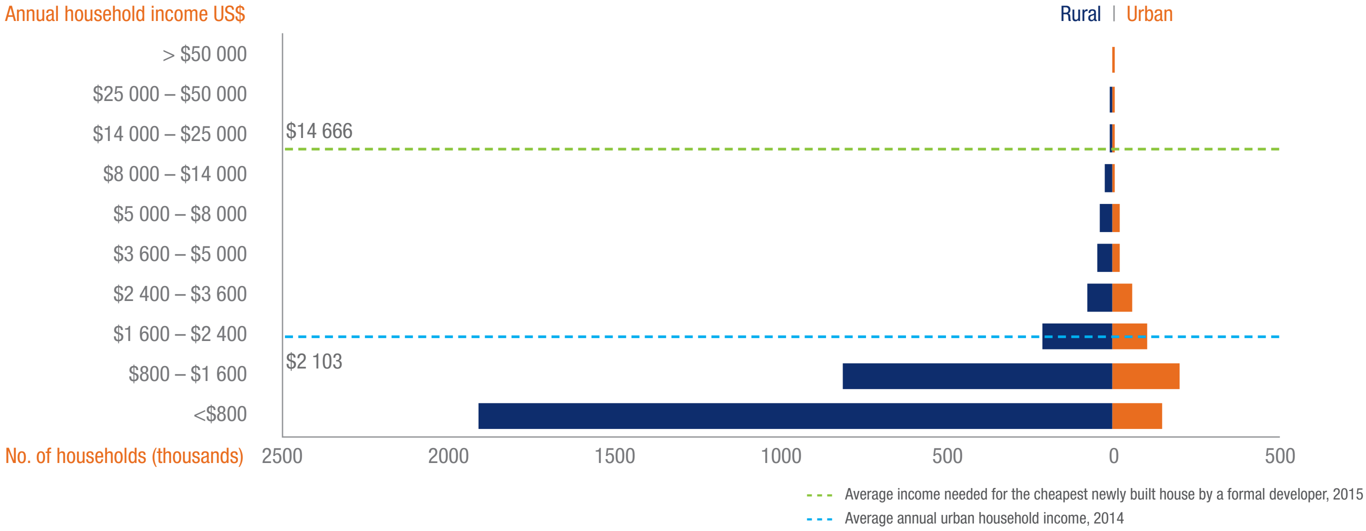
In 2010, NBS Bank was willing to provide a mortgage as small as MK500 000 (US$900). This is inadequate given that the least expensive, entry-level house, costs around MK7.5 million (about US$13 500). Given that only 30 percent of income is allowed towards servicing of loans or mortgage payments, the total monthly income that a borrower would have to earn to pay for this house would be MK680 747 (US$1 222). Standard Bank, one of the major suppliers of mortgages, requires that borrowers earn a monthly net salary of MK200 000 (US$360). This means that access to the very cheapest house is available only to the highest income earners, who make up less than one percent of the population. By 2014, NBS was providing a facility of 80 percent of the collateral value although this was only targeted at salaried or self-employed individuals.

Housing supply

Individual builders dominate housing construction, with 90 percent of houses self-built. According to the latest Integrated Household Panel Survey (2013), 41 percent of households reside in traditional housing (i.e. constructed of unfired mud brick and grass thatching for roofs), 26 percent reside in semi-permanent housing (i.e. constructed of a mix of tradition and permanent building materials), and the remaining 33 percent reside in permanent structures (i.e. constructed of iron sheets, tiles, burnt bricks and cement). There was a slight increase in permanent constructed dwellings in 2013, from 28 percent in 2010 to 32 percent; and at a rate of 51 percent in urban areas and 28 percent in rural areas. The average household size increased slightly from 4.7 persons in 2010 to 4.9 persons in 2013. In 2013, 78 percent of households resided in owner-occupied dwellings, while 12 percent rented the properties they live in. Rental is much more common in urban areas, as it is the case for 46 percent of households but only five percent in rural areas. Malawi's high urbanisation rate has led to increased demand for decent housing in the urban areas; approximately 21 000 new units are needed every year for the next 10 years to meet housing demand – this far exceeds supply[8]. Currently the construction sector contributes nearly three percent of GDP. It continued to recover from contracting by 2.4 percent in 2011 to 7.1 percent growth in 2013. According to the Reserve Bank of Malawi, the construction sector accounts for an average of four percent of loans extended by the financial sector. Several key players are involved in the construction of new housing, including public housing providers such as the Malawi Housing Corporation as well as private housing providers that cater to middle and high income earners. These actors include Press Properties Limited, Kanengo Northgate, NICO Assets, Knight Frank, Lilaga Communities, among others. low income earners receive housing and assistance from NGOs such as CCODE and Habitat for Humanity. Additionally, several government entities, notably the Ministry of Defence and the Malawi Police Service, provide housing for employees[9]. Malawi Housing Corporation (MHC) is the principal public housing deliverer. The MHC was established in 1964 to develop housing estates for high and low income earners. High income groups, largely public servants, were provided for through the construction of conventional houses ready for occupation, while low income groups were provided for through the development of 'traditional housing areas'. Since inception, only about 7 000 units have been built countrywide. A plan to build 4 200 houses and develop 5 800 plots between 2007 and 2011 did not reach fruition, with only 481 houses completed. However, in the spring of 2015, MHC's CEO announced that the institution was planning to construct 25 000 houses in the country's three major cities in an effort to meet the national housing demand currently pegged at 21 000 houses per year[10].

Historically, rentals for most of MHC's residential properties have not kept pace with increases in costs. Recent adjustments, including a 10 percent increase in October 2011, a 25 percent notch in November 2012, a 10 percent increase in August 2014, and an undisclosed rental hike effective July 1st 2015 aimed to cover the costs of renovation and mitigate the effects of devaluation. These have helped

MALAWI



improve performance for the Corporation but faced stiff resistance from tenants who argue that MHC does not fully meet its maintenance obligations. Furthermore, in 2014, the Ministry of Lands, Housing, and Urban Development indicated that they would be reviewing the Malawi Housing Corporation Act in order to allow them to build houses for profit, which it is currently prohibited from doing. The Corporation made loses in the past two years on its rental accounts, as it posted a US$95 556 loss in 2014 and US$84 444 in 2013[11].

CCODE and the Malawi Homeless People's Federation (with 80 000 members) have been working with UK-based Real Estate for All (Reall) since 2013 in supporting poor urban communities to plan and implement their own solutions to the challenges of inadequate land, housing and infrastructure provision. As of 2014, the collaboration had successfully negotiated for more than 2 000 plots of land, and constructed 780 low cost houses in Lilongwe, Mzuzu and Blantyre. The Cities Alliance, a global partnership for urban poverty reduction, initiated a slum upgrading programme in January 2011 in partnership with UN-Habitat, the World Bank and government organisations. The aim of the project is to formulate city development strategies and a slum upgrading programme covering Blantyre, Lilongwe, Mzuzu and Zomba.

In a developer role, Habitat for Humanity Malawi has been operational since 1986, providing housing solutions to the low income segment of the population by facilitating the construction of new houses, repairs and rehabilitations, including homes for orphans and vulnerable children. Habitat Malawi reports that over 3 000 low-cost houses and latrines having been built to date. In 2005, Habitat Malawi launched the 'building in stages' programme, an incremental building programme which allows low income families to improve their living conditions over time, based on the availability of their resources. By December 2012, 250 homes were completed in Lilongwe, helping to secure simple, decent housing for over 700 people previously living in the city's Mgona, Mtsiriza and Ntadile slums.

In 2014, the government announced the launch of the Decent and Affordable Housing Subsidy Programme, also known as the Cement and Malata project. As of March 2015, the government had already disbursed MK 91 million (US$163 400) across the country for planning and orientation of key District Council members and field officer trainings. Furthermore, the programme is allocated MK7 billion (US$12.6 million) annually[12]. Also in 2014, Lafarge Cement Company launched a social enterprise housing scheme aimed at providing low income families with 'economical but decent houses'. The scheme, called Maziko Houses, provides pre-designed houses (1-3 bedrooms) which can be built for 20-40 percent cheaper and significantly quicker than conventional houses. Lafarge is offering two financing approaches, one for self-financed construction and one through a loan facilitated by the company in partnership with an MFI[13].

Property markets

According to property consultants Knight Frank, the residential market in Malawi is still suffering from the effects of the chaotic economic situation following the devaluation and floatation of the national currency: demand has fallen in both the rental and sales markets. However, in Lilongwe and Blantyre the market continues to benefit from the existence of a large expatriate community (nearly 25 000 in Blantyre), which has traditionally influenced the linking of rents to the US dollar. Renting a house or apartment shows to be the cheapest option with one bedrooms ranging from US$ 125-200, and 3 bedrooms (suited for families) going for $550-800 depending on location and proximity to the city centre. Recently, there has been considerable activity in upgrading older buildings in good locations to meet expatriate demand for high quality residential properties.

Nevertheless, there is a real constraint in the supply of housing, which has caused rapid property price rises. The supply constraint also acutely manifests itself in the resale market, with limited mortgageable housing stock.

Policy and regulation

In 2013, government presented a new Land Bill, aimed at addressing land administration and management issues. To this day, the Bill has not been enacted pending clarifications of issues relating to the role of chiefs and women, and the level of consultations. Government is still developing the National Urban Policy Malawi framework (funded by Cities Alliance with technical support from UN-Habitat) aimed at shifting national development from its rural focus to urban growth in the light of the rapid urbanisation. The National Housing Policy, originally drafted in 2007 and still under review, advocates for broad access to housing for all, decentralisation, improving urban land markets, upgrading informal settlements and improving the quality of rural settlements. Although expected, resolutions with respect to both policies have not come to fruition yet.

An estimated 90 percent of land is customary land. There are no defined laws that deal with property rights of customary land, making transferring customary property rights difficult. Thus, the formal mortgageable tenure system covers only eight percent of the land, and almost all of this land is in urban areas. This has resulted in tighter eligibility criteria, which limits access, as the property cannot be used as collateral for the mortgage. The formal land registration system is generally inefficient: it takes up to 118 days to register land and 69 days to register a property.

Government policy does not engage sufficiently with the issue of housing finance markets: although the first Malawi Growth and Development Strategy of 2006 states that the availability of housing finance is a key barrier to increasing home ownership and improving the quality of shelter, it does so only in passing. The role of housing is also recognised by the government in the second Malawi Growth and Development Strategy II (Sub-Theme 5 of Theme 4) and mentioned on the current government, the Democratic Progressive Party (DPP)'s 2014 – 2019 manifesto. It urges the need to implement policies aimed at removing barriers and to create more opportunities for low income earners to have increased access to housing. The Cement and Malata subsidy is one critical policy included, and acted upon, in line with this agenda[14]. Through this initiative, the president hopes that "in the next 10 – 15 years, there will be no more grass thatched houses and that an estimated 16 000 houses will be built each year."[15]

Opportunities

Population growth and the rapid rate of urbanisation provide both challenges and opportunities in the form of increased demand for housing. The United Nations Centre for Human Settlements (UNCHS) predicts that in less than 40 years, Malawi will transform into an urban society, and has called upon authorities to take the necessary steps to ensure that social services move with population growth.

Government is committed to implementing economic and structural reforms to create an enabling environment, however, many of the reforms and new policies have yet to be enacted. Given the predominant self-build housing provision method used and the existence of a budding microfinance industry, lending for housing microfinance has good potential for growth. Growth of the middle class has boosted the mortgage market. Nevertheless, this potential can be met only with substantial reform of the land administration system, and sustained, prudent macroeconomic reform and management. Greater competition in the banking industry has spurred on the mortgage markets, and access to mortgages will be greatly enhanced if this trend is sustained.

A World Bank Financial Sector Technical Assistance Project was initiated in 2011 (expected completion in 2016) to increase access to finance for the currently unbanked population in Malawi. By increasing financial inclusion, the project is expected to contribute towards a more enabling environment for the housing finance sector.

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12 BNL Times
13 Lafarge Maziko Houses Brochure
14 Malawi Voice
15 Malawi Voice

Mali

KEY FIGURES

Main Urban Centres	Bamako
Exchange Rate: 1 US$***	593.20 West African CFA
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	-0.6 | 0.9 | 2.1 | 2.7
Population^ | Population growth rate (2013)^	15 768 227 | 3.00
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	39.14 | 5.02
GDP / capita (current US$)^ | GDP growth rate (annual %)^	765.75 | 7.22
GNI / capita, Atlas method (current US$) ^	720
Population below national poverty line*	43.6
Unemployment rate (%)*	8.1
Gini co-efficient (year of survey)^^	33.02 (2010)
HDI (Global Ranking)" | HDI (Country Index Score)"	176 | 0.407
Lending Interest Rate^	...
Mortgage Interest Rate (%) | Mortgage Term (years)#	11.00 | 15
Credit % of GDP^	24.43
Average Mortgages % of GDP°	...
Price To Rent Ratio City Centre** | Outside City Centre**	...
Gross Rental Yield City Centre** | Outside of City Centre**	...
Outstanding home loan (% age 15+)##	1.72
What is the cost of standard 50kg bag of cement (in US$)? #	7.68
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	5 802
What is the size of this house (in m²)? #	32
What is the average rental price for a formal unit (in US$/month)#	...
What is the minimum plot size for residential property (in m²)#	200
Ease of doing business rank !	146
Number of procedures to register property !	5
Time (days) to register property !	29
Cost (% of property value) to register property !	12.10

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

The Republic of Mali is one of the largest countries in West Africa covering 1 248 574km². In 2014, Mali's population was estimated at 15.8 million, growing at an annual rate of three percent. This is projected to double by 2030, while the urban population is expected to triple from the current level of 39.1 percent.

Mali is one of the poorest countries in the world. According to the UNDP's Human Development Index, it ranked 176th of 187 countries in 2014. However, life expectancy at birth is estimated at 65 years, one of the highest in Africa. Gross national income (Atlas method) was US$720 per capita in 2014, again among the lowest in the world. In 2014, 43.6 percent of Malians were living below the national poverty line.

The average economic growth rate, at 4.5 percent in 2009 and 5.8 percent in 2010, was high, driven by commerce, transportation and telecommunication. However, turmoil resulting from the 22 March 2012 coup d'état seriously undermined growth, which had already slowed to 2.7 percent in 2011. In 2012, Mali was in recession, with a negative GDP growth rate of -1.5 percent, against an initial GDP growth forecast of 5.4 percent. With the July 2013 presidential election, the political situation stabilised. Government and rebel groups in the northern part negotiated and signed in June 2015 peace and power devolution agreements, the Algiers Agreements 2. However, challenges remain on the way to full peace all over the country, as sporadic outbreak of violence was recently noted in the northern part of the country. GDP increased by about five percent in 2013, and reached 5.8 percent in 2014, driven by gold exports and the primary sector (thanks to good harvests), while inflation was under control at around 0.3 percent. Economic growth is expected to reach 5.4 percent in 2015. Suspension of foreign aid following the 2012 coup was lifted after the elections and Mali was able to secure more than one billion Euros in commitment from European Union nations to support development.

During his presidential campaigns, President Ibrahim Boubacar Keita committed to providing affordable housing. This was restated by Prime Minister Moussa Mara when he took office, promising that the government will provide 50 000 housing units by 2018, through the Presidential Housing Programme.

Access to finance

In 2014, the financial sector consisted of 14 banks[1], including an agricultural bank and a housing bank (the *Banque de l'Habitat du Mali*, or BHM), three financial institutions (the *Fonds de Garantie pour le Secteur Privé* received approval from the government to operate as a financial intermediary), two pension funds – a social security fund for private sector employees (the National Institute of Social Welfare, or INPS) and a pension fund for public sector employees (the Retirement Fund of Mali, or CRM) – and six insurance companies. The banking financial sector is dominated by commercial banks. Other financial institutions include the Mali Branch of Alios Finance (a Cote d'Ivoire-based private financial group) and the Mali Mortgage Guarantee Fund (Fonds de Garantie Hypothecaire du Mali, or FGHM). Together the BHM and the FGHM dominate mortgage lending. Several commercial banks offer housing (up to CFA Francs 30 million or US$51 195 for equipment loans for housing enhancement, acquisition or construction of housing for individuals at 12 percent interest rate over five years) but are also very active in supporting housing projects through partnerships with developers or the many housing cooperatives in Mali.

Despite the number of financial institutions, access to finance as measured by credit-to-GDP ratio was estimated at only 24.6 percent in 2014, according to the Central Bank (*Banque Centrale des Etats de l'Afrique de l'Ouest* – BCEAO) statistics. In 2013 there were 434 bank branches, 343 ATM machines and 1 234 533 bank accounts for the whole population, most of which were concentrated in urban areas[2]. Of the 883.3 billion loans issued in 2013, only 6.1 billion or 0.7 percent were specifically tagged housing loans[3].

General lending rates decreased significantly over the past years, and are between eight and nine percent on average for long-term loans (mortgages), above the West African Economic and Monetary Union (WAEMU) average of 7.7 percent in 2013[4]. Interest rates on deposits have remained almost constant at around 3.5 percent. Interest rates applied by the BHM range from four to 11 percent on 15-year mortgages (depending on income and whether the applicant is eligible for interest rate subsidies.) Applicants are mostly civil servants or private sector employees with regular and long term contract who can use their salary as collateral. To be eligible for subsidised interest rates, an individual must be a member of a housing co-operative *(cooperatives d'habitat)* and have a monthly income of less than CFA Francs 100 000 (US$170). The duration of mortgages may also be extended to 20 years for members of housing co-operatives.

The microfinance sector has soared in Mali since the end of the 1990s. According to the Central Bank of West African States (BCEAO), 126 microfinance institutions were listed in Mali at the end of March 2015, with a total of 906 service points. With a total outstanding credit of more than CFA Francs 67.6 billion (about US$115 million), the penetration of microfinance services was estimated at more than 50 percent of the population. The total outstanding credit reached CFA Francs 77 billion (or about US$131 million). At end March 2015, the total number of microfinance clients was about 2 million[5].

Only one microfinance network, Nyesigiso, offers housing microfinance in Mali. Nyesigiso, in partnership with FGHM, provides mortgage loans for the acquisition of housing units on serviced sites (the maximum amount of these mortgages is CFA Francs 20 million, (US$34 130) over up to 15 years) and construction loans for financing the construction of new housing units, for up to CFA Francs 3 million (US$5 119), payable over a maximum of 36 months[6].

The FGHM was created in 2000 to cover losses incurred by financial institutions in the case of default by mortgagees, and to sustain home ownership for households. This was a unique housing finance product in the WAEMU region until recently (Cote-d'Ivoire launched the same type of financial institution in 2014), as it allows the institution to meet the dual demand of covering the risks of default and enhancing the quality of the portfolio.

The landscape of housing finance in Mali was enhanced in 2010 by the creation and full operation of the WAEMU Regional Mortgage Refinance Bank *(Caisse Régionale de Refinancement Hypothécaire*, or CRRH) of which BHM, FGHM and a number of commercial Malian banks are shareholders. Since its creation in 2010, the CRRH mobilised about CFA Francs 77 billion (US$131 million)[7] on the WAEMU bond market.

Affordability

While land and housing is not expensive by international standards, very low incomes mean that formal housing is still unaffordable to a large proportion of the population. Prices for serviced empty plots range from CFA Francs 500 000 (US$853) to CFA Francs 2 million (US$3 414) and above, depending on the location. Prices in the capital city of Bamako are higher. However, in the provision of serviced plots, the focus is on plots costing between CFA Francs 1.5 million and CFA Francs 2 million (between US$2 560 and US$3 414) in cities, all over the country. A standard galvanised iron sheet, often used in self-build initiatives, costs between CFA Francs 3 000 (US$5.1) for a 4kg sheet and CFA Francs 6 000 (US$10.2) for a 7kg sheet. The minimum acceptable size plot is around 200m². It costs between CFA Francs 90 000 (U$154) and CFA Francs 105 000 (US$179) per m² to build a house, with iron roofing and slab roofing, respectively. This means that the minimum price for a standard housing unit (32m² over a 200m² plot) is between CFA Francs 3.4 million (US$5 802) and CFA Francs 5.3 million (US$9 045).

In 2012, with the completion of the Dio cement plant (in the Kati Cercle, or regional district) and the Diamou cement plant (in the Bafoulabé Cercle), there was a drop in the price of cement, from CFA Francs 112 000 (about US$191) per ton to between CFA Francs 4 500 and CFA Francs 4 800 (between US$7.68 and US$8.19) for a 50kg bag, depending on where it is bought.

The average annual income as estimated by the per capita gross national income is at US$720. The price of the cheapest housing unit, as mentioned earlier, is therefore around 8 times the annual per capita income. This justifies the government's emphasis on affordable housing and subsidy programmes to support people to acquire housing.

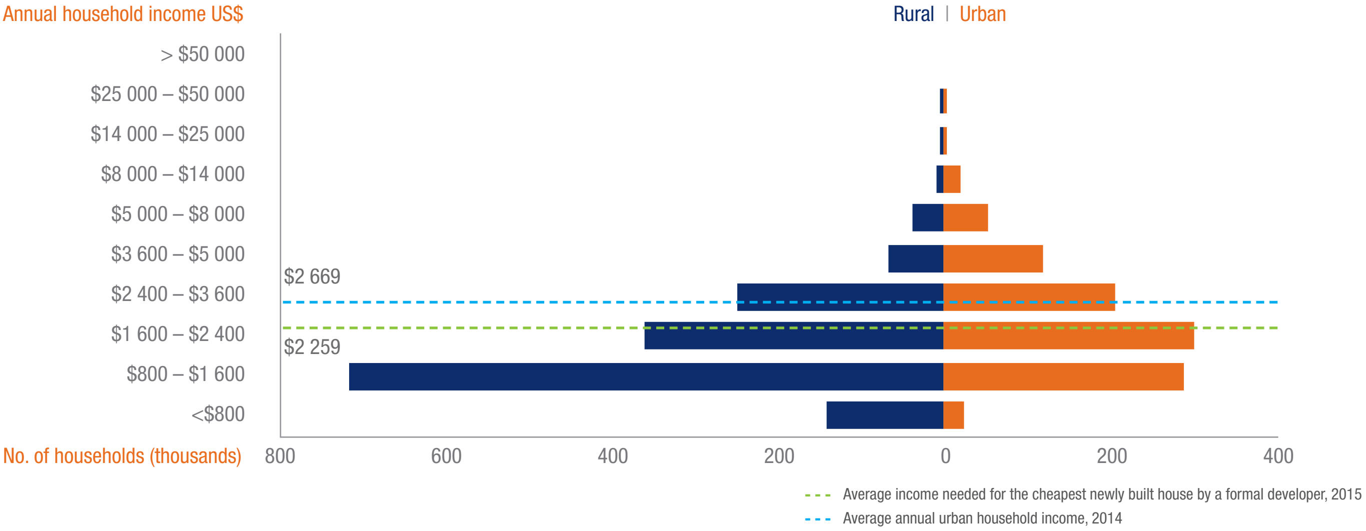
Housing supply

The demand for housing in the agglomeration of Bamako is very high, at about 240 000 units, or more than half of the total national demand.

In line with its National Housing Strategy, the government has established a generous subsidy programme to support the acquisition of affordable housing by eligible households. Households earning between CFA Francs 57 000 (US$97.3) and CFA Francs 150 000 (US$256) monthly are eligible to apply for a two-bedroom housing unit, and those earning between CFA Francs 150 001 (US$256) and CFA Francs 250 000 (US$427) a month can apply for a three-bedroom housing unit. These include a direct subsidy of up to 45 percent (including the land), of the cost of a housing unit, the remaining being born by the applicant through a mortgage or direct contribution.

A 2011 Shelter Afrique study on the real estate sector in Mali, estimated that almost 75 percent of the housing supply in the country constituted self-constructed units. Self-construction involve two approaches: simple self-construction and assisted self-construction, the latter involving direct technical assistance from the Malian Housing Office, available only to housing cooperatives.

MALI



Number of foreign investors including the Islamic Development Bank (IDB) have also shown interest in funding housing programmes. In 2012 the government signed two financing agreements with the IDB, amounting to CFA Francs 7.4 billion (US$12.6 million) and representing half of the resources needed to support the construction of 1 000 housing units in Bamako. At the end of July 2015, all of them were completed and attributed to beneficiaries.

In 2013 the *Office Malien de l'Habitat* (Malian Housing Agency) focused its attention on two major projects: the completion of 1 552 social housing units in Bamako (on the Tabacoro site) and the construction and completion of 1 700 social housing units in other regions. The 1 552 social housing units were completed in June 2015 and attributed to beneficiaries in July 2015. There were more than 13 000 applications received by the Malian Housing Office. The Mali Housing Bank (BHM) was one of the main financial partners of the beneficiaries for the acquisition of these housing units.

Several national private real estate developers such as Mali Univers, Societe Fonciere et Immobiliere du Mali (SIFMA-SA), Wahode and SEMA are also active in supplying and selling housing units in partnership with BHM. In December 2013, SIFMA-SA launched a new 600 unit social housing project at Rokiaville in Kati-Socoro for about CFA Francs 10 billion (US$17.1 million) in partnership with Shelter Afrique and Ecobank Mali, the latter providing about 40 percent of the financing. SIFMA-SA also announced that the social housing project will be followed by two other major projects in Sicoro-Sananfara and Sirakoro-Méguetana where it already holds property title on the lands. In the medium term, SIFMA-SA aims to produce and deliver 15 000 housing units within three years, counting on the partnership with Ecobank and other financial institutions.

Over the past two years, and in line with the vision of the Head of the State to build 50 000 housing units by 2018 (the end of his term), several initiatives of housing supply have been launched. In March 2015 the government signed a framework agreement with 19 national and international real estate operators through the Malian Association of Real Estate Developers (the *Association des promoteurs immobiliers du Mali*– APIM) and with the Association professionnelle des banques et établissements financiers du Mali (APBEF), for the construction of 20 000 housing units costing in total CFA Francs 370 billion (US$631 million) to be delivered within 2 years. It is foreseen that 75 percent of these housing units will benefit the lower to middle income population. The units built through this partnership will be mainly located in the municipalities of Bamako and Kati and would comprise 2-bedroom, 3-bedroom and 4-bedroom housing units. The construction of these housing units was launched in August 2015.

Another large partnership of this kind was previously signed with the Chinese company CMEC for the construction of 24 000 housing units for a total of CFA Francs 460 billion (US$785 million). With the implementation of these two agreements, the government of Mali would be very close to fulfilling its commitment. Recently and as part of the agreement with Malian real estate developers, the government of Mali, Ecobank Mali, and SIFMA – a private real estate operator signed a partnership for the construction of 500 large housing units (3-bedroom and 4-bedroom units) in N'Tabacoro, in the rural community of Kalabancoro-Kati for a total amount of CFA Francs 10 billion (about US$17 million). Likewise, Palmer Energy and Construction Corporation through its Malian branch of IISAT Mali was awarded a contract with the Mali government for the construction of 4 000 units with a first phase of a thousand units starting in October 2015.

Property markets

In Mali, most land is owned by the government (mainly central); however many individuals claim ownership without proper land titles. To secure the property market, the government is progressively putting in place a national cadastre, focusing first on urban areas and regional capitals. A registry of more than 100 000 land titles has thus been put in place covering Bamako and the Kati Circle. In the Kati Circle the number of land titles multiplied by five between 2005 and 2012, from 14 314 to 66 988. As of April 2014, the number of land title in the Kati Circle amounted to 87 945, a really strong upward trend from the situation in 2005. In the District of Bamako, 36 895 or 36 percent of total households now have a land title.

Property markets function in Mali, with BHM and a few private real estate developers as main actors. In 2014, a total of 164 housing units were advertised for sale on the BHM website of which 94 are in Sebenikoro, 49 in Sotuba and 21 in Faladié. Prices now range between CFA Francs 28.4 million (about US$48 464), and CFA Francs 49.6 million (about US$84 642) for a three-bedroom unit. Two-bedroom units sell for about CFA Francs 23.9 million (US$40 785), while duplexes sell for about CFA Francs 57.1 million (US$97 440). For each type of unit, a down-payment of 30 percent of the purchase price is required by the BHM, which then finances the remaining 70 percent with a mortgage. As of July 2015, 2 052 housing units were delivered through government programmes in partnership with the BHM. These figures are far lower than the demand for housing, especially in the City of Bamako where the demand is highest.

Difficulties remain that hinder the efficient functioning of Mali's property markets, despite significant efforts by the government. According to the World Bank's 2015 Doing Business Report, access to construction permits involves 10 procedures, takes 119 days and costs 372.2 percent of the per capita income. This places Mali in 97th place out of 189 countries, 16 places up from its 2014 Report ranking. This was due to the reduction of the time needed to obtain a geotechnical study. On the 'registering property' indicator, Mali ranked 133rd out of 189 countries in 2015, down 6 places compared to 2014. Indeed, it takes five procedures and 29 days, and costs 12.1 percent of the property value to register a property.

To face the demand for housing, especially in urban areas, a rental market is developing around big agglomerations such as Bamako (where 37 percent of households are renters) and other secondary cities where the housing demand is high. It is estimated that 34[8] percent of urban dwellers rent their housing units. Aggressive housing policy implementation has slowed down the development of informal settlements, which was as high as 65 percent in 2002.

Policy and regulation

Mali adopted its National Housing Strategy in 1995, and this continues to be the main framework under which all housing interventions are pursued. The goal of this strategy is to improve living conditions throughout the country by promoting access to decent housing for people with low and intermediate incomes. In line with this, the government created a number of institutions to facilitate access to housing, such as the Mali Housing Agency created in 1996. The agency is the main facilitator of relationships between different actors in the sector, and is active in supplying serviced land for housing, promoting the use of local building materials, participating in financial operations (which includes having a shareholding in the BHM and the FGHM) and subsidising the interest rate on loans for eligible mortgage applicants, mostly members of housing co-operatives.

Members of housing co-operatives benefit from a subsidised interest rate ranging from seven to 11 percent depending on the monthly income of the eligible applicant. Besides this, individual housing co-operative members with monthly incomes lower than CFA Francs 75 000 (US$128) and CFA Francs 100 000 (US$171) benefit from an extra subsidy comprising a three point and two point reduction, respectively, on their mortgage interest rates for the first five years of the mortgage. The Malian government's housing subsidy programme is implemented through the Mali Housing Agency.

The BHM was created as a specialised institution dedicated to offering housing finance services. The government has also taken a number of other measures to facilitate housing supply. The regulatory framework for the housing sector in Mali is one of the most comprehensive in the WAEMU, including a law on condominiums, a law governing property development and a law on housing finance. These measures have increased the number of local real estate developers operating in the housing market and the number of housing co-operatives.

Opportunities

The government has estimated a housing demand of 440 000[9] units by 2015. The demand is from employees in the public and semi-public sectors, from the private sector, from NGOs and international organisations, and from housing co-operatives. The Malian diaspora represents more than half of this demand, according to the Ministry of Housing, Land Issues and Urban Planning, which also estimated that an overwhelming majority (95 percent) of the Bamako population had expressed interest in acquiring a housing unit. Affordable housing is a steady segment of this demand, with more than 93 percent of housing co-operatives interested in both affordable housing units and serviced housing land. Some 71 percent and 66 percent of employees of the public sector and international organisations, respectively, also expressed interest in acquiring a housing unit. These are indicators of the untapped potential of the housing sector. Several investors, especially the Islamic Development Bank, the Canadian government, and many private operators have shown interest in the sector.

Lastly it is important to note that with the signing of a peace and power sharing agreement between the government and rebel groups, the political and economic situation in Mali has returned to almost normal, with several donors returning to the country and resuming their activities. The international humanitarian community designed a US$ 481 million strategic response plan at the end of 2014 to support recovery efforts of the government of Mali. These provide positive signals to investors and encourages them to invest.

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Mauritania

KEY FIGURES

Main Urban Centres	Nouakchott (capital)
Exchange Rate: 1 US$***	326.82 Mauritania Ouguiya (MRO)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	4.1 | 3.5 | 4.6 | 4.5
Population^ | Population growth rate (2013)^	3 984 457 | 2.40
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	59.26 | 3.45
GDP / capita (current US$)^ | GDP growth rate (annual %)^	1 270.23 | 6.42
GNI / capita, Atlas method (current US$) ^	1 260
Population below national poverty line*	42.0
Unemployment rate (%)*	31.0
Gini co-efficient (year of survey)^^	40.46 (2008)
HDI (Global Ranking)" | HDI (Country Index Score)"	161 | 0.487
Lending Interest Rate^	...
Mortgage Interest Rate (%) | Mortgage Term (years)#	...
Credit % of GDP^	...
Average Mortgages % of GDP°	...
Price To Rent Ratio City Centre** | Outside City Centre**	...
Gross Rental Yield City Centre** | Outside of City Centre**	...
Outstanding home loan (% age 15+)##	8.30
What is the cost of standard 50kg bag of cement (in US$)? #	...
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	...
What is the size of this house (in m²)? #	...
What is the average rental price for a formal unit (in US$/month)#	199 – 494
What is the minimum plot size for residential property (in m²)#	...
Ease of doing business rank !	176
Number of procedures to register property !	4
Time (days) to register property !	49
Cost (% of property value) to register property !	4.70

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
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^^ The World Bank's PovCalnet
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** Numbeo Online User-Contributed Database

Overview

Connecting the Maghreb region and Sub-Saharan Africa, Mauritania continues to be one of the fastest growing economies in the Middle East and North African region. Mauritania's economy is dependent on natural resources with minerals accounting for over 75 percent of total exports and 30 percent of the central government's revenues.

The population size is approximately 3.98 million people and at least one-third of the people live in the capital, Nouakchott. According to the World Bank's 2014 – 2016 Country Partnership Strategy, Mauritania's total urban population has grown steadily to reach 1 939 000 inhabitants in 2010, or 60 percent of the total population (making it one of the most urbanised countries in Sub-Saharan Africa). The cities have expanded rapidly in the last two decades, largely due to rural-urban migration relating to drought and food insecurity. Less than 27 percent of the urban population is connected to electricity, 48 percent to water, and only one percent to sanitation networks. This is compounded by a lack of capacity at local government level, posing key challenges for city planning, economic integration, and provision of basic services and key infrastructure. Some 250 000 citizens (approximately seven percent of the population) are 'nomads' – living as pastoralists and moving with their herds, mainly in the central regions, with a minority in the northern desert areas that constitute most of the terrain. While rural areas do not face similar population pressures, dispersed rural settlement patterns have resulted in extremely low standards of rural service delivery, including transport and electricity, leaving the rural poor disconnected from the growing economy.

Poverty and unemployment remain elevated and progress toward achieving the MDGs is uneven. In June 2014, 26 percent of households were estimated to be food-insecure, in part because of higher rural migration to Nouakchott. Progress toward building the foundation for inclusive growth, has been mixed. According to the IMF (2015), the government has recognised the need for higher human capital and better jobs. Unemployment is estimated at 10.1 (2013) percent based on a national survey on employment and the informal sector. Assuming a constant rate of participation, the economy will need to create some 200 000 jobs between 2014 and 2020 to absorb new entrants in the labour market. The unemployment rate reported, and the informal sector mask significant heterogeneity across age, gender, and region (IMF, 2015). Mauritania is currently ranked 161 out of 187 countries in the United Nations Development Programme (UNDP) Human Development Index (HDI) rankings. Mauritania has a Gini coefficient of approximately 40 indicating that this relatively poor country does not necessarily have high levels of income inequality.

Real gross domestic product (GDP) growth in 2014 was approximately 6.3 percent, continuing the economic recovery of 2012 and 2011. Real GDP is expected to remain high by historical standards in 2015 at an estimated annual average of 5.6 percent. This is supported by foreign investor interest in the mining and oil sectors especially in non-ferrous metals and uranium. Consumer price inflation is expected to average 4.4 percent in 2015 and 2016, owing to falling global food prices. However, the country will remain vulnerable to price shocks on international markets, as well as any downturn in domestic agricultural output.

Mauritania is a member of the Arab Maghreb Union (AMU), and while the country left the Economic Community of African States (ECOWAS) in 2000, it continues to co-operate with ECOWAS member countries. However, Mauritania's share of regional trade remains very low. Furthermore, In the World Bank's 2015 Doing Business Report, Mauritania ranked 176 of 189 countries, down three spots from the previous year.

Access to finance

Mauritania's financial sector remains shallow and concentrated in urban areas. Lending to the private sector and households continues to be low while limited access to credit and high costs of financing continue to restrain entrepreneurial activity. According to the World Bank's 2015 Doing Business Report, in the 'ease of getting credit' category, Mauritania was ranked 171 out of 189 countries. In 2012 there were 0.1 commercial bank branches per 1 000km² and only 4.58 commercial bank branches per 100 000 adults. Local news sources estimate that only 150 000 people have a bank account in Mauritania and only 20 percent of the working force are banked.

As at 31 December 2012, the financial sector comprised of: the Central Bank of Mauritania (BCM); 17 licensed banks (four of which are dedicated to Islamic finance) and two financial establishments that only started operating in 2011; 30 licensed microfinance institutions (MFI), and PROCAPEC, an institution that brings together 51 Savings and Cooperative Unions under one institution; postal financial services; 11 insurance companies; two social security schemes, and the National Social Security Fund; and 31 licensed foreign exchange offices. There is a nascent money market (treasury bills market and interbank market), but no stocks and bonds market. Banks dominate the sector with nearly 93 percent of total assets. According to the IMF (2015), the banking sector is well capitalised and liquid, but remains fragile to shocks. High credit concentration, foreign-exchange risk exposures, and low profitability due to a constrained business model and higher competition exacerbate banking vulnerabilities. Although the banking system appears well-capitalised overall, some banks are not meeting the minimum capital requirement and are under-provisioned. Asset quality remains weak: NPLs represented 20 percent of loans in the second quarter of 2014. On December 31, 2014 the CBM removed the licenses of Maurisbank, an undercapitalised bank, and of FCI, a financial institution with negative capital and little credit activity.

The short-term consumer finance segment barely existed previously and is still small at 10 percent of GDP. Credit growth has slowed from 13.3 percent to 12.1 percent year on year in October 2014, which in turn gave a boost of liquidity in the banking sector. The central bank may increase reserve requirements if excess liquidity becomes a destabilizing force within the sector.

Although Mauritania has a relatively small economy, the country has accumulated a substantial pool of private savings, and there is also capital available in a number of public institutions. The government hopes to channel some of these funds into the financing of commercial and productive activity.

The BCM has recently introduced reforms to the legal and regulatory framework of the financial system. Opening branches outside the main urban centres of Nouakchott and Nouadhibou has been encouraged to increase the rate of use of banking services, which is less than four percent. Transition to the new International Accounting Standards/International Financial Reporting Standards (IAS/IFRS) and the Basel II prudential standards is under preparation. Audit and internal oversight in banks have been strengthened, and the foreign-exchange market modernised. The mortgage market is extremely small. Since the former Banque El Ammane pour le Developpement de l'Habitat (now BEA) was transformed into a universal commercial bank, there are no specialist housing lending banks. Mauritania does not have the usual array of instruments to facilitate the financing of housing. The World Bank has suggested that missing instruments include a housing loans fund; a housing loans refinancing fund; long-term housing loans with periodically re-negotiable rates that minimise interest rate risks due to a mismatch between assets and liabilities; housing savings plans that provide stable resources; and microcredit for housing. CAPECs have undertaken limited operations in financing housing.

Guarantee uncertainties contribute to the high cost and relative unavailability of credit. Although mortgages are accepted as collateral by commercial banks, they are considered unreliable, given how few land titles there are, and uncertainties about land surveys and registry operations and records. The World Bank's 2015 Doing Business Report indicates that there are no private bureaus and only 4.6 percent of adults are registered on a public credit registry. Access to a land title is preceded by the acquisition of an occupancy permit known as a concession. These precarious titles cannot be mortgaged but some banks are satisfied when they are used with promises of obtaining land titles. However, the binding nature of such promises is low, and recovery is ineffective with recalcitrant debtors. The banking supervisory authority does not recognise these instruments as collateral. The effectiveness of mortgages has been hampered by banks' lack of diligence to register mortgages, given high registration fees. In response, in 2006, the authorities reduced the registration fees.

Affordability

Government has placed enormous attention on housing development and the eradication of slums which partly explains why home ownership is relatively high notwithstanding the high incidence of poverty (almost 42 percent of the population live below the poverty line) and extremely small mortgage market in the country. According to the latest available information (2008), it has been observed that the vast majority of households owned their homes (74 percent); tenants are in second place (almost 12 percent); and households in the process of becoming homeowners (known as gazra), constitute the remaining 7.5 percent. The main types of housing occupied by households can be classified into two groups: substandard dwellings (tents, shacks/huts, baraques and m'bar) representing 32.5 percent of all housing types; and dwellings that could be called "houses" comprising the remaining 67.5 percent.

It is therefore difficult to determine if a "gap" market actually exists (and what the breadth and depth of it would be). Also, it is unclear if a mortgage market is even necessary at this stage.

Regarding higher income formal housing, various online property web pages suggest that prices for a three bedroom detached home in the capital city vary from US$190 000 up to US$750 000. Given the relatively high poverty levels and the fact that GNI per capita is only US$1 260, it is unlikely that most Mauritanians would be able to afford these properties.

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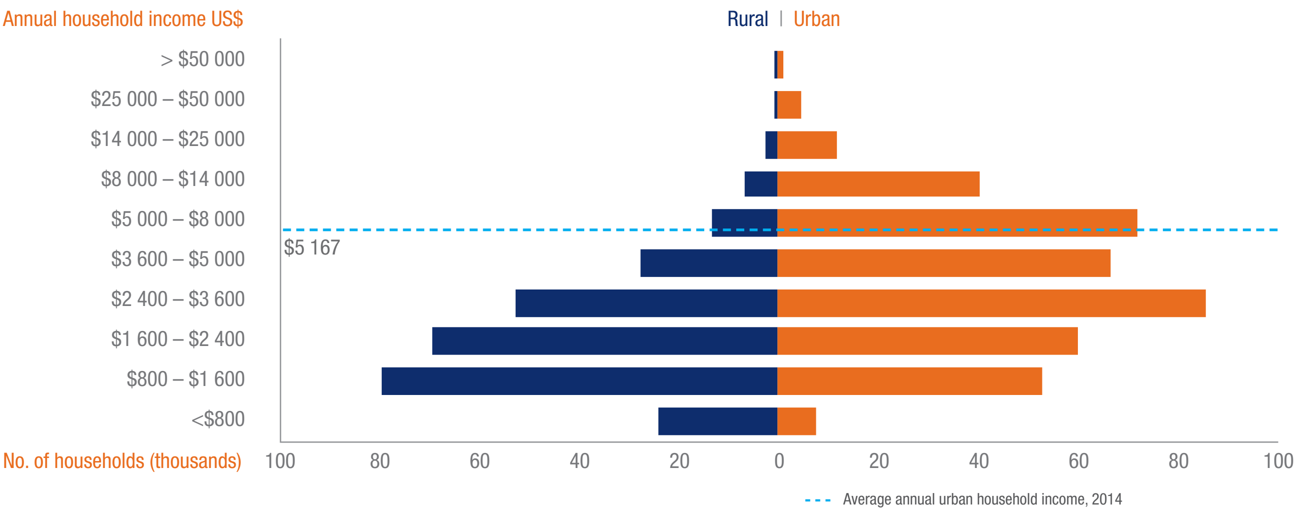

Housing supply

In the 1970s and 1980s, severe droughts and desertification in the Sahel region all but destroyed the nomadic way of life and spurred significant eco-migration to the major urban centres of Nouakchott and Nouadhibou. The cities had to accommodate large influxes of nomadic people settling on the periphery. Self-construction has therefore been the main method of building houses in Mauritania.

As the newly arrived populations lacked the means to construct formal housing, they created two types of spontaneous settlements: the kebbe and the gazra. Distinguishable by the tents and barracks of its residents, the kebbe – a Hassaniya (Arabic dialect) term for a slum – quickly became an expression of social and economic marginalisation in the city. Known as the first and largest slum in the city, the kebbe of El Mina (kebbe El Mina) was created on a large area designated for industrial use and quickly expanded. The gazra, used to identify the illegal occupation of public or privately owned land, projects a distinct and unique expression of informality as 'invented' by its inhabitants. Located in the heart of the same-named district, the gazra of Arafat (gazret al Arafat), covers 400 acres and houses over a third of the entire population of the district. The primary distinguishing feature between the kebbe and gazra relates to housing type – the kebbe is entirely informal and a real expression of impoverished life; while the gazra is a combination of formal dwellings together with tents and barracks – the different status of the inhabitants raises questions regarding the thin line between informal habitat and 'poverty'.

Although the objective of revised government efforts was to eliminate the problem of informal settlements, the kebbe and the gazra continued to expand in response to a steadily growing population. The Urban Development Programme (PDU), launched in 2002 with funding from the World Bank and the Mauritanian government, had three main objectives: 1) the eradication of slums and informal neighbourhoods in Nouakchott and Nouadibou; 2) the provision of urban infrastructure and 3) capacity building of government institutions and civil organisations.

The determination of the government authorities to clear squatter settlements and offer people more decent housing led to the development and implementation of neighbourhood-based integrated restructuring programmes. The first of these was a pilot, between 2003 and 2007 in El Mina. The pilot guaranteed land tenure to over 16 000 households and implemented a major construction programme costing almost MRO 4 billion (US$12.2 million). Subsequently, government opted for a more affordable, participatory approach to rehabilitate the other squatter settlements of Nouakchott and Nouadhibou. This entailed engaging with representatives in awareness raising, information sharing, and a broad enumeration of households; and has been successful in both the Arafat and Hay Saken squatter settlements. A low-cost housing micro-credit system was instituted under the Urban Development Programme (PDU) which helped to produce 5 000 housing units in Nouakchott and Nouadhibou.

The Twizé programme was conceived to alleviate settlers' hardships, to manage chaotic urban growth, and to improve access to affordable housing and living conditions for lower income residents and poor eco-migrants. Established by the Groupe de Recherches et d'Échanges Technologiques (GRET) in 1998, the programme was expanded in 2003 with financial support from the World Bank and the government. GRET collaborated with the Mauritanian Commissariat aux Droits de l'Homme, à la Lutte Contre la Pauvreté et à l'Insertion (Commission of Human Rights and Integration in the Fight Against Poverty), the municipality of Nouakchott, and NGOs.

The initial pilot project was a success, and demonstrated that marginalised settlements could be transformed into viable neighbourhoods. In the first phase, the 130 families who participated in the pilot doubled the size of their homes and increased the value of the land and top structures by a factor of four. Loan repayment rates were close to 100 percent. However, rising construction and infrastructure costs increased the subsidies needed to cover the widening gap between the affordability of the target group and the cost of land and housing. The construction cost of the basic module quadrupled between 1998 and 2005 from MRO110 000 (US$306) to MRO400 000 (US$1 224). Despite the doubling of participants' contributions, rising costs meant that subsidies increased from 27 percent to 67 percent of the total cost, eroding the programme's financial viability. Following the termination of the World Bank funding (US$15 million over five years), the project ended. At the conclusion of the programme in 2008, 6 000 houses had been constructed. The programme provided skills training for workers in a variety of fields, including construction, craftsmanship and textiles and literacy training, and improved communication among labourers, creditors and beneficiaries. It facilitated the mobilisation and involvement of residents in the planning process.

Since its establishment in 1974, the Real Estate Construction and Management Company (SOCOGIM) has promoted affordable housing delivery, including the completion and marketing of a 1 050 housing-unit programme carried out in collaboration with local banks; the construction of 2 100 housing units for social housing between 2006 and 2008 in Nouakchott and Nouadhibou and 1 000 housing units in Nouakchott. Essentially through private real estate developers, who have agreements with the government; the completion and partial marketing of 1 485 serviced lots in Nouakchott, and a programme to develop 884 lots earmarked for social housing and under construction in Nouakchott (El Mina); and the award of land concessions to private international developers to expand the housing market. The National Land Development, Housing Development and Real Estate Promotion and Management Corporation (ISKAN) was established in 2010 to help develop land, improve and develop housing, and promote and manage real estate development. It became operational in 2013 and absorbed SOCOGIM and the National Land Development Agency (ANAT). This led to the approval of a strategic development plan for administrative buildings and a housing strategy; and the adoption of measures to remove bottlenecks in the construction and public works sector and promote the use of local materials.

The World Bank/IMF's Poverty Reduction Strategy Paper III (2011 – 2015) action plan includes the goal to improve living conditions by making decent low-cost housing available and providing proper amenities and infrastructure. This includes building 4 000 houses and the improvement of 6 000 plots.

Currently the top end of the residential development market is entirely local and comprises the ad hoc construction of buildings for owner-occupation or leasing mainly to the expat market in Tevragh Zeina. Many diplomatic staff is housed in accommodation that has been built within embassy compounds.

Property markets

Information regarding property rights appears to be mixed and at times contradictory. While property rights are protected under the Mauritanian Civil Code modelled on the French code, it is difficult to determine who may or may not own land in the country.

According to the World Bank's 2015 Doing Business Report, Mauritania is ranked 66th out of 189 countries for registering a property; which requires four procedures, takes 49 days and costs 4.7 percent of the property value. Lack of cadastral information and cumbersome legal procedures have hampered the transfer of property titles to occupants. It can be difficult to gain redress for grievances through the courts. However, the current Investment Code ensures that if the government expropriates private property, it will provide appropriate and prompt compensation, exempt from duties and taxes (US Department of State, 2012).

Seizure of property, for mortgage or unsecured debt, is a very long and expensive procedure. Seized property is generally held by banks, with a negative impact in terms of taxes and liquidity ratio. Once seized, a property could be sold by public auction, but in the absence of a secondary market and a cultural reluctance to acquire the property of others under such circumstances, banks are often forced to stand as buyers of seized property and keep it as part of their assets. Activity in the real estate market in Nouakchott related almost entirely to the speculative purchase of land by individuals, most of whom are locals.

There remain many land tenure issues in southern Mauritania, particularly along the Senegal River. Investors should be fully aware of the history of the lands they are purchasing or renting, and should verify that the local partner has the proper authority to sell/rent land in this area.

Policy and regulation

The rapid urbanisation that followed the droughts of the 1970s outstripped the ability of government to manage urban growth and regularise peri-urban. There is no national housing strategy or policy in Mauritania but there are some institutional mechanisms aimed at liberalising and promoting the sector which together create a sort of policy framework. While all regional capitals were directed to adopt Simplified Master Plans (Schémas Directeurs Simplifiés) in 2008, none have been approved by the national authorities and only Nouakchott has an enforceable set of planning regulations. Property-based local revenues are minimal and further hamper the ability of local governments to provide basic infrastructure, particularly to the informal settlements on the urban fringe where most of the urban growth is concentrated. The main policy and regulation frameworks governing the housing sector include:

- Law No. 99-031 of 20 July 1990, as amended by Law No 2005-08 of 30 January 2005 and its implementing texts: Established real estate development in the country
- World Bank/IMF's Poverty Reduction Strategy Paper III (2011-2015) action plan: Part of this programme aims to improve living conditions by making decent low-cost housing available and providing proper amenities and infrastructure. The approach has focused mainly on: 1) adopting and implementing a national housing strategy; 2) significantly increasing the supply of housing; 3) encouraging real estate development, with a view to quickly providing a diverse supply of dwellings at a cost that is accessible to households; 4) continuing and expanding the "Twize" low-cost housing programme to the major urban areas; and 5) implementing a system for financing housing taking into account the needs of households, as well as those of real estate developers.

Opportunities

Recently Mauritania has had healthy rates of economic growth. The development of the country's natural resources should have an ongoing and positive impact on GDP and create further opportunities in the industrial and commercial sectors. This has, and will, continue to support a boom in the higher end property market.

Furthermore, there appears to be some opportunities for both the public and private sectors to strengthen the development of housing finance, and increase its supply. Efforts could be targeted toward establishing refinancing and guarantee mechanisms, and new products such as housing savings plans, long term mortgages, renegotiable mortgages etc. These would complement those recommended by the World Bank for the government to explore the feasibility of establishing: 1) a loans recovery company and/or a mortgaged real property management company; 2) a mortgage refinancing fund; and 3) a mortgage guarantee fund.

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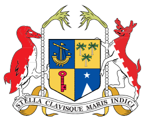
Mauritius



KEY FIGURES

Main Urban Centres	Port Louis (capital)
Exchange Rate: 1 US$***	35.50 Mauritian Rupee (MUR)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	3.5 | 3.2 | 3.1 | 3.5
Population^ | Population growth rate (2013)^	1 260 934 | 0.18
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	39.81 | -0.23
GDP / capita (current US$)^ | GDP growth rate (annual %)^	10 005.62 | 3.60
GNI / capita, Atlas method (current US$) ^	9 710
Population below national poverty line*	...
Unemployment rate (%)*	7.9
Gini co-efficient (year of survey)^^	35.9 (2012)
HDI (Global Ranking)" | HDI (Country Index Score)"	63 | 0.771
Lending Interest Rate^	8.50
Mortgage Interest Rate (%) | Mortgage Term (years)#	8.50 | 30
Credit % of GDP^	100.24
Average Mortgages % of GDP°	12.99% (2011)
Price To Rent Ratio City Centre** | Outside City Centre**	14.68 | 17.89
Gross Rental Yield City Centre** | Outside of City Centre**	6.81% | 5.59%
Outstanding home loan (% age 15+)##	15.22
What is the cost of standard 50kg bag of cement (in US$)? #	6.40
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	31 000
What is the size of this house (in m²)? #	120
What is the average rental price for a formal unit (in US$/month)#	...
What is the minimum plot size for residential property (in m²)#	...
Ease of doing business rank !	28
Number of procedures to register property !	4
Time (days) to register property !	14
Cost (% of property value) to register property !	10.60

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

Mauritius is a small island country of only 2 000 km² in the Indian Ocean, with a population of about 1.26 million people, or 359 000 households. The Mauritian economy is well run, with sound political and economic management practices. In 2014, for the sixth year in a row, the World Bank ranked Mauritius as the easiest place to do business in Sub-Saharan Africa (and 28th globally out of 189 countries).

Despite the country's exposure to external shocks in the world economy (Europe accounts for nearly two-thirds of the country's exports and a similar proportion of the tourist arrivals), the economy grew from 3.2 percent in 2013 to 3.5 percent in 2014. This is due to ongoing efforts to diversify the economy, a modest improvement in European growth and increased exposure to faster growing emerging economies.

While the government appears to be moving away from economic policies based on redistribution and state intervention, towards an emphasis on private sector led economic growth, the government will remain deeply involved in efforts to diversify the country's "four pillar economy" (based on sugar, textiles, tourism and financial services). In order to increase competitiveness and resilience to shocks, the country will invest in education and infrastructure to boost productivity and shift towards a more service-oriented economy (particularly focusing on financial services, information and communications technology and business outsourcing). Another element of the economic strategy is the further development of the fishing sector and continued restructuring of the sugar sector. The luxury real estate sector, supported by a beneficial tax regime and government-backed programmes, will also become an increasingly important part of the economy as authorities seek to establish the island as a business centre linking Africa with the Middle East and Asia.

The Bank of Mauritius (BoM, the central bank), cut the repo policy rate from 4.9 percent to 4.65 percent in June 2013 as domestic growth prospects were uncertain and external conditions remained relatively weak. During 2014, the Monetary Policy Committee kept the Key Repo Rate unchanged at 4.65 per cent against the backdrop of weak global growth and contained domestic inflationary pressures.

Access to finance

Penetration of financial services is generally good, with 80 percent of Mauritians having bank accounts. Over two years, Mauritius' ranking in terms of ease of getting credit improved by 16 points, bringing it to 36th place out of 189 countries in the World Bank's Doing Business indicators. According to the International Monetary Fund, there are about 105 commercial bank branches and 210 ATMs per 1 000km².

At the end of June 2014, the banking sector comprised 23 banks licensed to carry out banking business in Mauritius, of which 10 were local banks, eight were subsidiaries of foreign-owned banks, four were branches of international banks and one was a foreign-owned bank. Out of the 23 banks, two banks were involved in private banking business but only one of them was in operation at the end of June 2014.

All of the banks have licenses to carry out banking business locally and internationally. The Mauritius Commercial Bank (MCB) and the State Bank of Mauritius (SBM) are among the largest banks in the East African region. The banking system is highly concentrated, with four of the major banks accounting for 85 percent of the whole banking system's assets and 70 percent of the country's financial sector.

The country's commercial banks are well capitalised, well regulated, liquid and profitable. The capital adequacy ratio (16.8 percent in June 2014) comfortably exceeds the regulatory minimum of 10 percent and the overall quality of assets is good. On the back of the slowdown in economic growth and declines in the construction sector, the ratio of NPLs increased from 3.4 percent in September 2013 to 4.0 percent in 2014. Nevertheless analysts agree that local banking groups are well placed to absorb these losses.

Two new banks to be engaged in private banking business were licensed in April 2014 and one of them started operations on 23 June 2014. The licensing of these two private banks is in line with the Bank of Mauritius objective of fostering new lines of banking activities in Mauritius. The Bank of Mauritius issued a number of new guidelines and reviewed existing ones with a view of enhancing the financial soundness of financial institutions falling under its purview.

A set of macro-prudential measures were introduced in October 2013 that aim at addressing potential systemic risks and emerging vulnerabilities in the financial system. These measures include, inter alia, a LTV for residential and commercial property loans; a debt-to-income ratio (DTI) for residential property loans; additional portfolio provision; and sectoral credit limits for the construction, tourism and personal sectors.

Besides traditional banking facilities, banks offer card-based payment services, such as credit and debit cards, internet banking, and phone banking facilities. Specialised services such as fund administration, custodial services, trusteeship, structured lending, structured trade finance, international portfolio management, investment banking, private client activities, treasury and specialised finance are also offered by banks. The international banks offer a wide range of global banking and financial services to corporate, institutional and private clients.

Deposits, which represent banks' main funding source (78 percent of the total banking sector) grew by 2.1 percent during the year under review. Over the past decade the savings rate has fallen from just short of 30 percent of GDP to around 13 percent. Bank credit to the private sector (excluding the GBL sector) continued to expand in 2013-14 at the rate of 3.6 per cent, though at a much lower pace than the growth rate of 8.0 per cent in 2012-13. There was a negligible increase in share of credit to the private construction sector (from 25.3 to 25.4 per cent) during the same period.

Some 15 banks offer mortgage finance, and the use of mortgage finance is generally high by African standards, although it has declined recently. According to the Mauritius Housing Census, just over 12 percent of houses were mortgaged in 2011, versus 16 percent in 2000. Mauritius has a relatively large pension industry, and 51.4 percent of the labour force are contributors. The national pension fund is also involved in the housing sector and, for example, lends money to the Mauritius Housing Company (MHC).

A key mortgage lender targeting low income earners is the MHC, which emanates from the former Mauritius Housing Corporation, a parastatal body set up in 1963. The MHC was incorporated as a public company in 1989 to address the housing finance requirements of the population, with special attention to the low income households. In 2012, the MHC held a five to 10 percent market share. The MHC offers a diverse range of products. A major contribution of the MHC has been the introduction of a special savings scheme in the year 1982. This scheme encouraged Mauritians to save with the MHC so as to be later eligible for a housing loan.

There are constraints to the growth of the Mauritian mortgage market. Affordability constraints as well as informal incomes undermine access to mortgages, and lenders feel that the cost and time of foreclosing on a property creates risk. The Borrowers' Protection Act of 2007 aims to ensure responsible borrowing and lending, and provides for a Commissioner to examine and have a say in cases of foreclosure. Furthermore, while there are no private credit bureaus, over half of the population (56.3 percent) is included in the public credit registry.

By end-June 2014, the public credit bureau (MCIB's) participation base comprised 44 institutions, including the 17 banks, 9 leasing companies, 9 insurance companies, the Mauritius Housing Company Ltd, the Development Bank of Mauritius Ltd, the National Housing Development Co Ltd, The Employees Welfare Fund, the Mauritius Civil Service Mutual Aid Association Ltd and three utility bodies, namely, the Central Electricity Board, the Central Water Authority and the Waste Water Management Authority.

Affordability

According to Bhotish (2012), home ownership has been steadily increasing since the 1980s; and in 2011 household ownership in Mauritius stood at approximately 89 percent (compared to 8 percent that rent or sub-rent, and another three percent who were living for free in the housing provided by their relatives or employers).

Although Mauritius is a relatively rich country, a segment of the population is unable to afford their housing. In 2014, Mauritius had an unemployment rate of 7.9 percent, or over 40 000 people. According to the Central Statistics Office, about 1.5 percent of people earn below US$2 a day. According to UN-Habitat, there are some incidences of squatting as a result of unemployment and the decline of solidarity networks that previously supported vulnerable households.

Mauritius has a relatively comprehensive social security system that includes a range of government subsidies for housing. The government uses state owned companies such as the MHC to improve affordability for housing. Another government driven scheme to increase affordability is offered through the National Housing Development Company (NHDC). This parastatal body was set up in March 1991 to serve low income Mauritians. It offers both fully developed units

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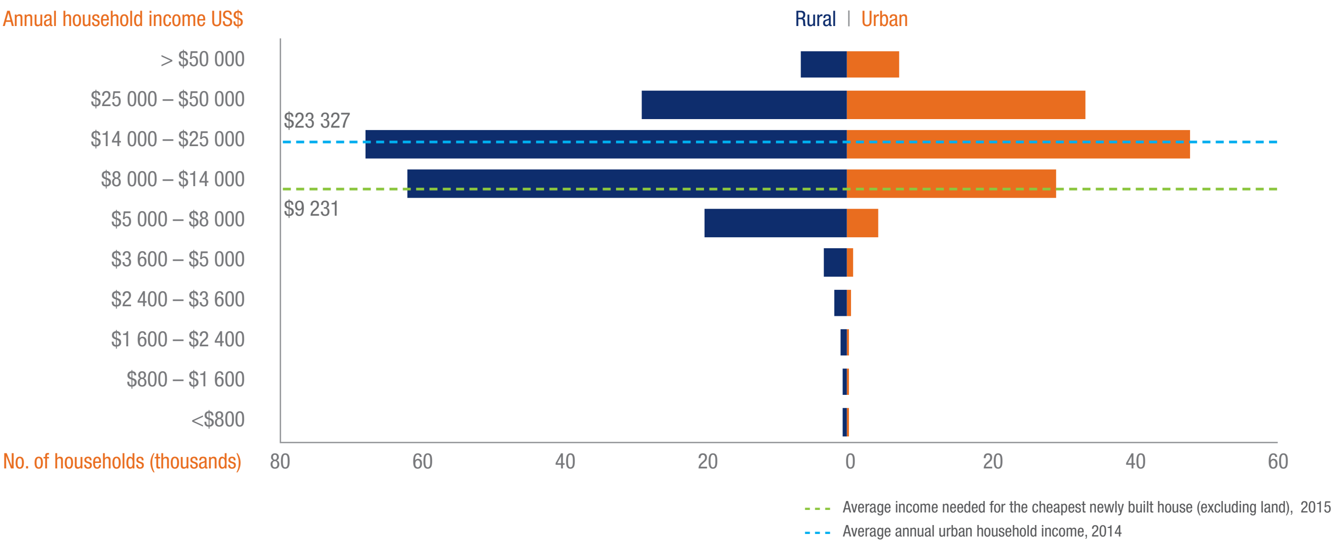

and site-and-service options at subsidised rates. The NHDC site-and-service scheme provides applicants a portion of state land through a lease. There is an income criterion, requiring a monthly income of between Rs10 000 (US$282) and Rs25 000 (US$706) to qualify for the land. This means that while the products cover the majority of the population, a small minority of the working population, the lowest paid, still cannot afford to meet their housing needs. Due to the incidences of squatting, the government's National Empowerment Foundation (NEF) is now looking after this category of the population.

The cheapest newly built house by a formal developer costs around US$31 000 excluding the land, and is 120m² with three bedrooms, a living and dining room, kitchen, toilet/washroom and small veranda. A minimum plot size is 250m² in urban areas. A bag of 50 Kgs of cement costs US$6.40 (incl. VAT).

Sheet iron costs are as follows: Profilage Type – Galvanised and pre-coated roof sheeting: US$ 2.15 per running foot (incl. VAT), thickness of 0.56 mm and width of 800 mm; US$ 2.60 per running foot (incl. VAT), thickness of 0.63 mm and width 800 mm, Type 3: US$ 3.07 per running foot (Incl VAT), thickness of 0.75 mm and width of 800 mm, lastly ordinary S sheet Galvanised corrugated roof sheeting US$ 1.06 per running foot (incl. VAT), thickness of0.50 mm and width of 800 mm.

Housing supply

The 2011 Housing and Population Census reports that there are 356 900 housing units in Mauritius and Rodrigues. According to the Housing and Population Census of 2011, 99.4 percent of households have access to electricity and 94.2 percent have access to water inside their home. Most housing stock in Mauritius is of good quality. According to the World Bank, 91 percent of the dwellings are durable with only 4.8 percent of the population living in iron/tin walled houses. The Census also found that 90.5 percent of residential dwellings were used as a principle residence, 1.7 percent as secondary dwellings and 7.8 percent were vacant. Semi-detached houses and blocks of flats went up to 16.6 percent of total stock, from 11.5 percent in 2000.

Successive Government Budget proposals have ensured that all citizens have a house providing decent living conditions. The strategy focuses on Housing Empowerment Schemes, Social Housing and Home ownership for low income families are worth mentioning.

1. The Housing Empowerment Scheme targets middle-income families earning up to Rs50 000 (US$1 429) a month. Under the scheme, banks will require only five percent as minimum down-payment on the purchase of a property instead of the usual or more 10 percent currently applicable, i.e. they will advance loans up to 95 percent of the cost of a residential unit. The loans will also carry a moratorium period of two years on capital repayment. To make this possible, government is guaranteeing 20 percent of the loan amount. In addition, to reduce the cost of acquiring a housing unit, government will reimburse VAT up to an amount of Rs300 000 (US$9 597) on the construction of any house or purchase of an apartment costing less than Rs2.5 million (US$79 975). For its part, the Mauritius Housing Company will provide, free of charge, at least 12 types of architectural plans for each house of an area of 1 000 and 1 200ft². In addition, the interest rate is 2.5 percent above the repo rate, presently at 4.65 percent.

   To this effect, in March this year, the Mauritius Housing Company and the Mauritius Bankers' Association signed a Memorandum of Understanding outlining agreed conditions between the government and the commercial banks. Twelve banks are involved in this project namely: State Bank of Mauritius, Mauritius Commercial Bank, Mauritius Post and Cooperative Bank, ABC Banking Corporation, Barclays Bank, Bank of Baroda, Bank One, State Bank of India, Bramer Bank, Hong Kong and Shanghai Banking Corporation, Habib Bank and Banque des Mascareignes.

2. The 2014 Budget also announced the launching of a major Social House Construction Programme in 2014, where 1 765 families will benefit from either a housing unit or a serviced lot. Thus:

- 576 social housing units will be constructed and 80 serviced lots will be completed for delivery throughout the island.
- 588 social housing units and 151 serviced lots are also in the pipeline.
- Provision for an additional 450 social housing units to vulnerable families in 2014 through the National Empowerment Foundation.
- Provision of Rs250 million (US$7.97 million) to improve living conditions in NHDC and ex-CHA Housing Estates through the rehabilitation programme, and Rs80 million (US$ 2.5 million) for the casting of roof slab scheme.

   As part of the social housing policy, the Ministry of Housing and Lands will endeavour to ensure housing estates will be of moderate size, which will facilitate integration in local communities and reduce offsite infrastructure cost. Local authorities will be responsible for maintaining roads and other public areas in line with their responsibilities for other parts of their council areas.

3. In line with the new approach of the National Home Ownership Programme, the Social Housing Fund has been revamped into a National Habitat Fund with wider objects. Hence, the Minister of Housing and Lands brought legislative amendments to give to those families who have a housing unit on leased land belonging to the State, the option to buy the land at a nominal price not exceeding Rs2 000 (US$56.49) per plot. It is a measure that will empower some 17 000 families with very modest means to have full ownership of their land.

These programmes complement the extensive investment that the public and private sectors have made in housing development. As from 2011, the NEF has constructed more than 300 core housing units of 32m² each. It is projected to build 700 additional such units within the next two years. Furthermore, by 2012, the NHDC had built more than 12 000 units, and a further 10 000 units were in the pipeline. An innovative subsidy scheme offered by government through the NHDC promotes self-build approaches. Households with a monthly income of between Rs10 000 (US$282) and Rs25 000 (US$706) and who have neither received a grant previously nor already own a property are entitled to apply for land that is periodically made available. The land is made available on a lease arrangement and the beneficiary is required to pay the fee. The construction of a housing unit on the land must begin within six months following the signing of the lease agreement, and be completed within 18 months. Beneficiaries can apply to the MHC to finance the construction and can access architectural services from the MHC for Rs2 (US$0.06) per ft².

Throughout the NHDC, the government also grants up to Rs75 000 (US$2 118) for casting a roof slab of up to 210m² to first time homeowners earning up to Rs10 000 (US$282) a month. The government also grants up to Rs65 000 (US$1 836) to households earning not more than Rs10 000 (US$282) a month to buy building materials. The grant applies to a maximum area of 100m². For a house of 50m², the grant is Rs40 000 (US$1 129) on a pro-rata basis. Although the NHDC programmes target low income earners, the requirement of a minimum financial contribution means that some households are still unable to participate.

Furthermore, there is also an incentive for developers to develop residential units. Requirements are that the land for development must be non-agricultural and have access to main infrastructure lines and amenities. In addition, developers should provide all basic infrastructure and 25 percent of the development must be for low income households, for which the sale price is determined by the government. A Social Housing Development Fund was also established, capitalised with Rs1.5 billion (about US$47.8 million) to encourage the creation of not-for-profit Housing Development Trusts. A Marshal plan against poverty was also announced in the Budget 2015. Under this project, as part of their social responsibility will have to take under their wings pockets of poverty situated in the region where the companies are located. Thus the private sector will also assist in poverty alleviation.

Property markets

The global economic problems have to some extent affected the higher end property market in Mauritius, but this seems to be recovering, and government expects the real estate sector to be a primary growth driver as from 2013. The market segment is closely tied to the economic fortunes of Europe and the US because of the deliberate efforts by government to encourage greater foreign ownership. The Permanent Residence Scheme, the Integrated Resort Scheme and the Scheme to Attract Professionals for Emerging Sectors all encourage foreign investment and settlement. Recently, new tax laws in France have created more demand for property in Mauritius amongst French buyers. After this, South African property buyers are also significant.

According to the World Bank's 2015 Doing Business Report, it takes 14 days and four procedures on average to register property (which ranks Mauritius as best on the continent and 65th globally). The registration process costs on average 10.6 percent of the value of the property.

Policy and regulation

The planning and management of housing and land in Mauritius is the responsibility of the Ministry of Housing and Lands, and as mentioned in previous sections, this department has set up a fairly comprehensive array of support and initiatives to address housing needs. Subsidy programmes target both new build construction and self-help housing, and government has made an explicit effort to deal with those with no affordability at all. Spatial data for land use management and planning is facilitated by the Land Administration Valuation and Information Management System.

Prior to 2006, social housing responsibility was solely the responsibility of government. But as demand kept growing and the government could only build around 900 units a year (with a waiting list of 25 000 housing units), the private sector was called to participate through various Public Private Partnership (PPP) projects. An interesting aspect of the Finance Act of 2009 requires companies, as part of their corporate social responsibility, to pay two percent of their book profit after tax into a Corporate Social Responsibility Fund. This Fund can be used on approved projects, amongst which social or subsidised housing is a high priority.

Opportunities

Mauritius has been emerging as an international financial centre since the early 1990s, and as mentioned previously, it is the easiest place to do business in Africa. It is becoming a favoured country for structuring cross-border investments into Asia and Africa, and particularly into India and China. This reputation as an offshore financial haven should see it continue to become an important player in international financial flows. The country also has preferential access to markets in the Africa region (such as the African Union, SADC, the Common Market for Eastern and Southern Africa (COMESA) and the Indian Ocean Rim Association for Regional Co-operation (IOR-ARC), pointing to its strategic location.

According to the African Executive (2014) in order for Mauritius to become a high income country, it needs to start attracting foreign skilled labour. If labour flows are similar to those experienced by Dubai, Hong Kong and Singapore at a similar stage, over the next decade Mauritius should be ready and willing to accommodate some 5 000 to 20 000 foreigners annually, with a total of 100 000 to 200 000 for the period. In the short run such an influx could be accommodated in the various real estate projects. However, going forward, this offers a greater opportunity in middle to higher end housing finance, as foreign investment and wealth increase in Mauritius.

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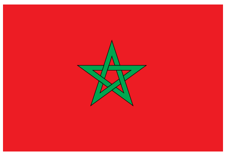
Morocco



KEY FIGURES

Main Urban Centres	Rabat (capital), Casablanca
Exchange Rate: 1 US$***	9.77 Moroccan Dirham (MAD)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	1.9 | 0.9 | 1.2 | 1.4
Population^ | Population growth rate (2013)^	33 492 909 | 1.46
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	59.70 | 2.30
GDP / capita (current US$)^ | GDP growth rate (annual %)^	3 139.95 | 2.56
GNI / capita, Atlas method (current US$) ^	3 020
Population below national poverty line*	8.9
Unemployment rate (%)*	9.0
Gini co-efficient (year of survey)^^	40.88 (2007)
HDI (Global Ranking)" | HDI (Country Index Score)"	129 | 0.617
Lending Interest Rate^	...
Mortgage Interest Rate (%) | Mortgage Term (years)#	6.00 | 21
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Gross Rental Yield City Centre** | Outside of City Centre**	5.93% | 4.36%
Outstanding home loan (% age 15+)##	...
What is the cost of standard 50kg bag of cement (in US$)? #	7.24
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	14 478
What is the size of this house (in m²)? #	50
What is the average rental price for a formal unit (in US$/month)#	...
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Ease of doing business rank !	71
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Time (days) to register property !	40
Cost (% of property value) to register property !	5.90

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Overview

Morocco is a lower-middle income country in North Africa with one of the most diversified and developed economies on the continent. In 2014, the Moroccan economy suffered a decline of agricultural GDP (-1.3 percent) and weak activity in construction. Total GDP grew at only 2.9 percent compared to 4.4 percent in 2013 but inflation remained low at 0.4 percent. Domestic consumption suffered due to the end of subsidies on diesel, gasoline and fuel oil.

In 2014, the economy was 61 percent service based, and construction, manufacturing and mining accounted for 25 percent — due to Morocco being home to 85 percent of the world's phosphate reserves. There are plans to build renewable energy capacity, which is anticipated to contribute up to 40 percent of national resources by 2020.

Finance and housing finance in Morocco remain among the most developed in Africa. Decent housing is a priority, now stated as a right in the 2011 Constitution. The Government of Morocco has implemented numerous policies in order to improve housing finance inclusion and the production of affordable housing. Politically, progress on constitutional reforms has been slow. The coalition government collapsed at the end of June 2013, with five cabinet ministers of the junior party, Istiqlal, resigning. In October 2013, there was a government reshuffle and finally agreement was reached on a new cabinet. The September 2015 local elections and first regional elections confirmed the popularity of the ruling Islamist party, known as PJD, in spite of difficult subsidy and pension system reforms.

Fiscal consolidation efforts in 2014 contributed to a reduction in the government budget deficit from 5.4 in 2013 to 5.0 percent of GDP in 2014. Another contributing factor to the reduction was the continuation of structural changes, since the 2000s, which aim to strengthen the private sector and transform Morocco into an open, market-oriented economy.

Despite an improving business environment, 8.9 percent of the population still fall below the national poverty line, with youth unemployment estimated at 20.2 percent in 2014. In an attempt to accelerate growth in lagging regions, Morocco has invested in targeted sectoral strategies to promote job creation. The National Pact for Industrial Emergence (PNEI, 2009 – 15) aims to revive the industrial sector and to boost competitiveness, with a target of creating 220 000 new jobs by 2015.

Access to finance

Morocco has an expanding yet concentrated financial sector. A new banking law was adopted in November 2014 that broadens the regulatory and supervisory role of the central bank and defines the legal framework for "Islamic" or participatory banks. In June 2015, there were 19 commercial banks, 35 finance companies, six offshore banks, 13 microfinance associations and nine money transfer companies as well as the Central Guarantee Fund that fell under the supervision of Bank Al-Maghrib, Morocco's central bank. In 2014, credit to the private sector accelerated to 4.6 percent growth, up from 3.8 percent in 2013, but has not recovered its previous growth of 4.8 percent in 2012 and 9.8 percent in 2011. Non-performing loans have continued to rise from 2011. In June 2014, NPLs represented 6.5 percent of total lending, up from 5.9 percent in 2013, five percent in 2012 and 4.8 percent in 2011. In June 2014, the aggregate capital adequacy ratio was 13.5, above the Basel III requirement.

Morocco has the most advanced and diverse housing finance market in the region. There are a range of sources for mortgage lending in Morocco, from public and private commercial banks, as well as consumer credit companies and microfinance institutions. Typical terms are 21 years and housing finance can reach up to 100 percent LTV. During the second trimester of 2015, mortgage interest rates were at 5.92 percent as reported by the Central Bank.

Morocco maintains promising capital markets for housing finance, with a diversity of financial institutions beyond banking. This includes a dynamic insurance sector, growing pension funds and the Casablanca Stock Exchange. Morocco was the first country in the region to pass securitisation legislation in 2002. Though, this tool is still underused with a total issuance of MAD 4 billion (US$413 million) in only a few transactions. An amendment to this law was completed over the past years in an attempt to prompt further operations, though activity is still nascent.

In 2014, Morocco continued to develop the law for covered bonds that is intended to diversify funding sources and overcome maturity mismatches for the rapidly expanding mortgage market. In this law, only banks will be authorised for issuance, where the total amount of covered bonds must not exceed 20 percent of the total assets of the bank and the net present value of the cover portfolio must be, at any time, more than 105 percent of the net present value of the covered bonds. Selected loans for the cover portfolio must have a remaining capital under 80 percent of the value of the asset.

Growth in the microfinance sector has been rapid in Morocco since the Microfinance Act was passed in 1999. The two largest microfinance institutions, Al Amana and Attawfiq, control 72 percent of the market and focus on women, who represent almost 80 percent of micro-borrowers in Morocco.

MFIs together with the Moroccan government have set high goals for growth, 3.2 million clients and MAD25 billion (US$2.58 billion) in loans by 2020, which compares to 859 224 borrowers with US$554.1 million outstanding in March 2015. Loans are given not only for the development of income-generating enterprises but also for housing purchase or construction as well as for connections to basic utilities. However, loans are capped at MAD50 000 (US$5 171), which limits their application for new construction. In March 2015, Al Amana had 328 811 active loans, and a total portfolio of US$214 million. In 2014, the materials supplier Lafarge announced a new partnership with Al Amana and Attawfiq, another prominent microfinance provider, to further expand specialised home improvement loans for a maximum loan of US$4 877 and a four year duration. The Moroccan Postal Service also plays a key role as a provider of depository, payments and other retail banking services for small savers via Al Barid Bank. With more than 1 800 branches, the postal service serves about 13 percent of the population, though it represents only two percent of total financial sector assets.

In 2013, the sector launched a price transparency initiative to make more clear changes over time and in 2014, a white paper was published with plans to reach 3.2 million customers by 2020. Partnerships between banks and the government make lending more accessible to middle and low income families, through the Fogarim mortgage guarantee fund.

Fogarim is a guarantee fund for households with small and irregular income. Launched in 2004, Fogarim guarantees around 1 200 new beneficiaries each month and had a total of 16 500 beneficiaries in 2014, for a total loan portfolio of MAD2.67 billion (US$276 million). Key features of Fogarim are to guarantee 70 percent of a loan that is made to a household with informal income for purchase of a unit below MAD250 000 (US$25 853). Risk premiums were introduced in 2009, with an annual premium of 0.325 percent for LTV ratios less than 50 percent, and 0.65 percent for a LTV ratio of up to 100 percent. In 2014, the average housing loan offered on the programme was at a fixed interest rate of 6.35 percent with a LTV ratio of 70 percent, average duration 21 years and monthly repayments of MAD1 263 (US$131). Fogarim maintains a maximum monthly payment level, which increased in 2013 to 1 750 dirham (US$181).

Morocco also has a guarantee programme, known as FOGALOGE, which targets moderate income civil servants, middle class independent workers and non-resident Moroccans buying or building houses. In 2014, 5 550 people benefited from this guarantee, up from 4 449 in 2013. The total loan value of FOGALOGE loans was US$143 million (MAD1.39 billion).

Affordability

Affordability remains an important challenge for housing in Morocco, a country where disparities remain high (income Gini coefficient of 40.88 in 2007). In 2007, the World Bank estimated that 8.9 percent of the total Moroccan population lived below the poverty line.

Between 2014 and July 2015, Morocco increased the minimum wage by 10 percent, to US$266 a month, the highest rate in Africa. Average monthly incomes of households in Morocco were recorded at U$996 in 2012 by Euromonitor's World Consumer Income and Expenditure Patterns Report.

The 2013 Finance Law had set the nominal price for middle income housing at MAD6 000 per m² (US$620), for units ranging from 80m² to 120m². That price included all taxes. The 2014 Finance Law increased this maximum price to MAD6000 per m² excluding taxes, which gives a maximum price of US$74 457 for a 120m² apartment. This type of housing is aimed at people earning up to US$2 068 a month.

The Moroccan government defines two types of affordable housing units, both commonly called "social" housing and differentiated by their maximum price: the first one was created by the 2008 Finance Act with a capped price of MAD140 000 (about US$14 478). It is between 45 m² and 60 m² and targeted at individuals who earn less than twice the minimum wage (now MAD2 570 a month, up from MAD2 455 as of July 1st 2015) or US$531 a month.

The second type of social housing started with the 2010 Finance Act. The covered surface area of these apartments is defined by law from 50 m² to 100 m² but developers usually build them closer to 50 m² as the sale price and tax exemptions are not linked to the surface area but only to the maxim sale price of MAD250 000. Its price is capped at MAD250 000 (about US$25 853) but there is no maximum income requirement to purchase those "social" housing units. Important tax incentives have made this type of housing very popular among real estate developers.

During the first half of 2015, 74 632 social housing units were produced (total for both types of social housing). There are tax incentives for the production and sale of such housing but also for their lease (since 2013). The 2015 Finance Law improved the incentives for rental of social housing. The maximum monthly rent for the US$14 478 units was increased from about US$72 to US$104. For the US$25 853 units it was increased from about US$124 to US$207.

Housing Supply

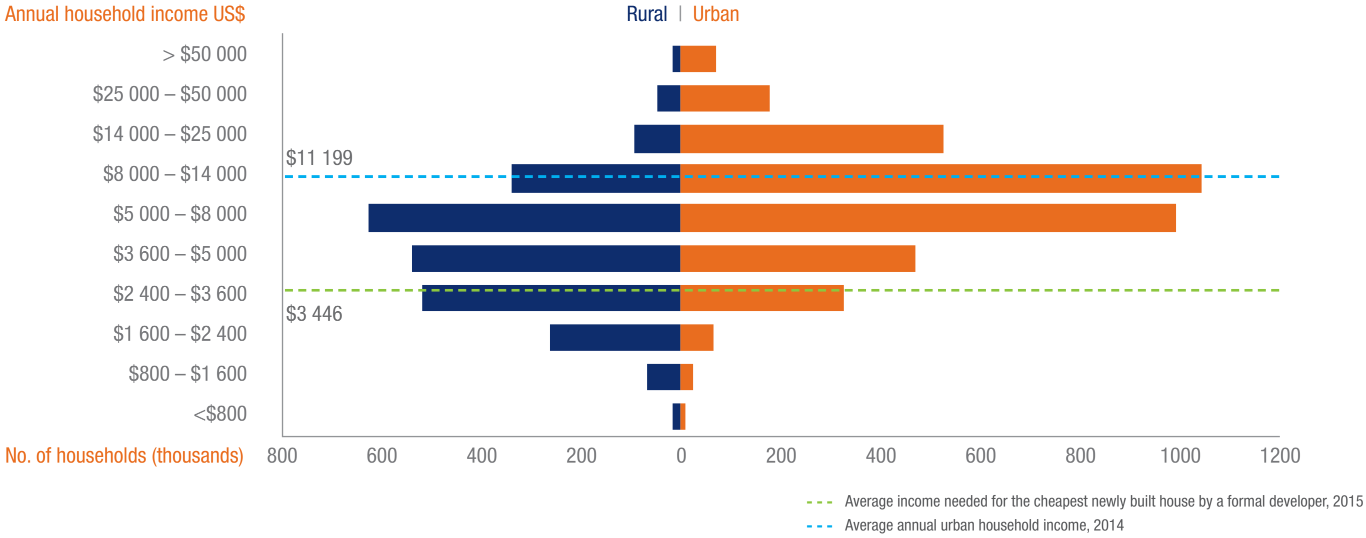
Annual production of housing in Morocco is around 100 000 units, with over two million social housing units having been built since 2000. In 2014, the housing deficit is estimated to have reduced to 650 000 units. While almost five million Moroccans live in sub-standard housing, there are 820 000 units (20 percent of the urban stock), which are either vacant (75 percent) or used as secondary or vacation homes (25 percent). Vacant housing is often preferred to leasing by homeowners who do not want to lose their housing in a country where the law is more in favour of tenants.

New supply of affordable housing tends to be apartment-buildings of typically three to five levels, in large-scale projects located on government provisioned land in peripheral locations, often via Al Omrane, a state-owned company that develops land. A single project can reach up to 10 000 units. In addition to the cost of land, the average middle class self-built house will cost MAD2 800 – 3 000 per m² (about US$ 300) for a villa, and MAD2 000 – 2 500 per m² (US$206-259) for a traditional Moroccan home, and take eight months to construct.

There is widespread use of public private partnerships between government and private sector, to facilitate housing production. Morocco has also been assertive in providing tax breaks and guarantee funds to attract the private sector into affordable housing development. To qualify for the tax breaks and subsidised land, developers must commit to at least 150 social houses over five years; this amount has reduced recently from 500 in order to encourage small-scale developers into the market place. Since 2011, agreements have been signed with developers for the production of almost one million social units. Another supply incentive has been delivered through the Cities Without Slums programme that was launched in 2004, and has continued past the proposed end-date in 2012. The programme has been improving housing for over 300 000 households, financed notably by a tax on cement. An example is provided below.

One company benefiting from these government measures is Addoha, one of Morocco's largest real estate developers and the first to be listed on the

MOROCCO



Casablanca Stock Exchange. Addoha accounts for almost half of the low-cost housing being constructed in Morocco, and has a land-bank of around 6 000ha. Addoha has achieved strong financial returns thanks to the 10-year exemptions from capital gains tax, yet also suffered through the property market slow-down over the past 30 months. In 2014, Addoha reported sales of MAD7.04 billion (US$728 million), which was a decrease of 22 percent from the previous year.

In spite of the economic slowdown, private developers are still very powerful and monopolistic, having a disproportionate weight on policy. The challenge for Al Omrane is to support emerging contractors and small developers to keep the market competitive and diversify the housing stock. Other challenges in housing supply are meeting annual demand, balancing cheaper land sites in remote locations and high infrastructure costs, and keeping units affordable when the cost of building materials and other inputs have increased substantially. Revisions in the Finance Law of 2010 and 2013 give better quality control assurance, which forces developers to respect a set of minimum building standards within affordable housing projects. Property developers also receive rewards based on the quality and safety of housing projects.

Property market

The Moroccan property market has continued to slow down in 2014, with a real estate price index (REPI) increasing by only one percent in a year by the end of the third quarter of 2014. REPI, which was developed in 2010 by the Central Bank of Morocco and the Land Registry Office gives detailed information on all formal property transactions and has improved the transparency and monitoring of real estate sector dynamics. In 2014, the tax administration launched a new property index called "référential des prix de l'immobilier" based on previous housing sales. The new index was at first published for Casablanca only and extended to a few other cities in 2015.

In January 2015, a price index that property taxes are based on was introduced. This will provide a more accurate estimate of property prices and their evolution over time. The number of real estate transactions increased by 10.1 percent between the first trimester of 2013 and the first trimester of 2014 (+10 percent for the number of residential real estate transactions). Prices however only increased by 0.1 percent over the same period. While the prices of land and commercial real estate have increased (respectively by 0.8 percent and 4.4 percent), those of residential real estate fell by 0.1 percent.

Real estate loans outstanding were at MAD238.3 billion (about US$24.6 billion) in January 2015, a 3.3 percent increase from the previous year. Housing loans increased by 6.2 percent over the same period while loans to real estate developers decreased by 3.8 percent.

Construction sector value added decreased by 0.3 percent during the third quarter of 2014 compared to the previous year. Sales of cement have been decreasing for three years, by 1.6 percent between 2011 and 2012, 6.4 percent the following year and 5.4 percent between 2013 and 2014.

In terms of outlook, the expectation is for the sector to recover in the medium term as the deficit for low-cost housing remains high and the rate of urbanisation and population growth, around one and a half percent per annum, creates 120 000 units of new demand each year. Major obstacles still remain, including land access and management, titling, and affordability.

Policy and regulation

Housing finance policy in Morocco is focused on stimulating the private financial sector to provide housing finance and lend downmarket, using regulation, financial incentives, and effective information management systems to identify and address market inefficiencies. In order to stimulate the production of housing, the Government of Morocco uses a package of incentives designed to facilitate both demand and supply of low-cost housing. They include tax breaks (as defined in the 2008, 2010 and 2013 Finance Acts), changes in zoning and urban planning and the provision of government-owned land through public private partnerships.

Until 2016, the aim is to reduce the housing shortage by 400 000 units, yet the government is struggling to reach its targets and will need to investigate ways to be more effective in stimulating housing. In 2014, about 133 000 housing units were completed.

The policies which were recently undertaken, but with little to no effect on housing production, include:

a) 2015 Finance law:
- Rental housing targeted at the low and lower middle classes benefited from tax exemptions with the condition to respect a ceiling rental price.
- For the MAD250 000 type of social housing, the maximum rent was increased from MAD1 200 to MAD2 000 a month.
- For the MAD140 000 type of social housing, the maximum rent was increased from MAD700 to MAD1 000 a month.
- Those incentives, that previously had little impact on the rental market, did not change the situation any further when improved.

b) 2014 Finance law: The sale price per square meter of housing for the middle class was limited to MAD6000 all taxes included in the 2013 Finance law. The 2014 Finance law increased this maximum price to MAD6000 excluding taxes.

Opportunities

As European markets recovered in 2014, and fiscal and regulatory reforms continue to open up the economy and improve the business environment, Morocco can expect foreign investment to increase and the economy to improve.

The real estate and construction sectors are currently experiencing a slower period, though the impact of the 2013 Finance Law that support smaller contractors and allows them to benefit from tax benefits related to social housing production, as well as steady demand and the backlog, is expected to lead to resilience in these sectors. Demand is still high, particularly among the low and middle-income population. Although slow to develop, covered bonds will be another significant innovation for Morocco, opening up the market for longer and more affordable housing finance.

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Mozambique

KEY FIGURES

Main Urban Centres	Maputo (capital), Beira Matola, Nampula
Exchange Rate: 1 US$***	38.34 New Mozambican Metical (MZN)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	4.2 | 2.4 | 5.1 | 5.6
Population^ | Population growth rate (2013)^	26 472 977 | 2.44
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	31.93 | 3.28
GDP / capita (current US$)^ | GDP growth rate (annual %)^	618.96 | 7.37
GNI / capita, Atlas method (current US$) ^	630
Population below national poverty line*	54.7
Unemployment rate (%)*	7.5
Gini co-efficient (year of survey)^^	45.66 (2008)
HDI (Global Ranking)" | HDI (Country Index Score)"	178 | 0.393
Lending Interest Rate^	22.50
Mortgage Interest Rate (%) | Mortgage Term (years)#	19.00 | 25
Credit % of GDP^	33.12
Average Mortgages % of GDP°	0.14% (2008)
Price To Rent Ratio City Centre** | Outside City Centre**	3.62 | 6.76
Gross Rental Yield City Centre** | Outside of City Centre**	27.6% | 14.79%
Outstanding home loan (% age 15+)##	...
What is the cost of standard 50kg bag of cement (in US$)? #	6.00
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	...
What is the size of this house (in m²)? #	...
What is the average rental price for a formal unit (in US$/month)#	3 000 – 7 000
What is the minimum plot size for residential property (in m²)#	...
Ease of doing business rank !	127
Number of procedures to register property !	6
Time (days) to register property !	40
Cost (% of property value) to register property !	6.90

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

Mozambique is experiencing a period of political and economic transition. A newly elected president and the expected launch of large natural gas projects, promise to alter the country's economic and social landscape dramatically.

Mozambique's economy has been growing at an average of between 7.5 to 8 percent over the past decade and its future economic potential is now underpinned by vast natural resources. Growth is expected to remain around seven percent in the short to medium term. The inflation rate is well below the medium term target of the government and analysts expect it to average around 4.5 percent for the foreseeable future. However, despite natural resources and fast economic growth, Mozambique is developing from a very low base and continues to be among the lowest-ranked countries on a GDP per capita basis (averaging US$619 between 2010 and 2014 according to the World Bank). It will take some time for the economic benefits to spread through the whole economy (EIU, 2015).

Mozambique has a relatively low level of urbanisation with only 31.2 percent of people living in cities. However, the urbanisation rate is estimated to be 3.28 percent per annum and is expected to accelerate further with the recent gas discoveries. The concentration of business and political power as well as the urban population in Maputo means that it will continue to be the hub for development.

The country still suffers from high levels of poverty and vulnerability. The United Nations Development Programme's (UNDP) Human Development Report (HDR) 2014 ranked Mozambique 178th out of 187 countries. The poverty rate remains high at 55 percent with most of the poor living below the consumption poverty line of US$0.6 a day in rural areas. Poverty is further compounded by economic growth that is failing to create sufficient jobs. Over 300 000 new job seekers enter the Mozambican labour market every year. Yet Mozambique is characterised by high unemployment (22 percent) and high under-employment (over 87 percent), with the vast majority of the labour force engaged in subsistence farming and informal activities. Mozambique is attempting to remedy jobless growth by incorporating employment creation, industrialisation and business improvement policies into its most recent policy documents (which include a Poverty Reduction Strategy Paper, Economic Development Strategy and government plans). The government's overarching economic policy goal is to promote inclusive growth and poverty reduction as the economy moves toward the exploitation of natural resources. The government recently approved a long-term National Strategy for Development (ENDE) for the 2015 to 2035 period. The ENDE places particular emphasis on industrialisation and the key priority areas of agriculture, fisheries, industrial diversification, infrastructure, the extractive industries and tourism.

Access to finance

The Mozambique financial sector has seen a fast expansion during the last years, although it is still considered to be underdeveloped. Approximately 90 percent of Mozambicans are without an account with a formal financial institution, and formal credit is available to only an estimated three percent of the population (AEO, 2015).

The banking sector has 19 registered banks accounting for 95 percent of total financial system assets. However, 87 percent of the total financial sector's assets are concentrated in the five main banks. The sector is fast expanding both in assets and geographical coverage, and is deemed to be healthy and stable. The latest available data for 2014 reveal an average bank capital adequacy ratio of 15.9 percent and reserves ratio of 10.1 percent (the regulatory reserve rate remained at eight percent), while NPLs remain below four percent in accordance with international standards (AEO, 2015). Lending rates remain high despite the fact that Banco de Mozambique decreased its benchmark rate by 7.5 percentage points since January

2012, prime lending rates have only fallen to 14.8 percent in 2015 from 19 percent in 2011 (EIU, 2015).

Most of Mozambique's commercial banks offer a mortgage product, but the mortgage loan to GDP ratio is very low measuring 0.6 percent. Analysis by UN-Habitat (2013) on the extent of housing lending suggests that banks' mortgage portfolios represent 8.3 percent of total loans to individuals and 2.24 percent of total outstanding loans. The conditions for mortgage loans are generally restrictive reflecting the banking industry's great cautiousness. Loan-to-cost maximums are generally set at a minimum of 70 percent. Commercial banks request another property or fixed assets as collateral for a transition loan at least until the construction is 80 percent finished, and thus can then be mortgaged. Mortgages in Mozambique have a maturity of 12 to 25 years. Approximately only 15 percent of residential properties with mortgages have legal titles. For housing loans, the average annual effective interest rate is calculated based on the banks' prime rate of 15 percent plus a mark-up of up to five percent depending on the client's credentials (typically 19 percent). The minimum loan amount is around MZN300 000 (US$10 000).

To make housing loans more accessible, some banks offer property leasing or rent-to-buy schemes in which the property is made available on a rental basis to a tenant who has an option to buy the property at the end of the lease. The Fund for Housing Promotion (FFH) has agreements with several banks to make mortgage loans accessible for potential beneficiaries of its projects. Banks also offer construction and renovation loans – these have shorter terms, sometimes three to five years, made available as unsecured loans and therefore at a higher interest rate of about 22.5 percent. In some cases, the lender requires a guarantee or other form of collateral. Developer finance is considered to be too limited and expensive, with rates up to 23 percent.

Although the microfinance sector is vibrant, only five microfinanciers offer housing microfinance as a product. There have been significant changes in this industry over the past few years and the depth of financial intermediation remains low. Currently only Socremo, at a very small scale, offers housing loans for home improvement and rehabilitation purposes.

Affordability

The country's new found mineral wealth is the main reason that house prices have soared. However, there are several additional reasons for high housing costs such as: high construction costs (more than 30 percent higher than in South Africa), high material cost, low labour productivity and high financing costs. Most materials are imported with only the most basic materials (such as cement and wood) sourced locally. Furthermore, the lack of basic infrastructure adds to the total costs of the development. Plots are often far from main roads and not linked to the public water and electricity network. Plots that are already more developed are transferred at extremely high prices (even though the law clearly outlines that land is government owned and may not be acquired, however the right to use the land (DUAT) may be passed on).

Furthermore, although the minimum wage was revised to MZN3 010 (US$79) in April 2014, the majority of population earns less than US$60 a month. Banks offering mortgages have a minimum loan amount of MZN300 000 (about US$7 824), which is out of reach for the majority. At the current rate of 19 percent, it would be affordable only to a household with a monthly income of about MZN45 000 (US$1 174). An analysis by UN-Habitat suggests that a net income of MZN46 500 (about US$1 213) is typical for a middle high income family. At that income, the maximum mortgage that could be achieved (assuming an 80 percent loan-to-value ratio over 20 years at 19 percent interest) is about MZN 1.1 million (US$28 690). The family would need to save a further third of the purchase price to cover the deposit requirements, registration costs and taxes, and valuation and origination fees.

With regard to the lack of affordable housing and the lack of access to finance, most families rely on their own savings, local materials and self-build for housing construction. UN-Habitat suggests Mozambican families have invested at least US$3 billion in informal housing in Maputo alone. Housing affordability is a challenge also in the rental market, where high demand and the lack of adequate supply has resulted in highly inflated prices across all sectors, with owners setting sky-high monthly rental i.e. US$1 500 – US$10 000 per property in Central Maputo.

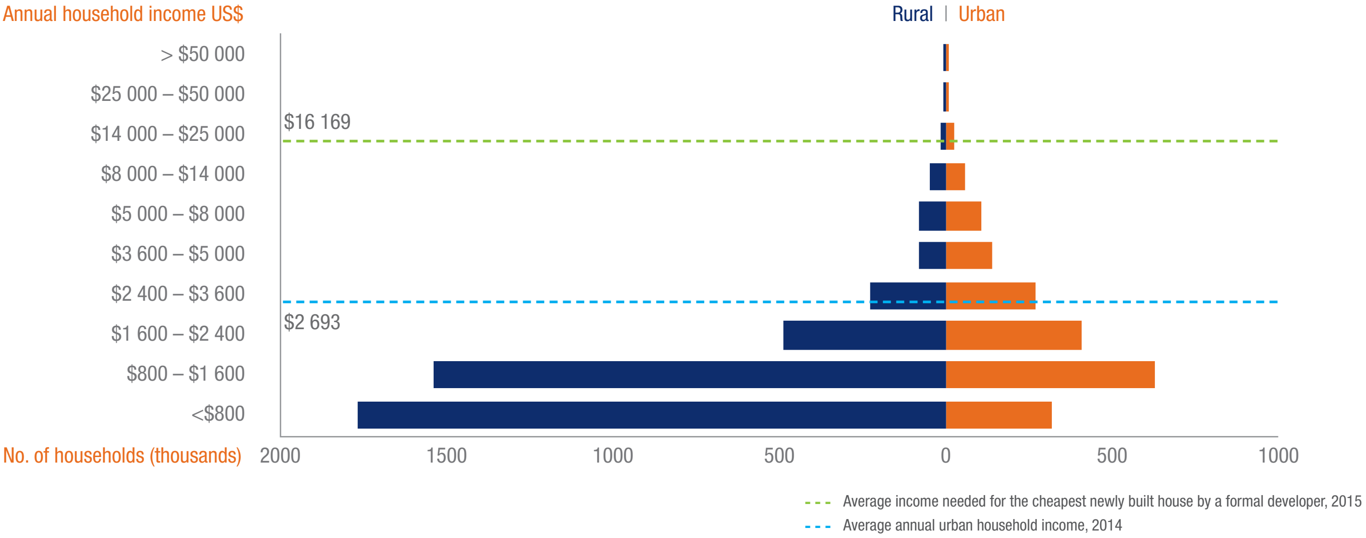
Demand for housing far outstrips supply, so it might be a while before housing and rental prices stabilise. That being said, the housing market in the country is simply too difficult for low income earners to access.

Housing supply

Estimates by the FFH point to a housing deficit of two million units and over 13.5 million people – the equivalent of 2.5 million families or 60 percent of the Mozambican population live in substandard housing; and approximately 70 percent of households in Maputo live in informal housing. In Maputo alone, the demand has been estimated at 23 000 units over the next five years in the areas of Beixa, Museu, Polana, Sommerschield I, Sommerschield II and Marginal neighbourhoods. Only 4 500 new housing units are expected to enter the market in central Maputo over the same period. Furthermore the housing deficit is also felt in other emerging economic centres in the country such as Tete, Namoula and Pemba. Over the next five years, housing demand in Nacala is expected to grow to 4 475 units and 6 500 units in Pemba.

There is very limited current investment in the low-cost housing sector, as superior returns can be achieved on high-end projects. Low-cost housing developers are also put off by the need to build the supporting major transport and services

MOZAMBIQUE



infrastructure to service new sites, the lack of government support for low-cost housing schemes, and the limited ability of low income households to access affordable finance. While very few private projects aim to deliver affordable housing, Casa Jovem in Costa de Sol Maputo is often mentioned as one such example. Casa Jovem is a 36 hectare housing project under development on the outskirts of Maputo. The project comprises 1 680 flats in four to eight storey walk-ups, and 300 houses. To date, 100 flats have been constructed. However, priced at US$47 000 – US$130 000, it is out of reach for most Mozambicans.

In its five-year Plan (2010-2014), the government committed to building 100 000 houses and servicing 300 000 plots of land by 2014. According to local news sources, the government had only delivered 1922 houses by the end of 2014. The housing target in the new five-year plan (2015-2020) is very modest with the state only committing to build 35 000 by 2019 (7 000 a year). Through the 'Housing Action Plan for the Young, Civil Servants, and Old Combatants', these broad delivery plans get more detail: 20 percent of the planned housing delivery is to be completed by government, 30 percent by the private sector and 50 percent by residents themselves through self-construction. Only five percent of houses are to be fully subsidised. The FFH will take the lead in the implementation of the action plan and will collaborate with all municipalities. The FFH foresees the development of public private partnerships to diversify its financial resources.

Over the years, there have been some noteworthy public private partnership arrangements. This includes the construction of the project Intaka (which began in 2012), with a scope of 5 000 houses in the southern city of Matola, in partnership with a Chinese construction company. Unit prices are expected to be US$63 000 – US$158 100. An agreement with the Chinese government promised a further 5 000 houses in other cities. A partnership with a Spanish construction group will see the development of 4 500 houses in three provinces, with prices starting at US$30 000 in Maputo City Tower, where construction was launched in April 2014. In 2013, FFH launched the construction of 100 houses in Mutaunha, (in Nampula) financed through the sale of houses in the Olympic Village. Furthermore, according to a 2014 announcement, 240 apartments are expected to be constructed during the second phase of construction. The project is valued at US$30 million and will increase the housing stock of the Olympic Village to about 1 100 homes. Other developments include a US$217 million facility provided through three credit lines by the Indian government, in 2013, that will fund public works and housing projects. The projects will include the construction of 1 200 houses in Tete (400 Units), Zambézia (400 units) and Cabo Delgado (400 units) provinces. This project was put out to tender in September 2014. In addition, FFH signed agreements for a new social housing project in the Provinces of Cabo Delegado, Nampula, Tete and Maputo, where the Macau Charlstrong Engenharia, Technologia e Consultoria, Ltd, will construct 50 000 housing units at a total cost of US$5.5 billion. According to its website, the South African company, Sasol, in collaboration with Companhia Mocambicana de Hidrocarbonetos (CMH) and the International Finance Corporation (IFC) is aiming to deliver 97 houses in Vilanculo on 22ha of land. These houses are intended for their staff complement working there, the majority of which being Mozambicans.

Despite the multitude of new housing developments initiated, the pricing of these units only make them affordable to middle and higher income earners and civil servants. But they are still meeting otherwise previously unmet demand.

Going forward, with construction of the new ring road underway in Maputo, huge tracts of land in the north and the north-west of the city will open up for development and are expected to create a much needed opportunity to create big scale affordable housing projects.

Property markets

The state owns all land in Mozambique. Land rights may not be sold, mortgaged or otherwise alienated. The Land Law recognises a "use right to land", known by the Portuguese acronym DUAT (directo de uso e aproveitamento dos terras). Any investment made on the land itself, is considered to be private property and can be bought, sold or mortgaged.

Land use rights are obtained by inheritance, occupation, state grant, purchase or lease. In urban Mozambique most residents access land through the land market (62 percent), either obtaining land on the formal market by buying or leasing use-rights held by DUAT holders or, more commonly, obtaining use-rights on the informal markets. Other means of accessing land include customary rights systems such as inheritance or borrowing (19 percent), state allocation (13 percent) and occupation (6 percent). Most rural land is held by communities, which have perpetual DUATs based on their traditional occupancy. Foreign persons and entities with local residences may obtain DUATs in connection with approved investment projects. Some developers are cautioned by the fact that land can be leased for 50 years with an option of renewal. According to the Global Housing Indicators, only 20 percent of properties are registered. It takes an estimated 40 days to complete the six procedures involved in registering property and the process costs an estimated 6.9 percent of the property value (USAID, 2011).

The registration and cadastre systems still only cover limited urban areas. This limits the amount of formally financeable land through mortgages and contributes to a general lack of clarity on property titles. Secondary sales are also limited. Apart from the fact that they are difficult due to the protracted procedures and consents necessary because of leasehold tenure, owners also avoid the risk of forfeiting current rights in the process of sale (fearing, for example, that the title may be questioned). Some rented housing stock converted to private ownership is emerging from government's policy since 1991 of divestiture to existing tenants at concessionary prices and interest rates. The majority of this stock has already been sold.

A country specific property market issue pertains to the occurrence of "downward raiding" by higher income earners of plots occupied by low income groups due to the unmet demand for suitable land for housing. As a result local buyers are pushed out of the cities into cheaper areas. The ensuing land scramble has caused further problems as some local Mozambicans have faced losing their homes (especially those without a formal title to their houses).

Finally, using land as collateral is limited. Collateral enforcement through the regular court systems takes a long time (on average three years) and there are many instances of fraudulent titles.

Policy and regulation

One of the major constraints in Mozambique's property market has been legislative. Many of the laws governing property predate as far as the 1960s and have not been improved since then. Furthermore, there is no single Housing Agency in Mozambique. DNHU (the National Directorate for Housing and Urbanisation) and FFH (the Housing Promotion Fund, both under the same ministry, MOPH; "Ministério das Obras Públicas e Habitação") are the two government agencies with specific mandate for housing. With the reorganisation of the MOPH in 2010, the different departmental roles were clarified so that DNHU is in charge of the politics side and FFH has the mandate to act as an implementation agency of the housing policies. At the same time, within the MOPH, a Directorate that is responsible for the building materials was also created.

The list below provides a brief overview of the main policy and regulation frameworks governing the housing sector.

- Article 109 of Mozambique's Constitution (2004): States that all ownership of land vests in the state and all Mozambicans shall have the right to use and enjoy land as a means for the creation of wealth and social well-being. The Constitution further provides that the state shall recognise and protect land rights acquired through inheritance or by occupation, unless there is a legal reservation or the land has been lawfully granted to another person or entity.
- The Land Law (1997):The 1997 Land Law reasserts the state's ownership of land and provides that individuals, communities and entities can obtain long-term or perpetual rights to use and benefit from land. The Land Law protects the customary rights of communities to their traditional territories and recognises rights obtained through traditional and good-faith land occupancy as equivalent to rights obtained by government grant. Community land use rights are legally equivalent to rights granted by the government to individuals and entities. Women and men have equal rights to hold land. Nationals have unrestricted rights of access to land; foreign individuals and entities must have local residence and an approved investment plan.

- Rural Land Law Regulations (1998): Provides rules for the acquisition and transfer of use-rights. The process for identifying and recording the rights of local communities and good-faith occupants is governed by the 2000 Technical Annex to the Land Law Regulations.
- National Land Registry and Real Estate Cadastre (Decree No. 1/2003): Established new provisions for the registration of inherited land use rights and secure rights to customary rights-of-way.
- Urban Land Regulations (2006): Apply to existing areas of towns and villages and to areas subject to an urbanisation plan. The regulations govern the preparation of land use plans, access to urban land, and the rights and obligations of owners of buildings and DUAT holders.
- Financial Sector Development Strategy 2013-2022 (MFSDS) (2013): Provides an overall vision and a comprehensive and detailed roadmap for reforms in the financial sector. The strategy foresees the elaboration of a policy on housing finance, which will address necessary reforms for the development of the financial market for construction and purchase of housing. A first step in improving housing finance has already been implemented by revising the status of the FFH, giving it access to a variety of refinancing resources.
- Economic and Social Plan and the Slum Upgrading Strategy (2012): Both add emphasis to housing and urban infrastructure upgrading.
- Housing Policy (2011): The policy foresees the creation of adequate housing at an affordable price for all social groups. The policy recognises the need to improve land management, facilitate access to infrastructure as well as promotion of housing construction and availing financing resources. It highlights the need for the creation of institutional structures which will allow coordination of the joint effort of line ministries in implementing necessary reforms.

Opportunities

Mozambique is experiencing healthy rates of economic growth and foreign investment. Analysts suggest that the development of the natural gas and coal reserves in Mozambique should have a dramatic impact on GDP growth and create opportunities in the industrial and commercial sectors. While this has, and will continue to support, a boom in the higher end property market, the need for greater supply of affordable housing is significant. Housing finance is largely cash-based, and there is a dire need for long-term housing finance.

Therefore, there are enormous opportunities for both the public and private sectors to strengthen the development of housing finance, as well as increase its supply. Possible initiatives include expanding tailored housing loan products to low income groups; and introducing innovative and competitive housing solutions and products for the poor. There is enormous need and potential for housing microfinance. This is due to a number of reasons such as: a pre-existing microfinance industry, self-build being an accepted building method, provision of starter plots by the Housing Promotion Fund and secure tenure among urban dwellers.

Furthermore, given the price escalations of building materials, opportunities exist regarding the use of alternate approaches, technologies and materials that could help reduce the need for imported building materials and speed up the delivery of affordable housing.

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Namibia

KEY FIGURES

Main Urban Centres	Windhoek (capital), Walvis Bay, Swakopmund
Exchange Rate: 1 US$***	12.58 Namibian Dollar (NAD)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	6.0 | 5.3 | 4.1 | 5.0
Population^ | Population growth rate (2013)^	2 347 988 | 1.92
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	45.68 | 4.13
GDP / capita (current US$)^ | GDP growth rate (annual %)^	5 719.58 | 4.48
GNI / capita, Atlas method (current US$) ^	5 820
Population below national poverty line*	28.7
Unemployment rate (%)*	28.1?>
Gini co-efficient (year of survey)^^	61.32 (2009)
HDI (Global Ranking)" | HDI (Country Index Score)"	127 | 0.624
Lending Interest Rate^	8.70
Mortgage Interest Rate (%) | Mortgage Term (years)#	10.50 | 20
Credit % of GDP^	47.54
Average Mortgages % of GDP°	18.21% (2011)
Price To Rent Ratio City Centre** | Outside City Centre**	12.98 | 3.03
Gross Rental Yield City Centre** | Outside of City Centre**	7.71% | 32.97%
Outstanding home loan (% age 15+)##	5.13
What is the cost of standard 50kg bag of cement (in US$)? #	8.04
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	18 563
What is the size of this house (in m²)? #	42
What is the average rental price for a formal unit (in US$/month)#	464
What is the minimum plot size for residential property (in m²)#	300
Ease of doing business rank !	88
Number of procedures to register property !	8
Time (days) to register property !	52
Cost (% of property value) to register property !	13.80

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database
?> Namibia Statistics Agency Namibia Labour Force Survey 2014 Report

Overview

Namibia is a middle income country in Southern Africa, with the GDP per capita of US$5 719 in 2015. Namibia is one of Sub-Saharan Africa's most stable countries, as well as one of its most attractive investment destinations.

The country recorded a slight increase in the real GDP growth which strengthened from five percent in 2014 to 5.5 percent in 2015. This steady increase is forecasted to strengthen further over the short to medium term. However, the economy portrayed an improvement in agriculture, construction and the utility sectors.

The bulk of Namibia's imports, including most food products, are sourced from South Africa. As a result, domestic inflation will remain heavily influenced by inflationary trends in South Africa. According to the Bank of Namibia website (2015) the inflation rate for Namibia was recorded at 3.30 percent.

Namibia suffers from relatively high rates of unemployment, and while this has been improving over the past few years, it still stands at 28.1 percent, representing a 2.9 percent increase from the 27.4 percent recorded in 2014. Furthermore, Namibia has a Gini coefficient of 0.59712 making it one of the most unequal societies in the world. In Namibia, the richest 10 percent earn 107 times the income of poorest 10 percent (compared to 16 times in the US). The ratio highlights the fact that Namibia is effectively two economies – one modern with a skilled workforce of around 200 000, and the other based on subsistence farming, employing the majority of the populace who live below the poverty line, currently at 28.7 percent.

Access to finance

Namibia's financial banking system, with strong links to South African financial institutions, is mature and efficient. There are 7.5 commercial bank branches per 100 000 adults and 50 ATMs per 100 000 adults in Namibia. Namibia scores high in terms of 'ease of getting credit', in 61st place out of 189 countries, although down 11 places from 50th place recorded in 2014.

There are four large commercial banks in Namibia, all privately owned. Three of the banks (Nedbank, Standard Bank and FNB Namibia) are subsidiaries of South African banks; the fourth (Bank Windhoek) is Namibian-owned. EBank, a branchless commercial bank began operations in November 2014 and is Namibian owned. FIDES Bank Namibia, a micro-credit bank and the SME Bank focus on small and medium-sized enterprises. Furthermore, there is Development Bank of Namibia responsible for financing development infrastructure, one savings bank (Nampost), an ABSA Representative Office, 16 insurance companies and 297 microlenders. Namibia's banks are regulated by the Bank of Namibia (BoN or Central Bank) while insurance companies and microlenders and regulated by the Namibia Financial Institution Supervisory Authority (NAMFISA).

The banking sector recorded an increase in the financial market share growing from 40 percent in 2013 to 42.9 percent in 2014. Traditionally, lending to households and corporations has been a significant part of bank credit and has been increasing, with about 34 percent of the banks' total assets being in the form of mortgages in 2014.

Banks are well capitalised and highly profitable even though, according to the Economist Intelligence Unit (EIU) (2015), banking institutions are vulnerable to shock in the property market such as rises in interest rates or fall in house prices. According to NAMFISA (2015) the household debt to disposable income (83.9 compared to 87 in 2014) remains an area of concern especially for law makers despite a low level of NPLs – 1.5 percent of gross loans recorded in 2014 from 1.3 in 2013. The concentration of lending in mortgages heightens the banking sector's vulnerability to shocks in the property market. Mortgage loans rose by 12.2 percent in December 2014 from 13.0 percent in December 2013 therefore bearing a huge impact on the household debt which increased from 11.1 percent in December 2013 to 15.0 in December 2014.

The infrastructure to facilitate mortgage lending is fairly well developed. In terms of the World Bank's 2015 Doing Business Report, Namibia scores four out of a possible eight on the 'depth of credit information' index, as the country has three private credit bureaus that include data on about 64.3 percent of the adult population. Government has issued a bill on the Supervision of Financial Institutions, which includes the licensing and regulations of the credit bureau sector. What is lacking is a collateral registry system unified geographically and by asset type.

Some microlending for housing purposes is on the increase through organisations such as the Shack Dwellers Federation of Namibia (SDFN), a community organisation that aims to improve living conditions of poor Namibians by providing its members with building loans ranging from N$20 000 (US$1 467) to N$ 35 000 (US$2 568). The loans are repayable within a period of 11 years at an interest rate of 0.5 percent per month. The government's Financial Sector Strategy also includes improved consumer literacy and protection, and local ownership in commercial banks. Pension-based lending for housing is allowed, although concerns have been raised that part of the money is diverted for consumer rather than long-term housing spending. Better enforcement for correct use is needed.

To promote enhanced access to financial services, Namibia launched a Financial Sector Charter (FSC) in May 2009, which will be in effect until 31 December 2019. The FSC is a voluntary code of conduct for the transformation of the Namibian financial industry. Among its objectives are creating greater access to and affordability of financial products and services. There are specific targets regarding lending to formerly disadvantaged members of the population, which should encourage even greater lending by the financial sector. The FSC was followed by a Financial Sector Strategy 2011-2021.

FinScope Namibia 2014 reports that the number of people who are unbanked has decreased from 50 percent in 2007 to 31 percent in 2012, with usage of insurance doubling over the period. Transaction banking and savings also increased by about 30 percent. Use of credit and loans went up by five percent, from 15 percent in 2007 to 20 percent in 2011. The FSC targets anticipate that 74 percent of Namibians will have access to financial service by 2019. In 2012, the FSC developed new legislation to establish a regulatory framework for tier II banks, which will serve as microfinance oriented banks with a special focus on serving the low income segment of society.

The Mass Housing Development Programme (MHDP) was launched and implemented by the Government of the Republic of Namibia in 2013 aimed at increasing investment in the affordable housing sector to increase the production of the housing stock and significantly increase the supply towards meeting the demand for housing in the country. The increase in the housing supply will result in the reduction of the prices for houses in the long run as the economic principle of supply and demand dictates.

Furthermore, in order to ensure that the government can deliver on its affordable housing delivery targets, the Presidency has proposed that the funding model as was proposed in the mass housing Blueprint will be used for the implementation of the Mass Housing Development Initiative including financing modalities tailor-made to resource the sub-programmes. Private developers play a vital role in the housing construction industry and therefore have been encouraged to refrain from charging exorbitant and inflated prices.

The model consists of four major sources of funding, namely:

1) Government grants and subsidies: The government will provide, within its resource capacity, annual grants to households in the income bracket of between N$1 500 (US$11 049) and N$4 900 (US$36 092) per month. To start with, government subsidies will mainly go towards land development, building input cost mitigation, rural sanitation and programme management. Current government grants provided under 2013/2016 MTEF for housing projects will be diverted to the mass housing development programme and will serve as a start-up capital to kick start the programme.
2) Public Private Partnerships Significant financial resources will be mobilised through public private partnerships to be entered into between the National Housing Enterprise (NHE) and private sector entities. The partnership model, which is already being pursued by the NHE in its current capital financing operations, entails the mobilisation of funding through turnkey solutions, bridging finance and co-end user financing. Turnkey funding solutions are provided by companies that bring in finances and have the technical capacity to construct, whereas bridging financiers are those that provide funding to enable the roll out of projects and immediately recoup their investment at the completion of such projects. End-user financing is provided by commercial banks that have entered into partnerships with NHE to finance part of the clients, while NHE finances the remainder of the clients. The first phase of the programme is being implemented using conventional building materials (brick and mortar) whereas alternative building materials may be considered in subsequent phases.
3) Debt financing by local and foreign financial institutions. The option of debt financing through conventional way of borrowing will also be pursued in financing part of the programme. In certain instances, borrowing by NHE will require government support through the provision of a guarantee or other facilitative support.
4) Savings of households involved in SDFN housing schemes: The utilisation of savings of households involved in the Shack Dwellers Federation of Namibia (SDFN) housing saving schemes will also be used to partly fund land servicing and people housing processes component of the programme. An annual budgetary allocation of N$50 million (US$3.68 million) will be made to the Twahangana Fund operating under the auspices of SDFN assisted by Namibian Housing Action Group (NHAG).

Affordability

According to the March 2015 First National Bank (FNB) Housing Index, a median housing unit costs N$842 000 (about US$65 154), up from N$774 000 (US$59 923) by a private developer in June 2014, while a small-sized property costs N$280 000 (US$18 563) by a public developer (NHE). In terms of affordability at the current interest rate, households need to earn N$10 500 (US$70 743) to afford a small house and N$38 700 (US$2 989) for a medium house. The average price of a house financed by FNB costs NS$720 000 (about US$65 498). As 93 percent of the population earn less that N$7 000 (US$51 362) a month, the majority of the population cannot afford mortgaged housing in urban centres across the country.

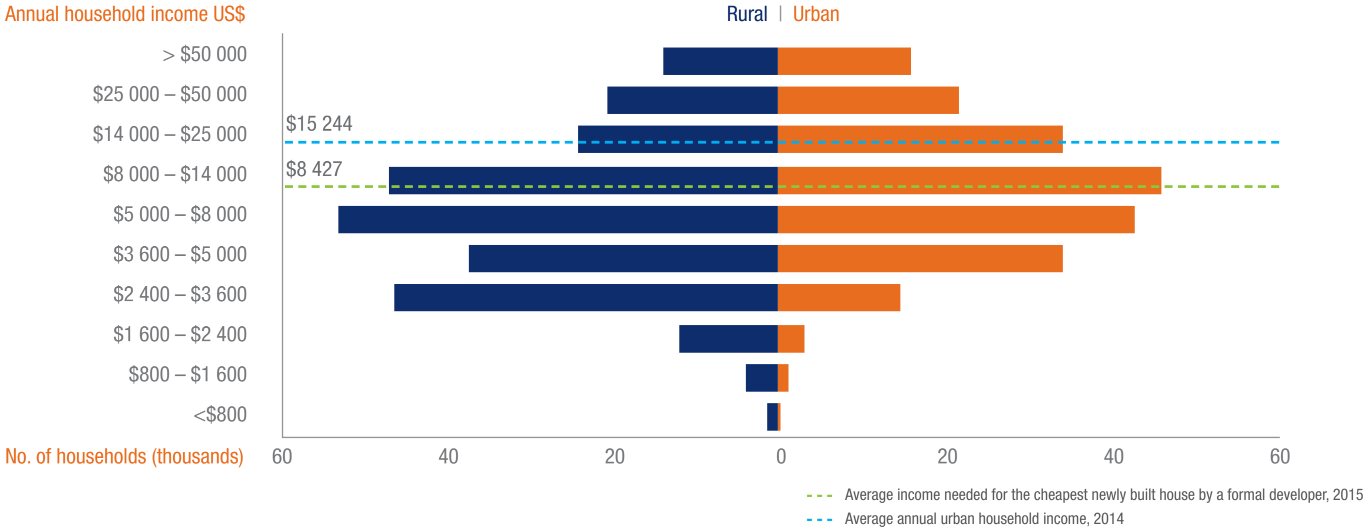
A significant component of this cost is land and services accounting for over half of the cost. The average price per square metre for construction of a house by a government appointed contractor is approximately N$5 000 (US$36 687). In June 2014, the Ministry of Works and Transport compiled a new mass housing price guideline that proposes lower charges per square metre to curb the exorbitant charges made by many companies and middlemen who won tenders. Part of the recommendations was that companies reduce their prices by between 15-30 percent to get the charge to around N$5 000 (US$36 687) per m^2 as originally requested.

Despite these interventions, Namibia remains the second only to Dubai, in housing price increase in the world. The status quo has prompted a section of disgruntled youth lead by expelled Swapo Youth leader, Job Amupanda, to form the Affirmative Repositioning Movement aimed at restoring the dignity of Namibian youth through access to serviced and affordable land. ARM threatened to grab land if their demands were not met by 31st July 2015. Government engaged the group a week before the set deadline and together agreed to service 200 000 plots under the Mass Land Servicing Programme (MLSP). This has brought back a sense of calm and hope in the country. However, until such time that such agreement is realised, housing supply remains low and therefore increase the already high demand for housing.

Housing supply

To date, the national housing backlog is estimated at over 100 000 housing units, which is growing at an annual rate of about 3 700 units. According to FinScope Namibia 2011, the majority of Namibians claim they own their housing, although the majority cannot prove this with a title deed. Only 24.3 percent say they bought their home; the majority (62.4 percent) say they built it themselves. A further 11.8 percent inherited their homes. Some 38 percent funded the ownership (purchase or construction) of their housing themselves through savings. An additional 36 percent said that their housing did not cost anything, as they had used found materials to construct the dwelling which suggests a high level of

NAMIBIA



informal housing. 80 percent of households have access to water within their yard and only 52 percent of Namibians have access to some form of toilet.

The main goal of the MHDP Is to construct 185 000 units by 2030 averaging 10 000 units per year. The programme has faced funding challenges which government is currently addressing. Although the MHDP has produced more than 1 000 units between March 2014 and April 2015, the national backlog remains relatively high in excess of over 100 000 units.

Since 2003, the NHE has built about 450 houses per year for its target market: households earning between N$5 000 (US$366) and N$20 000 (US$1 467) per month. Apart from constructing houses, the NHE has also been involved in servicing land in a number of local authority areas, resulting in a total investment in service infrastructure of about N$145 million (about US$10.7 million) between 2006 and 2012. Small NHE houses cost about N$275 000 (about US$20 235), on average inclusive of land cost. NHE loans are offered at a maximum of prime (10.25) minus one percent.

The private sector continues to engage with the demand for affordable housing. To this end, NHE has partnered with FNB Namibia, Standard Bank and Bank Windhoek which partnerships have assisted the institution with the necessary liquidity to develop housing more quickly. As a result of such partnerships, NHE has been able to implement in-house projects in towns such as Eenhana, Swakopmund, Ongwediva, Windhoek, Luderitz and Otjiwarongo to the value of more than N$365 million (about US$26.7). Most of these projects have been completed while others are near completion. In the NGO sector, SDFN and its service NGO, NHAG, are active in 84 cities across Namibia and has since secured 1 621 hectares, providing over 6 000 families with secure tenure and 1 576 of these with toilets, water and electricity.

Property markets

According to the World Bank's 2015 Doing Business Report, Namibia ranks 61st out of 189 countries for ease of registering a property, a significant rise of 117 places from 2014s ranking of 178. On average the eight procedures involved in registering a property take 52 days and cost 13.8 percent of the property value. In mitigating risks associated with quality, Namibia made transferring property more difficult by requiring a building compliance certificate before conveyancing can go ahead. The limited availability of serviced land is mainly due to a lengthy and outdated approval process for proclamation, surveying, subdivision and registration of land. According to the Presidency (2013), the various cumbersome procedures applicable in the process of acquiring a property in Namibia do have a bearing on escalating property prices of the limited housing stock available. The government in 2015 resolved to amend such processes in accordance with the agreement reached with the Affirmative Repositioning Movement to fast track land delivery.

The scarcity of available serviced land is both slowing down the process of housing delivery and pushing up the prices of serviced land, and is the key challenge facing the housing sector. Land prices saw an increase of 109 percent month-on-month in May 2014 and averaged N$122 000 (US$8 998 for a 300m^2 serviced stand and is therefore likely to add inflationary price pressure to new housing delivery further down the line. Land auctioning, the main technique used by local authorities to dispose of land until recently, is yet another contributing factor to the rising property prices.

Policy and regulation

According to the Presidency (2015) the Vision of the Namibian Government is to eradicate poverty in its entirety by, among others, providing affordable housing to all Namibians in line with Vision 2030 through increased investment in the housing portfolio and in the process eliminate all shacks that are prevalent in various regions and local authority areas in Namibia.

Within the context of the 4th National Development Plan (NDP4), government undertakes to have a "robust and effective housing delivery programme where affordability is the key feature of the programme", a concept that has seen the initiation of the MHDP as well as the MLSP. If these programmes are implemented effectively, government may attain its objective of housing 60 percent of its population by the end of NDP4 (2016/17). It is likely that extension on deadlines may be sanctioned given unexpected delays experienced especially in the implementation of the MHDP.

In 2013, a National Housing Technical Committee was also established to develop a mass housing development strategy. Spanning a number of government departments, the committee submitted its proposal to the Ministry of Regional and Local Government, Housing and Rural Development in March 2013. A member of the group, the NHE highlighted limited access to affordable, serviced land, the inflexibility in the current land tenure system, legislative and policy constraints that slow delivery and a rapidly appreciating property market as some of the challenges. The proposed plan sets out a differentiated funding model to cater for different economic and social segments of the Namibian population, drawing on government, private sector and household financial resources. A N$2.9 billion (US$212 million) budget was earmarked for allocation to the Ministry of Regional, Local Government, Housing and Rural Development to cater for the servicing of land and improved sanitary standards in urban, peri-urban and rural areas. The programme has been characterised by funding challenges which government is addressing by assessing local and foreign markets for potential institutions to provide affordable funding to the programme.

Opportunities

Over the past two years, government has showed renewed interest in addressing the housing needs of the country by allocating more resources into the housing portfolio. The MLSP is expected to contribute to the enhancement of the affordability capacity of many Namibians as the cost of servicing this land will be subsidised by government (100 percent). This will impact positively on the end prices of houses. The MHDP and the MLSP will in no doubt have a positive impact on the social well-being of most Namibians.

Regarding alternative building methods, a trial by NHE in which land was offered to alternative building technology developers to showcase their products proved that this building method does not necessarily offer cheap products as prices were generally the same and in some instance more expensive. The only advantage that could be drawn from ABTs is the time frame for delivery of houses which is faster compared to traditional building methods. Therefore, construction using traditional brick and mortar may dominate the housing market in the foreseeable future.

Not much has changed regarding the status of commercial banks as they remain overexposed to mortgages, which remains an ongoing concern in the economy. Therefore, there have been calls to provide greater opportunities for fundraising through securitisation, for example. This could increase the number of investment instruments and deepen the financial sector, as well as enable local authorities to raise the funds necessary for urban infrastructure development and thus increase the housing provision.

The recognised successes of the Shack Dwellers Federation of Namibia through its group savings and lending methods, incremental approaches to housing and use of land laws such as the Flexible Land Tenure System suggest a high potential for housing microfinance.

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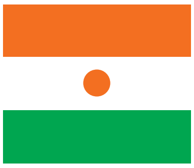

KEY FIGURES

Main Urban Centres	Niamey (capital)
Exchange Rate: 1 US$***	593.20 West African CFA
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	1.1 | 0.5 | 1.3 | 1.0
Population^ | Population growth rate (2013)^	18 534 802 | 3.87
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	18.47 | 5.23
GDP / capita (current US$)^ | GDP growth rate (annual %)^	440.72 | 6.90
GNI / capita, Atlas method (current US$) ^	430
Population below national poverty line*	59.5
Unemployment rate (%)*	5.1
Gini co-efficient (year of survey)^^	31.16 (2011)
HDI (Global Ranking)" | HDI (Country Index Score)"	187 | 0.337
Lending Interest Rate^	...
Mortgage Interest Rate (%) | Mortgage Term (years)#	8.50 | 15
Credit % of GDP^	14.20
Average Mortgages % of GDP°	...
Price To Rent Ratio City Centre** | Outside City Centre**	...
Gross Rental Yield City Centre** | Outside of City Centre**	...
Outstanding home loan (% age 15+)##	1.91
What is the cost of standard 50kg bag of cement (in US$)? #	10.96
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	10 958
What is the size of this house (in m²)? #	...
What is the average rental price for a formal unit (in US$/month)#	500 – 3 000
What is the minimum plot size for residential property (in m²)#	200
Ease of doing business rank !	168
Number of procedures to register property !	4
Time (days) to register property !	35
Cost (% of property value) to register property !	9.00

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

The Niger Republic is a landlocked country in the north-western part of Africa. It is bordered by Algeria and Libya to the North, Benin and Nigeria to the south, Burkina Faso and Mali to the west and Chad to the east. It covers 1 267 000 km² with two-thirds of its land mass desert. The population is concentrated in the narrow strip in the south where the main economic activities are farming and herding. Only 12.3 percent is arable land and the main cash crops are onion 'violet de Galmi", peanuts, sesame and black eyed peas "niebes". The country is rich in natural resources; uranium, petroleum, coal, gold, molybdenum, tin, phosphates, iron ore, gypsum and salt. In 1993 Niger was the first producer of uranium and then became third largest producer of uranium in the world in 2012. Also, Niger started producing petroleum in 2012. Among the natural resources only uranium and petroleum are being exploited. Niger in spite of its resources is among the least developed countries in the world with one of the lowest human development index, which, at 0.337 in 2013 and ranking last of 187 countries. The country has suffered from political instability and is still suffering from external threats along its borders; conflicts in Mali and Libya and religious conflicts 'boko haram' in Nigeria.

The country's economic growth slightly improved in 2014 and 2015 as illustrated by the GDP in spite of armed conflicts in the neighbouring countries and threats from 'boko haram'. The real GDP growth rate in 2014 increased to 6.9 percent as expected from 4.1 percent in 2013 despite security challenges. The growth was driven mainly by the construction sector, communication, transportation and agriculture which enjoyed a favourable weather and the implementation of the reforms in mining legislation which raises the country's tax revenue, especially Value Added Tax. The trend is expected to continue in 2016 with an estimated GDP rate of six percent.

Niger Republic has a young and growing population, 18 million inhabitants, three million live in cities, making the country lightly urbanised compared to other countries in the region. With a fertility rate of 7.6 children born per woman, one of the highest in the world, the urban population is estimated to double in 12 years and the demand for housing to remain very high.

Access to finance

Penetration of formal financial services is very low in Niger. In the past decade, however, Niger has witnessed the establishment of a number of new insurance companies, microfinance institutions and commercial banks and an increase in branches (49 in 2009, and some more recently, in the capital), most of which belong to the four largest commercial banks in Niger. The branches are concentrated in Niamey, the capital, with very few in other main cities. There are 11 commercial banks, a bank of agriculture (Bagri) established in 2011 and one mortgage bank (Banque d'Habitat), created early 2011 but still not operating. The practice of microfinance in the country is steadily growing, with about 15 active microfinance institutions (MFIs). Capital Finance and some others provide housing finance products, primarily for land purchase. These 15 MFIs reported to the Mix Market (an online repository of microfinance performance data and analysis) in the second quarter of 2015, and disbursed a total of US$15.9 million loans to 136 328 borrowers. These MFIs also held US$5.7 million in deposits from 321 151 consumers in the country. The data provided by Mix Market did not include deposits and loans disbursed by Asusu SA, one of the most popular MFIs in Niger. However, it is difficult to estimate the amount used for housing.

Prior to 2000, the government of Niger offered housing finance and government subsidised homes to government employees through a public and private owned credit and loan institution known as Crédit du Niger (CDN) and through a government-owned housing development company called Société Nationale d'Urbanisme et de Construction Immobilière (SONUCI). SONUCI is still operating but CDN has been liquidated, and in 2011 was replaced by Banque d'Habitat which to date is still not operating. In 2012, SONUCI developed a strategic partnership with some housing developers to build 2 000 houses by 2014. In 2013, construction was under way and each of the three prototype houses had been built and could be visited by potential clients. Construction is still underway in 2015.

A few commercial banks, such as Bank of Africa, Ecobank, Banque Atlantique Niger SA, BIA Niger and Sonibank offer housing loans to employees of private companies. In most cases these companies are the banks' clients and the loans are secured by the employer, or are mutual guarantee loans. In 2011, Ecobank and the national labour union of teachers (Syndicat National des Enseignants du Niger, or SNEN) signed a partnership agreement to finance an affordable housing development programme for teachers all over the country. Some of the beneficiaries were awarded their homes in 2012 and 2013. The initiative has had a positive impact in Niger, and other trade unions have developed similar projects with commercial banks or microfinance institutions. For the first time a trade union, Confederation Nigerienne Du Trvail (CNT), has developed a similar programme with the exception of accepting non-members of the union to participate in the programme as long as they meet the eligibility criteria.

Mortgage financing is still in an embryonic stage due to the low average income of employees in Niger, as well as other constraints, such as the low percentage of the population who are employed. There is no mortgage bank in Niger, however some commercial banks, as stated above, offer housing loans under certain circumstances such as having fixed employment for an individual seeking loan with the employer as a collateral and having a partnership or other agreements for developers or institutions in the housing industry. In most cases the down payment or requirement is a minimum of 10 percent-25 percent of the loan. The interest rate is between 8 percent and 10 percent. Apart from banks and other formal enterprises some private but informal housing promoters use their personal funds to build houses for low income and higher income brackets for rentals. Other forms of housing finance include personal savings, remittances and family assistance.

As with the majority of the West African Economic and Monetary Union countries, long-term funding remains a major challenge for Niger's housing market. Nevertheless, there are opportunities for developing national and regional mortgage banks and credit bureaux.

Affordability

Access to mortgage finance is extremely limited, and when available, interest rates and loan tenure render the cost of borrowing very high. As such, the majority of the population cannot afford housing. The smallest mortgage available is CFA Francs 6.5 million (about US$14 444), which, at an interest rate of 10.5 percent and repayable over seven to 15 years, would require a monthly repayment of US$129 to US$218. About seven percent of the country's population earn below US$60 a month (or US$2 a day), which makes even the smallest mortgage unaffordable. The high cost of borrowing in terms of interest rates also contributes to the low mortgage affordability in the country. Only about 22 percent of salary workers (representing less than one percent of the entire population), in most cases high-level government officials, and to some extent middle management staff in private companies and international organisations have access to housing finance.

The majority of the population in the urban areas rent their homes. Rental homes are provided primarily by informal housing promoters and SONUCI. Rent varies according to the quality and location of homes. It ranges from the equivalent of US$150 to US$3 000 a month in Niamey. Other forms of rentals include the popularly known 'rooms' or 'room and parlour' arrangements. These are found all over Niger, especially in the popular streets of the capital, and the average rent is between US$20 and US$100 a month. At present no company or institution provides rentals on a larger scale, not even SONUCI – that used to do so in the past. Additionally, less than 0.1 percent of the population has access to government subsidies for housing due to the fact that only salaried workers (and particularly government employees) qualify for subsidised houses.

Housing supply

Housing stock in Niger can be classified in three categories, based on the material used for construction: construction with mud and straw, and ceilings of wood (maison en terrecuite /banco); construction with mud and plaster with cement, and corrugated iron sheet for the ceiling (maison en semi dur); and construction with cement, concrete and stone, and corrugated iron for the ceiling (maison en dur) – modern homes. The average cost of construction of the different categories depends on the geographical location, the size of the land, the plan and the quality of the material used. The three categories are found all over Niger. In the capital, housing stock is predominantly constructed with durable materials, cement and concrete.

According to Sahel Dimanche, the public national newspaper, the rate of housing supply is insufficient to meet the demand, as illustrated by different national surveys. Demand is estimated to be 50 000 units per annum, for the whole nation and 6 000 for Niamey, the capital. The economic growth, political crisis in Libya and Mali and the rate of urbanisation have all accentuated rent and demand for houses in Niamey as well as in other cities. The absence of mortgage banks in the provision of end-user finance is a major challenge to the development of housing.

There are no recent statistics about the number of registered companies in the construction industry but majority of the companies are in roads and other urban infrastructure with very few in the real estate sector. Those in the real estate sector focus on land acquisition from traditional proprietors and servicing the land into plots. The serviced plots are sold to potential homeowners who build their homes incrementally. The majority of potential homeowners finance these

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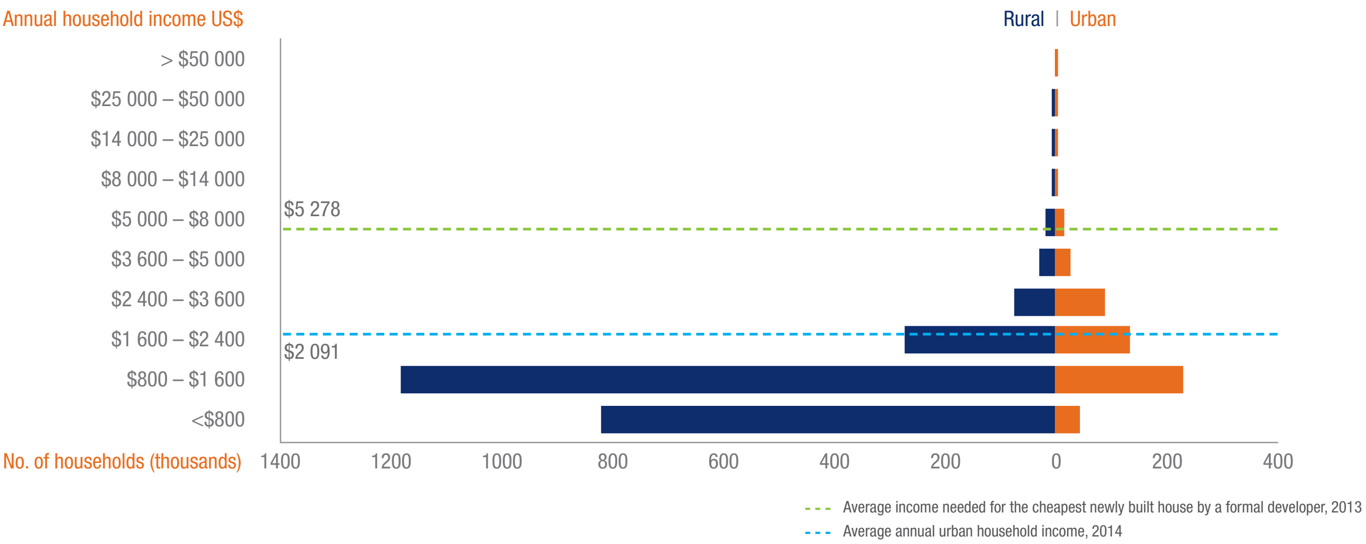

purchases with savings and loans. There are different methods of financing by commercial banks and MFIs, but among MFIs the most popular consists of initial savings over three to five years for land acquisition, after which a loan is granted according to the client's income and the land title. The loans, in most cases, are insufficient for building a home; therefore most homeowners build their homes over a period of time.

In the 40 years between 1960 and 2000, the government of Niger financed only 1 236 houses. Prior to 2000, the government of Niger offered government subsidised homes to government employees only and precisely medium and senior civil servants. More recently, the government has introduced policies that are intended to induce the private sector to participate in developing housing. These initiatives include public private partnerships and facilitating access to land for developers. The construction of low income houses such as the Sary-Koubou project, in Niamey financed by government, and the projet la Renaissance du Niger, financed by SONUCI, local banks and regional financial institutions are examples of recent progress. The Sary-Koubou project consists of 174 units made up of 1 to 4 bedrooms houses. Each unit is constructed on 200m² – 400m² and the project is located in Niamey. In 2014, 38 of the 174 houses of the Sary-Koubou project had not been delivered. The beneficiaries all signed the necessary documents for ownership last year and the remaining 38 houses which did not meet the deadline of 2013 were all delivered by August this year (2015). By August 2015 the 174 houses had all been delivered to their owners and they were fully occupied. The (projet de la renaissance) consists of 1 000 units of one to four bedrooms houses to be constructed all over the nation and 2 000 serviced plots of land. Each unit is constructed on 200 m² – 400 m². The Sary-Koubou houses are mainly for middle and senior income government employees, the project de la renaissance concern all Nigeriens without distinction as long as you meet the conditions which are 25 percent down payment, and the conditions of any of the banks approved by SONUCI. Other important projects under construction include the teachers' trade union housing programme. A project for members of "Syndicat National des Enseignements du Niger, SNEN" the project consist of 2 500 units to be constructed all over the country by DB-IMMO and financed by ECOBANK. Twenty nine (29) units were delivered in 2012 in Niamey and there is no official data for deliveries but the first phase of the project 1 058 units is under construction. The Société Nigérienne Des Products Pétroliers (SONIDEP) villas and the customs trade union housing in Niamey; the Capital Finance project has not been implemented although the company continues to sell serviced plots of lands.

Housing supply is expected to be boosted by the construction of low income housing units financed by the government or private investors among which is the construction of 100 houses in Dosso by SONUCI (Dosso Sogha) delivered in August 2015, 100 houses "Cite de renaissance" in Niamey, 198 houses by Society Federal Niger development in Niamey, 50 houses by SATU SA in Dosso, 76 houses in Maradi by DB IMMO, 248 houses for the military in Niamey, the acquisition of 88 hectares of land and 1 000 plots of land acquired by the government. Some public private partnership projects in the pipeline includes 1 000 houses by UPSTAND group in partnership with CBAO-Niger, 1 000 houses to be constructed by the Indians, 5 000 houses by China Geshouba Group co. Ltd, (CGGC) and 1 000 by Leawan Multilinks services.

Property market

Property prices have risen steadily over the past five years given an increase in demand for houses (and insufficient supply) also spurred by the boom in the mining sector in spite of the recent turmoil in the uranium sector. Due to the nascent petroleum industry, and the increase in urbanisation, there is a high demand for property. Foreign investors, rich Nigerien citizens and Nigeriens from the diaspora are buying properties and investing heavily in modernising the stock of residential and commercial properties in the capital and other cities. The growth in the market is expected to continue due to the growing demand for houses and commercial outlets, coupled with the ambitious programme of the president, known as 'Niamey Nyala' or 'Niamey the cute', a programme to metamorphose Niger's capital city Niamey into a modern, attractive city.

According to the World Bank's 2015 Doing Business Report, Niger ranks 95th globally in terms of ease of registering property. Four procedures are required to register property (less than the six procedures required, on average, across Sub-Saharan Africa), and the process takes 35 days (almost half the Sub-Saharan African average). Niger has maintained property value, nine percent compared to 11 percent of 2013, but the cost of registration is still relatively high.

Policy and regulation

Since the late 1990s, there has been a significant evolution in urban planning and urban management. The Niger Republic's national policy and regulation on land (Politique Nationale en Matière d'Habitat) was adopted on 29 December 1998. The law defines the procedures for housing finance and the approach to promoting housing development. These include creating a national housing fund scheme, creating a national research centre to promote construction materials and technology, and transforming CDN into a housing finance bank. The national policy on habitat advocates for housing loans by commercial banks, and encourages private investments and savings.

In 2012, the Public Private Partnership Act was adopted. This relates to the development of urban infrastructure, especially housing, where long-term financing is crucial. The goal of the act is to promote private interest in the development of housing and other urban infrastructure.

In terms of urban planning and land administration, the land administration law (la Loi d'Orientation sur l'Urbanisme et l'Aménagement Foncier, or LOUAF) was adopted in March 2008. LOUAF deals with customary property rights and decentralisation. The adoption of LOAUF has contributed to the clarification of responsibilities between the central authority and communal authorities. This in turn facilitated the registration of properties in rural areas. Prior to implementation, it was impossible to register rural land or properties. Research is needed to measure implementation and evaluate the impact on decentralised communities and the development of housing and housing finance in Niger and other UEMOA countries.

There are different ownership rights (for example, full and temporary rights, as well as customary rights). Although there has been reform in land administration, the registration of properties to obtain full ownership rights of land and property – land and property titles, or Titre Foncier – remains a challenge. The difficulties encountered will hopefully be addressed by Sheida, the reform system adopted by the UEMOA countries in 2006 to simplify the process of obtaining full ownership title. The reform has reduced significantly the cost of registration, and has eliminated unnecessary bureaucratic authorisations. The outcome of the reform can be measured in terms of the number of land titles awarded before and after the introduction of Sheida: 150 before and 1 000 after. There is an urgent need to update these figures and evaluate the impact of Sheida.

Sheida, LOUAF and the new investment code will certainly contribute to accelerating the development of housing and housing finance in Niger.

Niger has adopted a law (law NO 2013-28 of June 2013) laying down the foundation of urban planning and urban management since 2013. The decree to implement the law (2014/555) was signed last year and this is a major reform in urban regulation. It is expected that the decree 2014-555 dated 31st of July 2014 to enforce the law, will facilitate the implementation of projects of upgrading slums and contribute to making urbanisation a tool for economic and social development. Additional policies include:

- The Niger Republic's national policy and regulation on land (Politique Nationale en Matière d'Habitat) Adopted on 29 December 1998: The law defines the procedures for housing finance and the approach to promoting housing development. It advocates for housing loans by commercial banks, and encourages private investments and savings.
- The Public Private Partnership Act was adopted in 2012: Promote the development of urban infrastructure, especially housing, where long-term financing is crucial. The goal of the act is to promote private interest in the development of housing and other urban infrastructure.
- The land administration law (la Loi d'Orientation sur l'Urbanisme et l'Aménagement Foncier, or LOUAF) was adopted in March 2008: Deals with customary property rights and decentralisation. The adoption of LOAUF has contributed to the clarification of responsibilities between the central authority and communal authorities.

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Opportunities

Niger offers great opportunities for housing and mortgage products, for the following reasons: a huge deficit in affordable and adequate houses, the uranium exploitation, the exploitation of petroleum and complementary activities, the influx of foreign investors in the mining, petroleum and agricultural sectors and a significant increase in the income of middle class Nigeriens. The nascent energy industry among which is the Salkadamna project, one of the largest coal mines in Africa, exploitation which starts in 2016. The development of cement industries as illustrated by the authorisation awarded to Dangote Group to boost cement production. Niger is very rich in mineral resources especially resources such as limestone and gypsum used in making cement. In spite of the abundance of resources, there is only one company that manufactures cement in Niger "Societe Nigerienne de Cimenterie, SNC". Although SNC has a very good product, its production cannot meet local consumption, the country therefore has to import to satisfy its needs. The price of cement in Niger is very high at CFA6 500 for a 50kg bag compared to CFA3 000 in Senegal. Niger being a landlocked country pays a relatively high cost for logistics. Cement production can be very costly in terms of energy consumption, that is probably why the industry was not developed, but the rate of urbanisation, the government programme for housing, the development of energy show that infrastructure favours the development of the cement industry. A part from Dangote there are other foreign investors interested in the production of cement in Niger, some of them are in the process of obtaining their authorisation among which are ADOHA group, a Moroccan group and one of the big producers in northern Africa. The development of cement industries will definitely contribute to local supply of cement, generate employment, revenues for the government, make cement price competitive and accelerate the development of urban infrastructures and housing.

The Niger market also offers potential for other urban infrastructure investment. There is a need for long-term financing to develop affordable houses for the majority of people in Niger, and higher income properties for the minorities and expatriates. The ambitious government programme to transform the capital city of Niamey into a modern city also bodes well for increased investment. The reform in land management, registration of properties and fiscal advantages offered by the government of Niger Republic to formal private enterprises are incentives for promoting a dynamic housing development business and housing finance.

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Nigeria

KEY FIGURES

Main Urban Centres	Lagos (capital), Abuja, Port Harcourt
Exchange Rate: 1 US$***	198.97 Nigerian Naira (NGN)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	8.6 | 8.1 | 8.3 | 7.6
Population^ | Population growth rate (2013)^	178 516 904 | 2.78
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	46.94 | 4.61
GDP / capita (current US$)^ | GDP growth rate (annual %)^	3 184.62 | 6.31
GNI / capita, Atlas method (current US$) ^	2 950
Population below national poverty line*	46.0
Unemployment rate (%)*	7.5
Gini co-efficient (year of survey)^^	42.95 (2009)
HDI (Global Ranking)" | HDI (Country Index Score)"	152 | 0.504
Lending Interest Rate^	16.55
Mortgage Interest Rate (%) | Mortgage Term (years)#	20.00 | 10
Credit % of GDP^	14.61
Average Mortgages % of GDP°	0.58% (2011)
Price To Rent Ratio City Centre** | Outside City Centre**	1.27 | 7.83
Gross Rental Yield City Centre** | Outside of City Centre**	78.47% | 12.77%
Outstanding home loan (% age 15+)##	6.26
What is the cost of standard 50kg bag of cement (in US$)? #	11.00
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	16 400
What is the size of this house (in m^2)? #	35
What is the average rental price for a formal unit (in US$/month)#	84
What is the minimum plot size for residential property (in m^2)#	250
Ease of doing business rank !	170
Number of procedures to register property !	12.10
Time (days) to register property !	70
Cost (% of property value) to register property !	18.60

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
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CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

This year has been an exciting yet uncertain year for Nigeria. The presidential and state elections took place in April, leading to a new party, the All Progressive Congress, taking the presidential office. The Naira has spiralled up and down against the US Dollar for the majority of the year leaving local and foreign investors unsure of the future.

The Nigerian real estate sector is growing fast and is now the sixth largest sector in the economy. Even though it is still unclear what the new government's agenda is with regards to housing delivery and strengthening the housing and mortgage market, government regulatory reforms in the past ten years are helping to create an enabling environment for housing delivery.

Despite the growth, the quality of housing stock in Nigeria is poor because the construction industry is driven by cost minimisation rather than value maximisation. The lack of a regulatory body and a non-existent legally binding building code has led to the continued poor performance of contractors leading to poorly constructed buildings.

Almost half of Nigeria's population live in cities, with 80 percent living in slum conditions. Rapid growth of cities have engulfed nearby towns and villages, and pushed back mangrove, while the lack of adequate infrastructure and planning have caused deforestation, congestion, poor health, and poverty.

Where populations are expanding rapidly land is becoming increasingly scarce and communal land rights are more individualised. In rural areas commercial and other interest have bought up rights to smallholdings either on the informal market or via applications for certification from the government. In urban areas where the majority of the population live in informal settlements the government takes over the land if development needs are deemed to be of high interest. For example in the Nigerian capital, Abuja, the government has destroyed more than 800 000 homes since 2003 because they do not fit in to the Abuja master plan that focuses on prestige and luxury.

For the majority of Nigerians mortgage finance is not an option due to the lack of a robust system. Nigeria has a low homeownership rate of 25 percent, lower than that of Indonesia (84 percent), Kenya (73 percent), and South Africa (56 percent). The major issues that continue to affect housing in Nigeria include inadequate access to finance, slow administrative procedures, and the high cost of land registration and titling.

Access to finance

The Nigeria banking sector has grown tremendously over the past few years, both in volume of activity and sophistication. The commercial banking sector assets, according to the Central Bank of Nigeria, experienced growth of 13 percent between 2013 and 2014. There has also been on-going acquisition of banks within the sector, contributing to the continued consolidation of the sector and the increase in competition amongst players.

While consumer credit has grown by eight percent between 2013 and 2014, from N782 billion (US$3.93 billion) to N848 billion (US$4.26 billion), the ratio of consumer credit to total credit to the private sector has remained relatively flat[1]. While there are several initiatives that have aided the credit growth across the board, portfolio diversification within the Nigerian banking sector is not seen to have improved.

The microfinance banking industry experienced a strong growth of 11 percent in assets[2] over the past year, as well as 26 percent in net loans and advances[3]. Within the same time period, growth attributed to the standardisation of the microfinance banking model has led to increased partnerships and better funding practices. Even with the recapitalisation of the microfinance bank, which led to a 13.4 percent increase in paid up capital, the number of microfinance banks grew from 820 to 903 within the same time period, most of which are state level microfinance banks.

According to Global Findex (2014), between 2011 and 2014, access to finance[4] grew from 30 percent to 44 percent. The growth has been driven by growth payments, however there has been a significant lag in the impact on access to loans – two percent in 2011 to five percent in 2014. Mortgage finance is still a small percentage of Nigeria's GDP, at 0.5 percent. In comparison to the UK (80 percent), USA (77 percent), and South Africa (31 percent). It is clear that the mortgage finance in Nigeria is still in its infancy and does not cater to low income earners. The government both federal and states are consciously trying to bridge this gap through policies and funds – land swap initiatives, affordable and mass housing schemes and accessible mortgage finance.

In addition to the Primary Mortgage Banks (PMBs), 19 registered banks also offer mortgages. Interest rates are high and vary considerably from bank to bank. As at September 2014, prime mortgage rates among commercial banks ranged from 11 percent to 27 percent, and maximum mortgage rates ranged from 18 percent to 31 percent. For leading, commercial banks offering mortgages, a down payment is required of 20-30 percent of the property value, and a repayment term that ranges from 10-15 years.

The Federal Mortgage Bank of Nigeria (FMBN), Nigeria's apex mortgage institution, promotes mortgage lending and manages the Nigerian housing policy. The FMBN raises capital through the National Housing Fund (NHF), which obtains funding mostly by contributions from salaried employees earning N3 000 (US$15.70) and above monthly, of 2.5 percent of their salary. Contributors receive a two percent interest rate per annum and are entitled to apply for the NHF-sponsored loan. Up to N15 million (US$75 360) can be borrowed, and the borrower must make a deposit of between 10 percent and 30 percent. In January 2015, FMBN reached an average NHF collection of N2.4 billion per month from its over 4 million subscribers, however only 60 000 houses had been built, representing 1.5 percent penetration. The Nigerian Mortgage Refinance Corporation (NMRC) which launched in 2013, is a liquidity facility with a US$250 million, 40 year term loan from the World Bank. The NMRC provides long-term refinancing to mortgage originators, hopefully also reducing interest rates. This year the NMRC is raising additional equity capital of N2.8 billion (US$143 million) through a shelf registration programme. The move to raise additional capital was to generate confidence in the credit standing of the NMRC as a bond issuing institution.

While the agency has launched initiatives most of which addressing market structure issues[6] the impact on the housing delivery has been poor. The agency launched its first application for 10 000 housing units in July 2014, but about 66 402 applications were received. Of this figure, 25 000 applications are said to have been pre-qualified; 9 000 have been given offer letters, while monies have been disbursed to 33 Nigerians to acquire their homes.

The National Pension Commission recently stated its plan for its over seven million subscribers to the Contribution Pension Scheme (CPS) to apply part of their Retirement Savings Account as equity contribution for residential mortgage. The process is said to be at an advanced stage, and is expected to help bridge the housing deficit.

Affordability

More than half of Nigeria's estimated population of 178.5 million live on less than US$1 a day. The unemployment rate increased by 861 111 in the first quarter of 2015, representing 7.5 percent compared to 6.4 percent in the last quarter of 2014. Coupled with the high rate of unemployment, minimum wage remains at N18 000 (US$90.43) per month. Home prices and rent have grown ahead of general inflation and homes for rent and sale on the market are very expensive.

Within the Federal Governments' Affordable Home Ownership Scheme launched in 2014 the minimum price of a 30 m^2 home is N4.5 million (US$22 607.95), and is payable over the maximum of 15 years. This will mean monthly payments of N25 000 (US$125.60) a month. In agreement with National Housing policy that states that no more than 20 percent should be spent on housing expenditure, the average monthly income of a Nigerian should be N125 000 (US$628.00). This is unrealistic for the majority of Nigerians who earn minimum wage or less. Even some middle income earners, identified by the African Development Bank who earn between N75 000 (US$376.80) and N300 000 (US$1 507.20) are unable to afford a home on the Federal Government's Affordable Home Ownership Scheme. It is therefore no surprise that the take-up of the Affordable Home Ownership Scheme, has been weak due.

There are several factors that contribute to the high cost of housing; land allocation costs, high cost of funding, building materials and construction, logistical challenges, and the dearth of skilled artisans. In addition, taxes and fees also increase the sale price of a house. In Nigeria it takes on average four months and 12 procedures to conclude a perfection of title to land (paying stamp duty, registration of land title and obtaining Governor's consent).

The high cost and time required to obtain certificates of occupancy increase land prices and keep land transactions within the informal market while reducing security of tenure after the sale. Fifty to 60 percent of the total construction input goes to building materials and with the tumble of the naira to the dollar this year it was expected that the price of construction would increase due to a large majority of material imports.

In an effort to ensure that land transactions are carried out with minimum difficultly, in January 2015, Lagos State cut down land use charges in the state from 13 percent to three percent of a property's value. The Federal Government is also pushing for a reduction in land transaction fees from 16 percent to three percent. As a result of the high cost of housing[7] in Nigeria, 51 percent of Nigerians live in rented accommodation and 40 percent of which are paying between N20 000 (US$100.48) and N100 000 (US$502.40) yearly (Kolawole, Y 2014).

With the majority of the population renting and low regulatory monitoring regarding rentals, landlords and estate agents dictate the market. To curb this, the 2011 Lagos Tenancy Bill was written into law. It states that landlords can only charge for one year's rent in advance. However, the law is not being enforced and people seeking rented accommodation are still facing issues of landlords requesting payments of two or more years. Agency fees are another expense the Lagos Tenancy Law has been unable to govern. Even though it is already very high in Nigeria, at 10 percent, exceeding the rest of Africa; in Ghana it is five percent and Kenya is 1.25 percent, the law has led to agencies charging 20 percent to ensure they receive the two years' worth of commission.

Overall, the policies and interventions implemented by the federal and state governments cater mainly for the middle to high income section of the populace. In some cases they do reach low income earners but they are rarely directed at the informal sector.

Housing supply

In Nigeria, neither the government nor the private sector provides sufficient housing delivery. Housing production is at approximately 100 000 units per year – is highly inadequate as 800 000 are required per year in order to bridge the 17 million deficit. It is estimated that it will cost US$363 billion to curb the housing deficit and the number is expected to grow to two million houses per year at the current population growth of 2.8 percent per year.

The rapid population increase and rural to urban migration have contributed to the shortfall of housing in Nigeria. The cost of building materials, access to infrastructure, deficiency of housing finance arrangement, stringent loan conditions from mortgage banks, time to process legal documents and inadequate government policies are also major issues affecting housing delivery.

Through the National Policy on Housing (2006), the Federal Government set a target of delivering one million housing units every year. This is being done through land swap initiatives, affordable and mass housing schemes and accessible mortgage finance to ensure low and middle income earners have access to safe, decent and affordable housing. However the policies in place are yet to meet the housing deficit, for example the Affordable Housing Scheme can only provide about 3 percent of the required housing stock needed.

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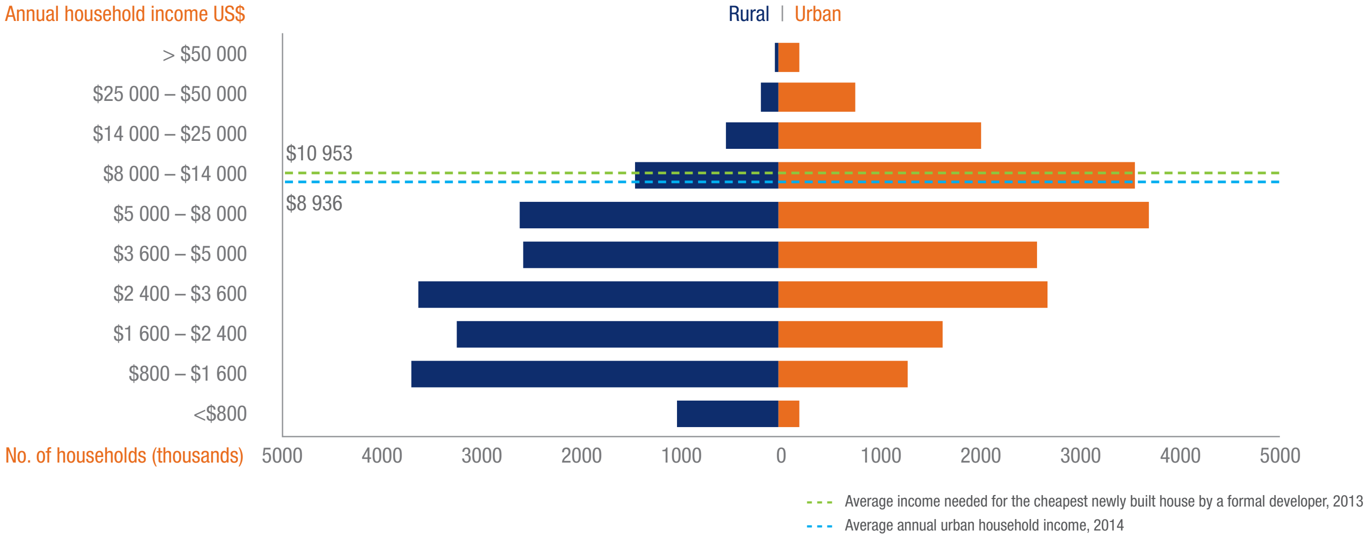

In November 2014, the Federal Capital Territory in partnership with the Nigeria Labour Congress, the Trade Union Congress and Good Homes Development Co. Ltd laid the foundation for 40 000 housing units for workers in Abuja. The hope is that this scheme, currently under construction, will empower civil servants to own a house.

The Nigerian government has identified the need for public private partnerships for low income housing supply. To this end, in October 2014, the Minister of Lands, Housing and Urban Development, stated that the Federal Government has created an enabling environment for the private sector to take the front seat in the provision of housing for millions of Nigerians.

In May 2015, Lafarge Africa Plc. in partnership with LAPO Microfinance announced their construction of 500 housing units in the Federal Capital Territory, Abuja on land provided by Federal Ministry of Lands, Housing and Urban Development. Another development in process with a public private partnership model, is the 10 000 unit Rock City housing project taking place in Abuja. The partnership is between Rock of Ages Properties (Chicason Group) and the Federal Capital Development Authority's Development Control Department. Chicason is aiming to expand this to Nigeria's 36 states and deliver 100 000 homes.

The informal workforce is one that continues to be left out of government and private sector led initiatives. Instead they find unused pockets of land to build and develop units in un-serviced areas.

Policy and Regulation

The 1999 Nigerian Constitution states that all citizens have the right to acquire and own immovable property. Similarly Vision 20:2020 advocates for adequate housing for all Nigerian citizens. Even though the new federal administration has not placed housing at the forefront of its agenda, continued housing policies and regulations are in place with an aim to shrink the housing deficit and meet the demand of the Nigerian population.

The Land Use Act (1978) continues to dictate and hinder the land market in Nigeria. To date the objectives[8] of the Act have not been achieved and further to this, the law has led to further distortion and abuse of citizens' rights to access and own land. Via the Land Use Act, urban land is managed by the Governor of a state through a Land Use and Allocation Committee which dispenses land through the granting of Certificates of Occupancy. 'Other lands' (not urban) is managed by Local Government through a Land Allocation Advisory Committee. Legally a Nigerian who has a Certificate of Occupancy does not own the land but is a statutory occupant. This Act is constantly in contention and a committee was created to develop a bill to amend the Act. However, even though a conclusion was met in 2014 where amendments were made, the core of the Act remains the same, stating that the Governor of the State owns all land in that State and therefore is responsible for the allocation of land.

Nigeria has three distinct land markets; 1) a market for direct state allocation, 2) a market for pre-1978 land rights, which have not been converted, and 3) an informal market where no statuary of occupancy exists. As a result, the majority of transactions are informal or private. It is estimated that one percent of land transactions occur on the formal market and 25 percent involve a certificate of occupancy but the transactions are done without required consent, payment of taxes and registration.

The 2012 National Housing Policy emphasizes the role of private sector financing with the hope of bringing about mass housing, skills acquisition, disaster management, urban renewal, slum upgrading, and job creation. The target of the policy is to ensure one million houses are built yearly, through a variety of schemes such as NMRC.

Other policies and regulations that impact the housing market are the National Housing Fund Act (1992) and the Federal Mortgage Bank Act (1993). Both Acts aim to ensure a constant supply of loans to Nigerians for the purpose of building, purchasing and improvement of residential properties. FMBN, as part of the Federal Mortgage Bank Act, serves as a secondary mortgage institution, providing credit facilities to primary mortgage institutions, real estate development companies or bodies, housing corporations and housing operatives. FMBN administers and collects the Federal Housing Fund.

To improve on the objectives of the National Housing Fund Act, The Managing Director/Chief Executive Officer of FMBN, Gimba Yau Kumo, stated in July 2015 that the Federal Mortgage Bank had developed FMBN Home Renovation Loan (FHRL) (Ezea. S, 2015). FHRL has been designed to assist contributors to the National Housing Fund for renovations.

Property markets

The Nigerian real estate sector is growing faster than the average GDP at a rate of 8.7 percent (GDP growth at 7.4 percent). BMI estimates that the real estate industry value will grow over the next 2 years, from USD 11.4 billion in 2015 to USD 16.5 billion. This fast growth can be attributed to the fast growing middle class driving demand for residential property development and, indirectly retail, industrial and commercial real estate development.

Nigeria's property market is currently stimulated by several large scale projects, including Eko Atlantic[9], the World Trade Centre Project in Abuja, and the Wings Project in Lagos[10]. The affordable housing market growth is stifled due to structural issues like predominance of less than mortgageable quality housing and low number of titled land. Land prices are on the rise, driven by low availability, recent devaluation of the naira and the increase in inflation. However real estate companies are increasingly selling more land units than home units, as a result of the higher impact the macroeconomic drivers have on the cost of building, which threatens their profit margins. Stakeholders in the real estate market have alluded the speculative pricing approach of both land and home units, rather than the assessment of demand characteristics of the area where the land and home units are located – poor data has been identified as a driving factor to this practice. Where titles do exist, geospatial data and the formal registry system is inadequate, and bottlenecks arise in the property transfer system.

According to the World Bank's Doing Business 2014 & 2015 Reports, Nigeria ranks close to the worst globally, 185th out of 189 countries for registering property. The World Bank estimated that this registration process takes 70 days in 2015 (77 days in 2014) , and costs about 18.6% (20.8% in 2014) percent of the value of the property, more than double the average for Sub-Saharan Africa, and five times the OECD average.

Opportunities

While there has been some growth in the housing sector, it appears only to serve the high income customer segment – the luxury residential market is expected to soon experience an oversupply. The mid to low income segment, where the housing gap lies mostly, has yet to experience change. As seen in the other emerging markets, housing for the mid to low income customer segment is profitable. For this segment of the market, housing microfinance would play a significant role in capturing this opportunity.

Regardless of the issues facing the sector, real estate projects are increasingly being launched and completed and investors are even getting higher. With several housing initiatives (e.g. NMRC, FMBN etc.) playing a dual role of ensuring long-term funding as well as driving initiatives that address the structural issues facing the property market, especially within the residential property sector, de-risking of the sector is bound to happen and new investors can expect the market to continue delivering positive results.

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1 From 6.8 percent in 2013 to 6.4 percent in 2014
2 From N270 billion in 2013 to N300 billion in 2014
3 From N129 billion in 2013 to N163 billion in 2014.
4 A person who has access to finance is defined as an adults with an account at a formal financial institution
5 A simplified method of registering securities that permits corporations to file a relatively uncomplicated registration form and, during the subsequent two years, issue the securities. Shelf registration is supposed to provide more flexibility for corporations when they are raising funds in the capital markets (thefreedictionary.com)
6 Market structure issues include develop unique underwriting standards, working to improve the titling system, enforced mortgagees' rights, etc.)
7 Average price per square meter for an apartment in a city centre is N199 755.00 (US$ 1003.57) and on the outside of the city centre is N209 706.00 (US$ 1 053.56)
8 The objectives of the Land Use Act are to: (1) make land accessible to all Nigerians; (2) prevent speculative purchases of communal land; (3) streamline and simplify the management and ownership of land; (4) make land available to governments at all levels for development; and (5) provide a system of government administration of rights that would improve tenure security (USAID, 2010).
9 A prime mixed-use property development consisting of 10 districts will become home to 250 000 residents; Residential and office plots will sell at US$1 500/m^2.
10 The Wings Project is led by Oando PLC.

Rwanda

KEY FIGURES

Main Urban Centres	Kigali (capital)
Exchange Rate: 1 US$***	739.95 Rwandan Franc (RWF)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	4.2 | 2.0 | 3.8 | 5.0
Population^ | Population growth rate (2013)^	12 100 049 | 2.71
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	27.84 | 6.26
GDP / capita (current US$)^ | GDP growth rate (annual %)^	652.08 | 6.96
GNI / capita, Atlas method (current US$) ^	650
Population below national poverty line*	44.9
Unemployment rate (%)*	0.6
Gini co-efficient (year of survey)^^	50.82 (2010)
HDI (Global Ranking)" | HDI (Country Index Score)"	151 | 0.506
Lending Interest Rate^	...
Mortgage Interest Rate (%) | Mortgage Term (years)#	16.00 | 20
Credit % of GDP^	...
Average Mortgages % of GDP°	3.64% (2013)
Price To Rent Ratio City Centre** | Outside City Centre**	...
Gross Rental Yield City Centre** | Outside of City Centre**	...
Outstanding home loan (% age 15+)##	6.02
What is the cost of standard 50kg bag of cement (in US$)? #	13.00
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	34 247
What is the size of this house (in m²)? #	125
What is the average rental price for a formal unit (in US$/month)#	489 – 707
What is the minimum plot size for residential property (in m²)#	300
Ease of doing business rank !	46
Number of procedures to register property !	3
Time (days) to register property !	32
Cost (% of property value) to register property !	0.10

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
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** Numbeo Online User-Contributed Database

Overview

Rwanda has achieved impressive development progress since the 1994 genocide and civil war. Rwanda's long-term development goals are embedded in the Vision 2020 strategy, which seeks to transform Rwanda from a low income agriculture-based economy to a knowledge-based, service-oriented economy with a middle-income country status by 2020. Between 2001 and 2014, real GDP growth averaged at about nine percent per annum.

According to the Fourth Population and Housing census conducted in 2012, only 16.5 percent of the total Rwandan population lives in urban areas. Rwanda's percentage of urban dwellers is one of the lowest in Africa with only 18 percent of the country's population living in cities. Six secondary cities have been identified to be part of the growth poles, besides Kigali. In order to develop these secondary cities the government is currently working on a program, in partnership with UN-Habitat, GGGI and the World Bank to support rapid urbanisation and reach the target of 35 percent by 2020. Progress has been made promoting spatial inclusion, with the share of rural households living in integrated and economically viable planned settlements increasing from 37.5 percent in 2012 to 53.0 percent in 2013/14.

At least 60 per cent of the people living in the city are renting according to City of Kigali figures. The government of Rwanda has formulated a medium-term strategy. In order to achieve long-term development goals, it put forward the first and second Economic Development and Poverty Reduction Strategy (EDPRS II); with the highest priority being growth acceleration and poverty reduction through five thematic areas: economic transformation, rural development, productivity and youth employment, and governance accountability. The EDPRS aims to achieve the following goals by 2018: increase gross domestic product (GDP) per capita to US$1 000, reduce the poverty rate to below 30 percent, and reduce the extreme poverty rate to below nine percent.

Access to finance

Access to finance has been steadily improving and according to UNDP, the adult population accessing financial services in Rwanda has increased from 21 percent in 2008 to 42 percent in 2012. The government target remains to achieving 80 percent financial inclusion by 2017. The Rwandan banking system now has 16 financial institutions up from 14 in 2012 due to an additional commercial bank and microfinance bank that started their operations during the first half of 2014.

The 2013/2014 financial sector report also recorded an increase in the number of accounts opened in MFIs by 293 percent from 2007 to 2013 (631 689 to 2 295 589 clients), 72 percent of which were opened in SACCOs created under UMURENGE SACCOs program. From 2012 to 2014 the number of accounts opened in MFIs increased by 29.3 percent (from 1.988 million to 2.571 million).

Rwanda amended its mortgage laws in 2011 to facilitate access to home loans. As a result, banks have reduced down payments from 70 percent to 30 percent, and extended the duration of mortgage loans to up to 20 years. However, current statistics show that mortgage financing in Rwanda is still only accessible to people who earn more than RWF 900 000 per month which has led to an adequate supply of high end, luxury homes in Kigali. Property owners complain of falling rents and/or stagnant rental properties in the newer, high-end developments of Kigali.

One major constraint to the development of real estate is lack of mortgage finance at a reasonable rate of interest. In 2012, it was estimated that 96.2 percent of households had no access to housing finance. Since 2014, there has been a clear increase in the provision of mortgage with the current supply of mortgage finance estimated between RWF64.7 and RWF84 billion as well as the number of banks offering mortgage finance.

The Development Bank of Rwanda (BRD) plays a major role in ensuring that Rwandans are properly housed through financing of large-scale real estate projects as well as individual home buying and construction. In 2014, the bank invested over RWF5 billion in mortgage financing for affordable housing in both low and middle income categories. More so the bank launched another product, the Gira Icumbi which enables potential homeowners to save for at least one year until they have saved 10 percent of the cost of their home, after which they are able to access a home loan.

In addition to the above, mortgage products offered by other financial institutions have gone a long way in creating an enabling ground for Rwandans especially those in urban settlements to own decent homes. Banks like I&M Bank, Cogebanque, Ecobank, Access Bank, KCB and BK are also big mortgage lenders. From 2004 to 2007, mortgage lending almost doubled from 1.8 percent mortgage debt to GDP to 2.6 percent. Rwanda's mortgage market in 2009 was worth between RWF33 billion and RWF47 billion (US$60 million and US$80 million), a small number compared to its estimated potential demand of more than RWF200 billion (US$340 million).

A regional bank KCB has also played a pivotal role in the mortgage market by enabling their clients to own homes through providing them with 100 percent mortgage finance. The bank has designed a product where a client can access full sponsorship to construct a home provided that they own the land on which the home is being built.

Despite the above innovations, Rwanda's mortgage market still faces a number of challenges, the most critical being the lack of liquidity. The Rwandan stock market, in existence since early 2008, has provided some facility for this including BCR's 10-year note issue worth RWF5 billion (US$8.4 million). As a result, the BCR is now offering 20-year loans, funding mortgages with a mix of short-term deposits (65 percent) and the bond issues proceeds (35 percent).

Rwanda has a well-established micro-lending sector, with 22 MFIs reporting to the Mix Market in 2013. Between them, they have issued US$128.1 million in loans to 80 413 borrowers, and have collected US$56.5 million in deposits from 285 603 depositors. The government has enacted facilitative, specialized microfinance laws and some housing microfinance lenders are emerging. A study conducted by Ngoga Thierry (2014) reports an increase in registering mortgages. In 2013, the amount of registered mortgages doubled to 12 804 from 6 129 in 2010.

The Global Financial Inclusion (Global Findex) Database shows that loans for home improvement and construction are more popular than loans for home purchase, suggesting the importance of the micro lending sector. In 2011, eight percent of the top 60 percent of income earners over the age of 15 reported having an outstanding loan for home construction, versus 1.8 percent for home purchase. This was similar for the bottom 40 percent of income earners over the age of 15 with 6.5 percent reporting having an outstanding loan for home construction, versus 1.9 percent for home purchase.

In addition to land titles banks consider many other factors besides collateral before making a final decision to extend loans. These factors include how long one has lived in a particular area, whether one has earned a steady income over time, and whether one is able to secure a solid co-signer and the usually high transaction cost of lending to small borrowers. As a result majority of Rwandans prefer to buy cheaper undeveloped land and invest in developing them gradually over time rather than buying more expensive developed houses.

Findings from a survey conducted by USAID in Rwanda showed that, mortgage usage among those who owned property only 15 percent of respondents reported using mortgage to acquire their properties (most of those who accessed mortgages used them to finance multistoried properties (36.4 percent) followed by enclosed housing properties (20.5 percent). Only 10.5 percent of bungalow owners used mortgages to finance acquisition of their property.

A Real Estates Investment Trusts (REITs) initiative by the development bank of Rwanda (BRD) aims to increase affordable houses by the end of the year. Funds raised will be used to setup houses for the low and middle market segments. Under this initiative, BRD will start investment groups which will then float shares on local capital markets, with the proceeds going to real estate development.

Affordability

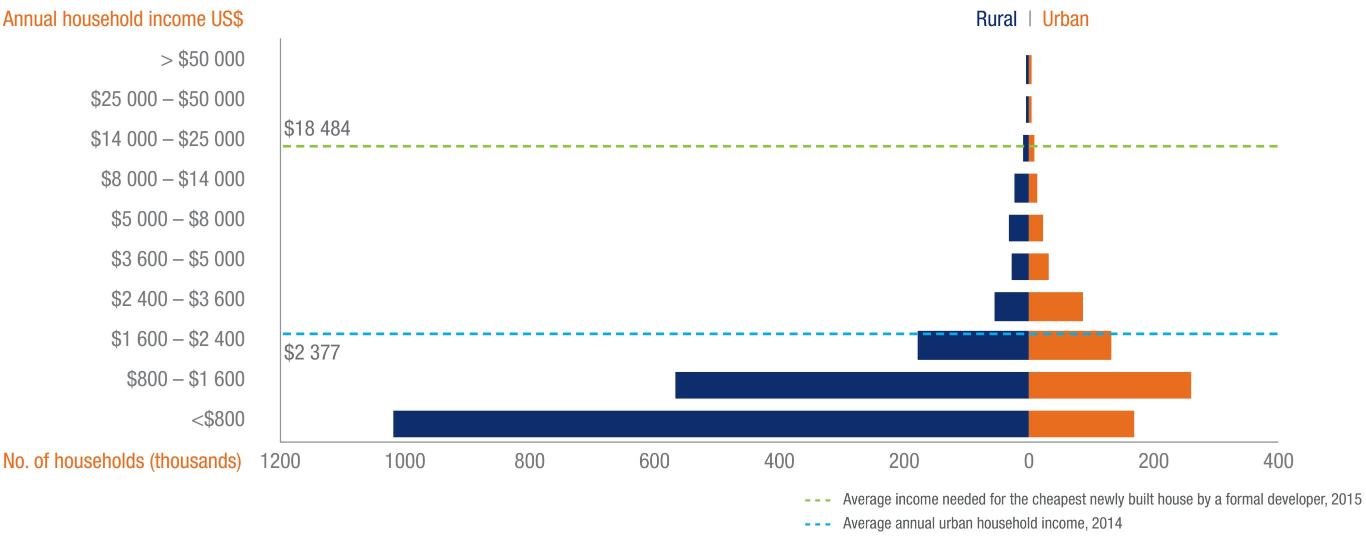
FinScope Rwanda 2012 found that 87 percent of adults are from households involved in farming activities. In Kigali, 26 percent generated their income from piecework, 19 percent from business, 11 percent from government employment and 15 percent from farming activities. More so, 44 percent of adults reported having more than one source of income. Three percent of adults do not generate an income, but depend rather on government grants, remittances or household transfers to subsist.

Access to mortgage finance is limited by household affordability as well as the irregularity of incomes among some borrowers. Further, deposit requirements of up to 30 percent and short repayment periods make mortgage finance inaccessible to the majority of people without formal employment.

Home Finance Guarantors Africa Reinsurance Limited, a South African company, has been working with Soras Assurances Generales Ltd to establish collateral replacement guarantees. In July, Soras announced a partnership with BCR and KCB to offer the Collateral Replacement Indemnity to their mortgage clients.

In another effort to increase the number of affordable houses, KCB partnered with Region Holdings, a property investment firm to construct low budget homes for low income earners such as those earning less than Rwf 600 000 per month.

RWANDA



Cost of housing in Rwanda, is still on the high end, for instance houses on the market today cost Rwf700 million (about US$1 million) while the lowest decent ones cost Rwf25 million, according to information from property developers. Statistics from the CoK show that about 80 percent of city dwellers earn below Rwf300 000 per month. This makes renting high-end houses a dream to many of them.

It is worth noting however that the reason behind the high prices is due to high borrowing costs for property developers as well as low levels of infrastructure development within the city suburbs. In addition high electricity prices and unreliable availability of water in the city increases costs.

Housing supply

However while construction remains the fastest growing sub-sector of the Rwandan economy (accounting for 27.2 percent of total turnover of the industrial sector), supply of affordable housing to the growing urban population remains a major challenge. According to Rwanda's National housing policy, one priority problem to be addressed according to the EDPRS2 and Sector Strategy, is the shortage of decent housing which is affordable and accessible through the formal market. This problem is coupled with the current inability of the private sector to satisfy the growing demand for housing. The supply of housing according to demand is challenged by predominantly low income levels, resulting in a low purchase power for conventionally constructed housing units.

As of 2015, at least 60 per cent of city dwellers were renting. According to City of Kigali (CoK), the city needs over 1 000 units per year, especially for the lower and middle market segments. Most of the houses available on the real estate market target the customers that can afford them, ignoring those that cannot afford them who are at times forced to stay in inhabitable dwellings. From the available Kigali housing market, it has been found that by 2022, CoK will require at least 344 068 dwelling units (DU).

However, only 37 594 dwelling units will be supplied by 2022 considering the current circumstances. Hence, there will be a shortfall of 306 474 dwelling units.

Rwanda Housing Authority (RHA) emphasizes that it is prioritizing low cost housing in 2015 in a bid to respond to a long standing shortage of cost friendly dwelling units in the city. During the National Leadership retreat in March 2014, leaders emphasized the need to provide low cost housing units a priority for the government and RHA was tasked to oversee the development.

The Director General of RHA, reports that the body has acquired prime land in Ndera and Kanombe in Kicukiro District, which is suitable for the establishment of more than 2 000 dwelling units. The construction of the housing units is on course, adding that the authority is currently looking for a consultancy firm to draw the housing designs for the proposed units. The sites will be designed to accommodate between 70 to 100 high-density low rise apartment blocks per hectare. The housing units in Kanombe and Ndera are both targeting low and medium income earners and will have two to four bedrooms. Each unit will cost a buyer between Rwf15 million to Rwf30 million, according to RHA.

In March 2015, another housing project was launched by the minister of infrastructure to see the construction of 7 480 affordable housing units in Kigali, a move seen to close the looming dwelling units shortage. It is expected to be rolled out in other major towns in the country to provide affordable housing for town dwellers. According to the plan, the project that will be located in Batsinda (Kigali) is expected to be finished in two years and will be carried out in two phases with the first kicking off this month which will involve roads construction. The project will see the construction of affordable housing units in Kanombe and Ndera the outskirts of the city with each project having 2 000 units, 2 743 units and 128 housing units in Rugarama Ziniya Pilot Project respectively. This according to experts will help the city of Kigali through its city master plan to address the challenge of accommodating the expected population growth from over one million currently to over 4.4 million by 2030.

The Kigali city has adopted a low cost model house worth US$10 000. In this model, some building materials, especially bricks are made on site which reduces construction costs since there are no transport costs in this case. The model which is funded by the government of Rwanda is going to be employed in a pilot project to provide 250 low cost houses in Batsinda, Gasabo district and it will be carried out by the City of Kigali. Private enterprises that want to play a role in provision of affordable housing for low income households are also adopting the low cost housing model.

The recent shift of commercial banks to boost the mortgage sector by increasing loans going to the sector mainly developers has led to an increase in housing units being constructed resulting in a decline in the cost of a unit to as low as Rwf 20 million.

In 2013, Rwanda's insurance sector saw the entry of a new company, UAP Holding Ltd. In July 2014, the company announced that it would invest RWF34 billion in the local real estate industry in a bid to ease the housing shortage that Rwanda faces, especially in the City of Kigali. The project in Kigali is expected to boost its earnings from investments.

The chairman of REITs Rwanda says their target is to set up affordable housing in Nyamirambo and Gikondo, which have many informal settlements. They are targeting 2 500 units for low income earners during the first phase.

Property markets

In the last 13 years there has been a high demand for both residential and commercial buildings, the annual demand for residential houses is increasing at a rate of 25 000 per year and investment in the sector growing from US$100 million to US$480 million. All this has been as a result of population growth, an emerging and growing middle class, increased diaspora investment in Rwandan property markets and the government investment in infrastructure expansion and modernization of urban and rural infrastructure.

Rwanda's real estate sector faces many challenges including low supply. For instance annual demand is estimated at 25 000 units of which 8 000 – 10 000 are in Kigali. Rental is still high due to a lack of supply. Prices of plots of land and houses are influenced by the type of infrastructure developments in a particular area and the demand of the services.

According to the World Bank's 2015, Doing Business Report, Rwanda made dealing with construction permits much easier by eliminating the fee for obtaining a freehold title and by streamlining the process for obtaining occupancy permit. Globally, the country stands at 34 in the ranking of 189 economies on the ease of dealing with construction permits.

Furthermore the country recorded a significant improvement on the indicator of construction permits, with a reduction of procedures from 13 to 10, and time taken to acquire the relevant documents from 104 days to 77.5 (Doing Business Report 2015). In 2014 the county reduced the building permit fees, implemented an electronic platform for building permit applications and streamlined procedures.

Policy and Regulation

The government of Rwanda is committed to accelerating growth rate in order to reach 11.5 percent per annum (EDPRS2). It is believed that the 'urban economy' can contribute significantly to this growth. Therefore the government is working on strategies to urbanise the country starting with six secondary cities – Rubavu, Musanze, Nyagatare, Muhanga, Huye and Rusizi which are considered poles of growth. The EDPRS 2 (2013-18) for the first time, emphasized the significance of good planning and development management. This process has led to creation of the urbanisation and rural settlement sector, by which strategic goals and objectives for a sustainable, well-managed and integrated growth were outlined.

The government is also working on the promotion of "Grouped Settlements" this encourages local communities to settle in grouped morphologies to enable efficient servicing and use of resources. Secondary development within grouped settlements will be based on the support by private or semi-private players, namely land developers, private operators and enterprises, including banks, insurance companies, associations, community groups, and housing cooperatives. This type of conception is based on the principles of affordability of the rural housing scheme to the beneficiary and empowerment to participate in its implementation, and on integrating the entire social cross-section of households.

The National Housing Policy which was rolled out in March 2015 aims at fast-tracking affordable housing projects. Under the new instructions, the local government authorities would be required to inform its residents about the housing schemes under which they can apply for support. Government will support the supply of housing which is affordable to people within all income segments, and the creation of an enabling environment to do so. This policy will set the pace for private sector investment, as well as address economic, social and environmental standards to setup affordable housing support.

In August 2015, the division for Housing and Urban Planning at the Ministry of infrastructure (MININFRA) announced measures to ensure every Rwandan has access to affordable housing. Under the new instructions, the government will offer basic infrastructure to developers including offering land than can cover 30 percent of the costs for affordable housing development. In addition to the above other infrastructure support will include roads, telecommunication, electricity distribution and social amenities. The below policies are in place to target housing delivery.

The law Governing Urban Planning and Building in Rwanda from 2012 establishes the basis for planning and building in Rwanda, including general provisions on the types of plans and the types of urban development related activities and tools, as well as general provisions on building. It refers to a number of implementing orders to be developed, many of which have by now been drafted and submitted for cabinet approval in 2014.

The law governing human habitation in Rwanda, gazette in 2011, governs the occupation of land, and construction on lands reserved for human habitation. It includes provisions for grouped settlement sites on occupied land, and requires minimum infrastructure provision for human settlements.

Opportunities

Housing finance demand, both mortgage and microfinance, in rapidly urbanising Rwanda has barely been met, and there is great potential for growth. More players are needed in the market to improve accessibility. As a top regional performer in reforming the macroeconomic environment, the state has performed its role as a market maker well. Rwanda has made tremendous progress in registering property, and this shows the commitment of the government to improve the property market by making it more inviting for developers.

The government has established a Housing bank to provide loans to Rwandans so as to own houses at an affordable rate in three major ways; housing for employees, housing for sale and housing for rent to low income households. However this only benefits people with a reliable income.

RHB together with the National Social Security Fund (NSSF) are coming up with options to benefit those with less income so as to get low cost houses. A pilot in RHB is providing funds for expropriation of land for development of affordable housing and a pilot in Batsinda is being financed by the NSS because access to housing for the low income households requires subsidies from stakeholders, for such houses to truly be available.

Another opportunity is that the government is committed to strengthening of the ongoing integration and coordination initiatives, resulting in cross-sectoral partnership agreements; and in both public private partnership objectives as an important area to be emphasized for its positive prospects.

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Senegal

KEY FIGURES

Main Urban Centres	Dakar (capital)
Exchange Rate: 1 US$***	593.20 West African CFA
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	0.7 | -0.4 | 2.0 | 0.0
Population^ | Population growth rate (2013)^	14 548 171 | 2.89
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	43.39 | 3.62
GDP / capita (current US$)^ | GDP growth rate (annual %)^	1 070.85 | 3.92
GNI / capita, Atlas method (current US$) ^	1 050
Population below national poverty line*	46.7
Unemployment rate (%)*	9.9
Gini co-efficient (year of survey)^^	40.31 (2011)
HDI (Global Ranking)" | HDI (Country Index Score)"	163 | 0.485
Lending Interest Rate^	...
Mortgage Interest Rate (%) | Mortgage Term (years)#	11.00 | 20
Credit % of GDP^	33.34
Average Mortgages % of GDP°	0.07% (2010)
Price To Rent Ratio City Centre** | Outside City Centre**	...
Gross Rental Yield City Centre** | Outside of City Centre**	...
Outstanding home loan (% age 15+)##	3.90
What is the cost of standard 50kg bag of cement (in US$)? #	5.06
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	21 915
What is the size of this house (in m²)? #	46
What is the average rental price for a formal unit (in US$/month)#	253 – 4,000
What is the minimum plot size for residential property (in m²)#	200
Ease of doing business rank !	161
Number of procedures to register property !	5
Time (days) to register property !	71
Cost (% of property value) to register property !	15.20

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

Senegal is a low to middle income country located in West Africa on the Atlantic Coast. The country has about 14.5 million inhabitants, of which more than 50 percent are under 20 years of age, and only 3.5 percent are over 65. Comprising an area of 196 700 m², Senegal is highly urbanised: 43 percent of the population live in urban areas, and 49 percent of these are concentrated in Greater Dakar, the capital. Dakar has a concentration of about 547 people per km².

The tertiary sector dominates the economy, with commerce, transport, telecommunications and other services sub-sectors contributing 60 percent of economic growth. Still, fishing, tourism and agriculture remain important economic activities. The economy has been growing steadily and growth is expected to continue in the future. GDP growth has hovered around four percent since 2010, 3.7 percent in 2012, and the GDP initially estimated at 4.9 percent in 2014 was reversed to 4.5 because of the expected negative impact of Ebola virus outbreak. The economy according to the new development strategy; "Plan Sénégal Emergent, (PSE)" is expected to grow by 4.8 percent in 2015.

The country's average annual rate of inflation was low at 0.7 percent in 2013 and -1.1 percent in 2014 and estimated at two percent in 2016. The economy is particularly vulnerable to fluctuations in the global price of oil, as Senegal imports all of its fossil fuels to support its energy demands. Power outages and the high cost of electricity led to riots in June 2011. As a result, the government has committed itself to implementing energy efficiency measures.

Since independence, housing has been a major concern for the Senegalese government because of scarcity of land and the rate of rural immigration to the cities, especially Dakar. As a result the government has initiated a series of programmes among which are 'Operation Parcelles Assainies', implemented in the seventies by OHLM (office des habitats à loyers moderes) and lately by President Mack Sal initiative of expanding the capital to outside Dakar to boost infrastructure development, employment and providing equal opportunity for all Senegalese to be coming homeowners. The president Wade's initiatives, "'One family-One home." In the 1970s the government supported communities' initiatives for development and organised cooperatives with the help of development organisations. The result is that Senegal was the first to implement a housing cooperative system project financed by the government of Senegal and to this day Senegal remains the pioneer in housing cooperative system in West Africa. The housing cooperatives are granted land by the government and the cooperatives pay the cost of lot servicing. Cost of home construction is financed by the (Banque de l'Habitat du senegal, BHS). The cooperatives also received technical assistance from BHS. The housing cooperatives of Senegal are contributing a great deal to the national economy and providing affordable homes for low income families.

Access to finance

Senegal's financial sector consists of a diversified range of institutions that are not fully integrated. Some 20 banks are listed by the central bank, as well as two non-bank financial institutions. Access to finance in the country is low, only about 15 percent of the country's population over the age of 15 have a bank account, seven percent have savings and four percent have loans as stated in global Findex 2015. Three major banks control two-thirds of all deposits, and the government owns over 25 percent of the shares in seven of the country's banks. Many factors hinder the country's banking system from distributing medium-term and long-term credit to businesses and individuals.

The country has a growing microfinance sector, which includes profitable microfinance institutions and sound supervision. However, access to finance for housing and for small and medium-sized enterprises remains a challenge. For SMME finance, for example, an estimated 80 percent of bank credit applications are denied because of insufficient collateral. The microfinance sector is highly saturated, with six major institutions accounting for 87 percent of customers and 90 percent of all outstanding credit. In 2015, there were 71 MFIs registered on the Mix Market, an online source of microfinance performance data and analysis, with 295 606 active borrowers, a gross loan portfolio of US$497 million and US$414 million deposit. Credit Mutuel du Senegal, CMS has the largest loan portfolio size of US$203 million and the largest savings of US$243 million. According to the World Bank's 2015 Doing Business Report for ease of getting credit, Senegal ranks 131th out of 189 countries. There is one public registry and no private credit bureaus in Senegal.

Senegal has a housing bank (Banque de l'Habitat du Senegal, BHS), founded in 1979, which dominates the housing finance sector, although commercial lenders are beginning to chase market share. The main objective of BHS is to finance real estate and homeownership, emphasising the affordable housing market. According to Banque Centrale Des Etats de l'Afrique de l'Ouest (BCEAO), Senegal is the most active country among the member states of UEMOA with housing loans of BHS representing 30 percent of the total housing loans (CFA203.7 billions) of the union in 2013. Loans are used to acquire land, to build housing and to purchase housing. BHS has introduced a housing-savings product that encourages saving for housing by offering borrowers a reduced interest rate on their loan when they save 10 percent towards the purchase price. The minimum first payment is CFA50 000 (about US$100) and 3.5 percent interest is paid on the capital at the end of December each year. Short-term, non-mortgage loans dominate BHS's activities, however, growing by 50 percent between 2009 and 2010, while long-term loans increased by only 2.3 percent in the same period. Interest rates for loans are low for the continent, at about nine percent. At the end of 2011, the bank's collection of savings and credit lines amounted to CFA156.5 billion (US$317 million). These consisted mainly of housing savings loans, which increased by 2.04 percent. In 2012, it was announced that the French Development Agency had granted a €8 million (US$10.6 million) credit line to BHS to finance and develop Senegal's mortgage market. The focus of the credit line would be on short and mid-term mortgages, targeting consumers with an income of less than CFA35 000 (US$59). The Central Bank of the States of West Africa and the Housing Bank of Senegal have increased the capital of the Housing Bank of Senegal to CFA Francs 10 billion (US$20 million) after having held a meeting related to the increase in the minimum capital of credit institutions in the WAEMU.

According to Global Findex 2014, only 15 percent of Senegalese over the age of 15 have bank accounts, seven percent have formal savings, four percent have a loan from a financial institution, and only 3.9 percent have an outstanding mortgage at a financial institution. Some 41 percent of Senegalese over the age of 15 reported having a loan from family or friends, and it is possible that some of these loans are used for housing purposes. Senegal offers on average 6.8 percent interest rate, the lowest interest rate in the UEMOA and seven to 15 years bond term. The minimum down payment is 10 percent of the value of the house and the homeowner deeds (titre Foncier) as collateral). microfinance institutions at present do not offer mortgage, although it is possible that borrowers use microloans for housing purposes.

Affordability

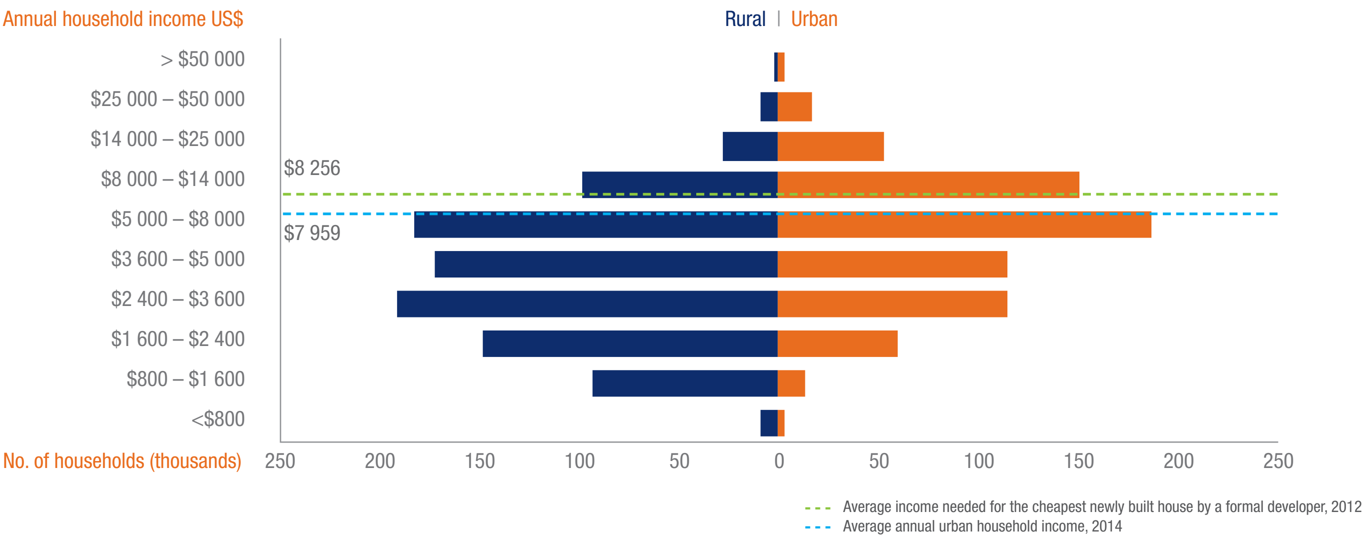
Housing affordability is limited, given the high price of land and absence of official or fixed prices. There are very few developers and many speculators whose main clients are people in the higher income bracket. Rents and prices of a property depend on the geographical location, the architectural plan and the quality of material used for construction. Dakar being a regional headquarters of corporate and international organisations has a concentration of expatriates in the residential zones where there are varieties of houses, simple well constructed houses, apartments, luxurious villas and condominiums. The majority of Senegalese live in the suburbs, the HLM and other unplanned settlements. According to African Report 2015, Knight Frank, the average rent for a four bedroom apartment costs US$4 000 a month. According to a local survey, rents have more than doubled in the past years and a minimum rent of a room for students is CFA50 000 (US$84 280). According to the Senegal National Statistics Dakar property surged by about 256 percent between 1994 and 2010. In 2012, a 150m^2 plot of land costs about CFA2.5 million (US$4 214.43), although it can cost as much as CFA4 million (US$7 743.08) in high income areas, and as little as CFA1.7 million (US$2 865.81) in more remote areas. When developed as a four-roomed house, the property can sell for CFA25 million (US$49 202), and in wealthier areas for CFA55 million (US$108 246). The rental prices range between CFA150 000 to CFA500 000 (US$ 253 to US$ 843).

About 60 percent of the population earn less than US$2 a day which makes the cheapest house unaffordable. The cheapest newly built house is a three bedroom house built on 150 m^2 in Diamniiadio suburb of Dakar and sold for CFA13 000 000 (US$21 915) with a mortgage monthly payment of CFA88 627 (US$149.40) for 15 years. The government efforts to make homes affordable are undermined by speculators who end up buying government subsidised homes intended for low income families from the beneficiaries.

Housing supply

Most houses in Senegal (about 80 percent of urban housing) is self-built with cement, concrete and stone with corrugated iron for the ceiling, without an architect, and at a total cost of less than CFA Francs 30 million (US$50 573) or well above depending on the plan, the geographical situation and the quality of material used. Informal settlements account for 25 percent of urban spaces in Senegal and for 30 percent of inhabited areas in Dakar. In fact, the dominance of informal housing construction may be due to the building code, which only requires architectural plans and building permits for buildings costing more than CFA Francs 30 million (US$50 573). The building code though supports incremental construction, but in the absence of any regulation or construction expertise hazardous building practices are rampant. In September 2012, flooding in Dakar destroyed more than 10 000 homes and 33 000 families were displaced

SENEGAL



in 2009 due to floods. A critical issue in Dakar is the rapid urbanisation rate and the city's inability to keep up with the necessary water drainage and sewerage systems. According to the Secretary General of Ministry of Economy, Finances and Planning, demand for housing is estimated at 300 000 units per year while supply is about 50 000 which means a deficit of 250 000. There are several constraints to the housing supply, especially for low income earners. A lack of formal market players, limited availability of serviced land, limited availability of relevant financial products, high construction costs and weak policy all constrain the market. In response to these challenges, the government introduced its 'one family one roof' initiative, focusing on the affordable housing market to address the demand for housing. The provisions in the programme include free housing and land, tax breaks and a range of subsidies which are offered to homebuyers who purchase housing that costs less than US$15 000. Implementation is slow, however, and the supply of housing insufficient. A land regularisation programme adopted by the government in 1991 is equally slow: by 2010, only 6 469 plots had been regularised. To boost housing supply, the government has granted in 2015 CFA1 billion (US$ 1 685 772) to Fonds de garantie pour des investissements prioritaires "Fongip" to create a special guarantee fund for small and medium enterprises in the housing sector (Fonds de garantie pour l'acqusition du lodgement (Fogalog), to facilitate access to financing for small and medium enterprises, SME in the sector. Fongip is a national guarantee fund created to facilitate access to financing SMEs who are in the sectors considered to be on the government's agenda priority among which is low income houses. The fund is among the innovative instruments to boost the economy of Senegal as planned in the (Le Plan Senegal Emergent, PSE.) Housing especially low income houses are among the top priorities, and the government of Senegal plan to use Fogalog to bridging the gap between housing supply and demand.

Senegal ranks 151 in the World Bank's 2015 Doing Business Report in dealing with construction permits, with five procedures required and an estimated 71 days to get a construction permit; and improved its ranks in doing business 2015, 161st out of 189 countries compared to 171st in 2014. Property registration and the procedure costs at 15.2 percent of the property value remains the highest in the UEMOA. Still, the housing backlog in Senegal has made this a country of particular interest for investors. Shelter Afrique has been working in Senegal for some time and have completed 18 projects, with a further five projects ongoing in 2015. The projects range in price from US$1 million to US$8 million. Shelter Afrique has approved a CFA Francs 2.7 billion project in Espace Mamelles (15 minutes from downtown Dakar) to develop 120 apartments partially funded through a lease purchase scheme offered by the developer. The apartments will be set in 12 building blocks, each comprising 10 two and three bedroom units spread over four floors.

Habitat for Humanity has provided construction and financial services in Senegal since 2001. Working with housing co-operatives, the NGO has supported the construction of over 300 houses. Since 2009, the emphasis has been on supporting households to improve the quality of their housing, providing construction technical assistance specifically to address the risk of flooding, as well as affordable housing microfinance. Housing supply is expected to be boosted by the various programme of the government among which is the development of a new urban centre (Le pole urbain de Diamniando).

Property markets

Senegal property market is booming. In 2011, the government of Senegal passed a new Land Tenure Act la loi No 2011-07 du 30 mars 20110, ensuring security of tenure. The Act authorises the holders of temporary occupancy permits in urban centres to transform them, at no cost, into permanent title deeds. The goal of the Act is to promote the development of mortgage activities and induce capitalisation of properties. With reinforced security of tenure, it is expected that landlords will invest in upgrading their properties. Most houses in the capital have been upgraded and land and homes prices have escalated. Dakar residents and even Senegalese in diaspora are taking advantage of the new law, for many are registering their properties and the values of property are appreciating. This result is expected to be duplicated in other regions of the country.

The rental market in Senegal is said to favour the landlord. In theory, rents on residential leases are fixed by law according to the market value of the premises. In practice, however, rents are decided solely by the landlord. Presently, there is little financing available for producing rental housing on a large scale but the market is promising, considering the efforts of the government in securing long-term financing for affordable homes to sustain the growth in the sector.

According to real estate consultancy Knight Frank's 2015 property report for Senegal, the residential construction market is quite dynamic, with a few developments along the coast particularly the waterfront scheme. Middle to low income households can expect housing development along the AutoRoute and Diaminadio about 30 km from Dakar. The property market is strongly influenced by the importance of the informal sector but the government is providing incentives among which are Fongip to lure informal entreprises to becoming formal. The incentives to promote formal enterprises and the new Land Tenure Act hopefully will stimulate the formalisation of the real estate market.

Policy and regulation

Senegal's housing sector suffers under a complex legal and regulatory framework. UN-Habitat reports that 12 central departments of the various ministries are involved in processes related to housing. Coordination between these bodies is complicated, and this creates delays in the process and cost overruns. The opacity of the system undermines the enforcement of laws and regulations, or worse, supports corrupt responses. Law 96-06 of March 1996 (Local Communities Code) sought to transfer land management responsibilities and powers to municipalities and local administrations. While this was intended to improve management, the law did not deal with the customary and informal practices that existed. This has resulted in a management stalemate, and as UN-Habitat suggests, reinforces the proliferation of squatter settlements.

The government's regulatory efforts to improve access to housing for the average Senegalese and low income families is not yielding expected results; on the contrary it has burdened the low income earners and frustrated housing cooperatives and other syndicates. Other laws/policies influencing housing include;

- Rural land Tenure adopted in 2009: Enables legal recognition of rights legitimated by customary rules and practices. It reinforces the decentralization and devolution of the authorities over land matters. Provides for formalization of individual and collective use rights and the possibilities of transferring these rights into private titles. Decentralizes land administration and allows decentralization and allows for registration of customary land rights.
- Rent control law adopted in 2014 (Loi 04 2014): Reduce monthly rents in the following brackets: 29% for monthly payment between CFA0 to 150 000 14% between CFA150 000to 500 000, 4% monthly payment above CFA500 000.

Opportunities

The Senegal housing market is flourishing due to a number of factors among which are its geographical situation, the political stability, the ambitious infrastructure programme of the current government, the presence of many international organisations and development agencies, dynamic cultural events, and a robust tourist industry.

Dakar, the capital, is the home to the regional headquarters of many international organisations and some regional organisations. The current growth rate, the rate of urbanisation, the government infrastructure programme and the commitment of the African Development Bank to support the government programmes, are indicators that the housing boom is here to stay.

The current boom has concealed the poor performance of Senegal as far as dealing with construction and registration of property (World Bank's 2015 Doing Business Report). Although the country has improved its business climate still the government needs to address the complexity of the housing policies so that average and low income families can benefit from the housing boom.

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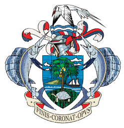
Seychelles



KEY FIGURES

Main Urban Centres	Victoria (capital)
Exchange Rate: 1 US$***	12.96 Seychelles Rupee (SCR)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	4.5 | 3.5 | 3.5 | 3.0
Population^ | Population growth rate (2013)^	91 526 | 1.79
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	53.56 | 2.41
GDP / capita (current US$)^ | GDP growth rate (annual %)^	16 185.90 | 5.3
GNI / capita, Atlas method (current US$) ^	13 990
Population below national poverty line*	37.8
Unemployment rate (%)*	...
Gini co-efficient (year of survey)^^	65.12 (2006)
HDI (Global Ranking)" | HDI (Country Index Score)"	71 | 0.756
Lending Interest Rate^	11.65
Mortgage Interest Rate (%) | Mortgage Term (years)#	12.50 | 30
Credit % of GDP^	26.27
Average Mortgages % of GDP°	3.31% (2013)
Price To Rent Ratio City Centre** | Outside City Centre**	...
Gross Rental Yield City Centre** | Outside of City Centre**	...
Outstanding home loan (% age 15+)##	...
What is the cost of standard 50kg bag of cement (in US$)? #	7.56
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	160 000
What is the size of this house (in m²)? #	100
What is the average rental price for a formal unit (in US$/month)#	...
What is the minimum plot size for residential property (in m²)#	...
Ease of doing business rank !	85
Number of procedures to register property !	4
Time (days) to register property !	33
Cost (% of property value) to register property !	7.00

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

The Seychelles is a tiny country, comprising 115 islands covering a wide geographical area in the Indian Ocean, northeast of Madagascar. With a small population of only about 92 000 people (2015 estimate), the Seychelles is ranked third in terms of human development in Africa, with its Human Development Index ranking 71st globally for the year 2014. It has met most of the Millennium Development Goals. The Seychellois economy is heavily dependent on the global economic environment. Tourism dominates the economy and is the main employer. Fisheries are the country's most important export sector, accounting for over 90 percent of export revenues, but represent only about 11 percent of employment.

During 2014, the overall fragile state of the world economy proved challenging, particularly the weak performance of the euro area which has strong economic link with Seychelles. Hence, from 6.6 percent in 2013, growth in real terms for the year 2014 was at a lower rate of 2.8 percent.

The World Bank 2015 Doing Business report ranked Seychelles 85 out of 189 countries in the Ease of Doing Business Index, a decline of five places compared to a ranking of 80 in 2014.

Inflation has fluctuated considerably in the past few years as a result of exchange rate issues and a consequent depreciation of the rupee. From about 5.3 percent in 2007, it peaked at 31.8 percent in 2009, and by 2010 dropped quickly to a rate of -2.4 percent, due to the stability of commodity prices, the adjustment of monetary policies and the emergence of more conservative bank lending. In 2012, the average rate of inflation was 7.1 percent, reducing to an average of 4.3 percent in 2013 and going down further to 1.4 percent as at December 2014.

Access to finance

The Seychelles has a relatively well developed financial system. Nine banks are listed on the Central Bank of Seychelles website, together with 13 'class A' exchange bureaux and 11 'class B' exchange bureaux, three non-bank financial institutions (the Development Bank of Seychelles, the Seychelles Credit Union and the Housing Finance Company), four domestic insurance companies, three non-domestic insurance companies and multiple insurance intermediaries. The two largest banks have a 69.5 percent share in the system's total assets. Lending rate goes up to 11.65 percent.

Access to finance in the Seychelles is moderate. The International Monetary Fund reports that there are 37.21 commercial bank branches per 100 000 adults and 67.39 ATMs per 1 000 km² (or 51.21 ATMS per 100 000 adults – 2012). Outstanding loans from commercial banks as a percentage of GDP are 36.23 percent. The levels of bank lending to individuals and business are also low, even as most of the banking assets held are in government obligations. Seychelles scores 171st out of 189 countries on the World Bank's 'ease of getting credit' indicator, according to its 2015 Doing Business Report, falling one place from 170th the previous year. Microfinance is extremely limited, but growing slowly as international microfinance institutions begin to infiltrate the local financial services market. As part of the country's private sector development strategy, the government worked with the International Finance Corporation to put in place regulations to create a credit information system, which became operational on 1 July 2012. The World Bank, together with the Seychelles government, prepared a Country Partnership Strategy (CPS) in 2012, focusing on reducing vulnerability to external shocks, building competitiveness, strengthening public-sector management and restructuring social-service provision. This CPS is worth approximately US$7 million a year (total of US$21 million) and will also support Seychelles' attempts to develop and manage an oil industry, should commercially viable reserves be identified. The IFC, the World Bank's private sector arm, will play a key role in the CPS, with a particular focus on the financial sector, small and medium-sized enterprises, capital-market development (including the proposal to launch a stock exchange), tourism, fisheries and infrastructure development.

By the end of 2014, total loan advances to the private sector increased to Rs4 278 million (US$330 million), from Rs3 412 million (US$263 million) in 2013. The total outstanding domestic credit at the end of 2014 amounted to Rs8 937 million (US$689 million), which was a growth of 13 percent compared to the previous year.

About 22 percent of commercial loans went to private households and non-profit organisations, followed by the category "tourism facilities".

Housing finance has received explicit attention through two state-sponsored institutions – the Housing Finance Company (HFC) Limited and the Property Management Corporation (PMC). The HFC was established in 2004 from the merger of the Seychelles Housing Development Corporation and a former PMC. In January 2013, the HFC underwent a transformation that saw the PMC split off again so that the two entities now operate independently though in co-operation with each other. The HFC is the financier, offering construction and end-user finance for housing development, home purchase and home improvements, whereas the PMC is the developer, focusing on the construction, management and maintenance of government's social housing stock. In the past decade, the HFC has approved over 8 200 loans for a sum of Rs733 million (US$56.55 million).

The HFC offers a range of end-user products promoting housing affordability. The Home Loan is available to Seychellois with a maximum income of Rs20 000 (about US$1 543) a month. There is no minimum qualifying income, though in practice loans are not affordable to those who earn less than Rs6 000 (about US$462) a month. The HFC registers a first charge over the property. It is compulsory for beneficiaries to obtain mortgage insurance and provide 'assignment of salary'. The maximum loan period is 23 years. The HFC also has a Home Savings Scheme to enable Seychellois to save a minimum deposit of 10 percent to qualify for government-constructed housing (the current purchase price of government subsidised housing is about Rs450 000, or (US$34 722). Should affordability of the 10 percent deposit be a problem, prospective beneficiaries must demonstrate that they can at least save 10 percent of their monthly income.

The HFC's House Extension Loan has a maximum loan size of Rs75 000 (about US$5 787) at an interest rate of 10 percent and a maximum loan period of six years (which can be extended to seven or eight years under special circumstances). There is no maximum qualifying income criterion and a guarantor is compulsory. The guarantor is assessed on the basis that s/he can afford the monthly repayments, not necessarily that s/he is able to afford to repay the entire loan amount. The HFC also offers Home Improvement Loans up to a maximum loan amount of Rs50 000 (about US$3 858). Applicants must earn less than Rs8 000 (US$617) a month per household. The repayment period is five years and the interest rate is currently 10 percent.

A new housing finance subsidy scheme was implemented in 2014, with a total budget of Rs21 million (US$1.62 million). This scheme allows first time home buyers earning under Rs20 000 (US$1 543) a month to qualify for a government subsidy in the form of a cash grant between Rs50 000 (US$3 858) to Rs200 000 (US$15 432) as a down payment. To qualify for the subsidy, applicants will need to have a minimum of 10 percent as personal contribution towards the cost of the property.

Affordability

The Seychelles has a generous social welfare system that supplements incomes considerably. Education is free, and subsidies are provided to support post-secondary education. The government is the principle health-care provider and spends significant budgetary resources in the sector. Housing is the primary capital and services expenditure item for the private sector. Unemployment which was as low as one percent at the end of 2013 increased to 4.7 percent as at the end of 2014. As the country with the second highest GDP per capita in Africa (US$16 185 in 2013), after Equatorial Guinea, an oil exporter, the Seychelles is classified as one of nine upper middle income countries.

Still, there are pockets of poverty. Government has noted a rising trend in reliance on social assistance for income enhancement as well as growing social problems, which are impacting on the economy and society. According to the Agency for Social Protection, the number of households seeking welfare assistance has more than doubled over the past two years.

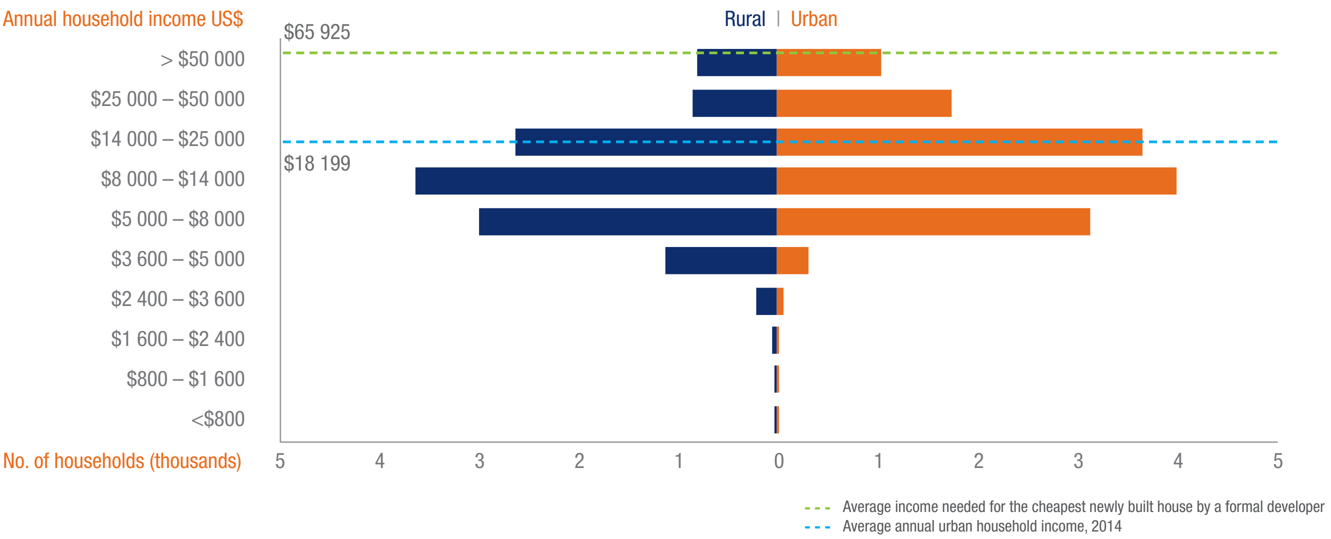
However, with the review of the benefits system to ensure better targeting, there has been a decrease in the numbers of people on benefits from 18 000 people on benefits and 6 000 on welfare in 2012, to 13 210 on benefits and 1 964 on welfare as of September 2013.

Government subsidised housing is currently being delivered for Rs450 000 (US$34 722), and estate agents advise that for Rs200 000 (about US$15 432) to Rs300 000 (about US$23 148), a buyer can get a very basic unit. An average three-bedroom home of about 150m² ranges from between Rs750 000 (US$57 870) and Rs1 million (US$77 160). Construction companies advise that finished homes sell for between Rs9 000 (US$694) and Rs10 000 (US$771) per m². Whilst there are no minimum house size regulations, 100m² is the accepted norm for a minimum size. A 100 m² house built by a private promoter costs around US$160 000.

Housing supply

According to the latest National Bureau of Statistics figures, the Seychelles has 25 929 houses. Of these, 87 percent are made of stone/block and 13 percent of wood/iron. According to the 2013 Housing and Population Census, the majority of the population (82 percent) say they own the dwelling in which they live. Some 11 percent rent their houses privately. Rental of a three bed room apartment

SEYCHELLES



ranges from Rs16000 (US$1 234) to Rs19000 (US$1 466). Just under seven percent say they live rent free in a dwelling they do not own. The vast majority of households (93 percent) have access to treated, piped water, and 82.4 percent have flush toilets connected to a septic tank. In terms of energy use, 98 percent use electricity for lighting and 92 percent use gas for cooking. In addition, 94 percent of the population has access to mobile phone and 95 percent possess a television set.

The Central Bank reports that a slight increase of one percent has been noted in the construction sector in 2014. However, some major construction projects are in the pipeline. The government has continued to focus its investments in public infrastructure such as roads, water and energy. In fact production statistics showed an increase of 12 percent and 9.9 percent in the production of crusher/concrete dust and aggregates, respectively. However, block production declined by 5.7 percent, in view of increased competition from block and brick imports.

A Rs 90 million (US$6.94 million) grant from the Chinese government was received in March 2012, targeted at a variety of local projects, including housing and solar energy products. In 2013, development grants amounted to Rs129 million, allocated to the Public Utilities Corporation (Rs125 million), and the Seychelles Public Transport Corporation (Rs4.0 million).

In 2014, at least four housing projects have been identified, sponsored by the United Arab Emirates (UAE) Government (Rs72.3 million), Corgat Estate housing project from the Chinese Government amounting (Rs21 million) and a capital grant from the Indian Government (Rs66.2 million).

There is no legislation governing the minimum size of a plot of land. Properties can range from as small as 200 m^2 to sizeable small holdings. Anecdotally, quite a lot of land is privately held, with prices ranging from Rs125 per m^2 (about US$9.64) to Rs375 per m^2 (about US$28.93) for unserviced land. Serviced land averages about Rs1 000 per m^2 (about US$77.16).

Property market

The Seychellois property market is strong, driven primarily by the tourist industry. Real estate websites advertise properties in US dollars or euros, and investors buy new and existing properties, as well as land. Land in the country is in great demand, and the tourism and agricultural industries compete with the housing industry for sites. Conflicts over land and housing are set to deepen as the urbanisation rate continues to grow.

The Seychelles ranks 78th out of 189 countries according to the World Bank's 2015 Doing Business Report for the indicator 'ease of registering property'. The four procedures take 33 days and cost seven percent of the property value.

Policy and regulation

The Ministry of Land Use and Housing is intent, through a variety of measures, on ensuring access to adequate housing for all Seychellois. Though the government continues to develop innovative programmes to address the demand for affordable housing, there is a need to increase its capacity to meet the considerable demand in the affordable and low income markets.

The government of Seychelles plans to spend Rs1.2 billion (US$92.5 million) on capital investment projects in 2015. The highest share – Rs329 million (US$25.3 million) – will be allocated to social housing and community development projects in an ongoing effort to provide affordable housing and community services.

In 2012, Seychelles adopted a new housing policy under which the government pledges to work closely with financial institutions by encouraging the supply of finance within the housing sector. Accordingly, the government worked with the Seychelles Housing Finance Company to ensure that people who earn less than Rs8 000 (US$617) a year are able to access lower interest rates. The government of Seychelles has obtained assistance from the World Bank with regard to technical assistance for social housing. The Financial Services Authority Act, 2013, led to the creation of the Financial Services Authority, the regulator for non-bank financial services in the Seychelles.

Opportunities

The Seychelles has been ranked 85th out of 189 countries overall in the World Bank's 2015 Doing Business Report. With the country being a tourist destination, there is a focus on housing for the high income class, and the property market is limited to the luxury market. House prices in Mahe, the largest of the islands, can start at US$160 000, a furnished two-bedroom house selling up to about US$1 000 000. In a bid to open the country to more foreign investment, recent changes in the law of property ownership have been approved to offer freehold title and residency rights to foreign owners and their immediate families.

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Sierra Leone

KEY FIGURES

Main Urban Centres	Freetown (Capital)
Exchange Rate: 1 US$***	3892.68 Sierra Leonean Leone (SLL)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	9.8 | 10.0 | 9.4 | 8.3
Population^ | Population growth rate (2013)^	6 205 382 | 1.84
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	39.58 | 2.74
GDP / capita (current US$)^ | GDP growth rate (annual %)^	788.41 | 6.98
GNI / capita, Atlas method (current US$) ^	720
Population below national poverty line*	52.9
Unemployment rate (%)*	3.4
Gini co-efficient (year of survey)^^	35.35 (2011)
HDI (Global Ranking)" | HDI (Country Index Score)"	183 | 0.374
Lending Interest Rate^	19.41
Mortgage Interest Rate (%) | Mortgage Term (years)#	21.00 | 20
Credit % of GDP^	4.83
Average Mortgages % of GDP°	...
Price To Rent Ratio City Centre** | Outside City Centre**	...
Gross Rental Yield City Centre** | Outside of City Centre**	...
Outstanding home loan (% age 15+)##	9.34
What is the cost of standard 50kg bag of cement (in US$)? #	10.00
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	50 000
What is the size of this house (in m²)? #	80
What is the average rental price for a formal unit (in US$/month)#	83
What is the minimum plot size for residential property (in m²)#	150
Ease of doing business rank !	140
Number of procedures to register property !	7
Time (days) to register property !	56
Cost (% of property value) to register property !	10.80

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

Sierra Leone, a country situated in West Africa and bordered by Guinea, Liberia and the Atlantic Ocean, is one of the world's poorest nations with a ranking of 183 in the 2014 UNDP's Human Development Index. Since the end of the civil war in 2002, the country has made progressive strides towards development. GDP growth was most dramatic immediately after the war, reaching 9.4 percent in 2004, but coming down to its lowest rate, 3.2 percent, in January 2010. In 2012, GDP growth was measured at 5.9 percent due to the slow recovery in the mining sector, most specifically iron ore production. Current estimates have put economic growth rate as slowing down to six percent in 2014 compared to the original projection of 13.8 percent. GDP growth rate is projected to go as low as -2.5 percent in 2015 and the economy is projected to recover slightly reaching 2.8 percent in 2016. This projected GDP was not realised due to suspension of operation by major iron ore mining companies like the African Minerals and London Mining companies as a result of dramatic fall in global iron ore prices. The economic slowdown can also be attributed to the Ebola epidemic that hit the country in the middle of 2014. Agriculture remains the biggest contributor to GDP (52.7 percent in 2013) and 47.9 percent in 2014, industry (inclusive of mining) at 18.6 and services at 33.5 percent. The construction sector continued to slow in 2013 and 2014, to 1.3 and 1.2 percent of GDP respectively.

Much foreign direct investment, previously in the pipe line, is likely to be cancelled. Domestic activity will shift towards government consumption as the recovery effort focuses on Ebola containment. Gross domestic product (GDP) in 2014 was estimated to be over $400 million lower than under the projection before Ebola. For 2015 the loss in GDP is projected to be over $900 million.

A 2014 UNDP Human Development Index report has pointed out that despite recent economic growth, multidimensional poverty and inequality remains very high. In a country of an estimated population of 6.2 million, the report noted that income poverty is 52.9 percent (those earning less than $2/day) and that 72.7 percent of Sierra Leoneans are multi-dimensionally poor, among the highest in the world. This means that almost three quarters of Sierra Leone's population live below the poverty line and faced deprivations such as poor health facilities, lack of educational opportunities, inadequate living standard, lack of income, disempowerment, poor quality of work and threat from violence.

It is estimated that Sierra Leone's fiscal deficit, as a share of GDP, increased from 3.9 percent in 2014 to 4.8 percent in 2015, owing mainly to three developments within this period: high expenditure on tackling Ebola, a remarkable slowdown of economic activities due to Ebola, and a significant lowering of mining revenue due to suspension of iron ore mining. This deficit situation is, however, expected to ease to 4.2 percent in 2016 as the effects of Ebola and of the suspension of mining activities in the country continue towards the end of 2015 until the recovery from Ebola gain grounds. In this regard, a 5.5 percent fiscal rebound for 2016 is expected as investment picks up.

The inflation rate was estimated at 8.50 percent in September 2015, up by almost two percent points from the 7.3 inflation rate in 2014. The tight monetary policy that is being implemented currently is helping to keep food prices low while also keeping inflation in the country to a minimum. The lack of infrastructure, a poorly trained labour force and an unattractive environment for the private sector are key issues that the Sierra Leonean government must face if it is to maintain its growth levels. Unemployment has remained unchanged in 2015 from 2014 at 3.4 percent. The Sierra Leone government has developed the Agenda for Prosperity Strategy to drive economic growth and employment in the country from 2013 to 2017.

An estimated 40 percent of Sierra Leone's population live in urban areas with an urban population growth rate of 2.74 percent. With the rapid spate of urbanisation, the country has witnessed a significant explosion of urban centres especially Freetown, the nation's capital. This has led to the development of many informal settlements and slums in Freetown now boasting of over 28 informal settlements. This has posed significant challenges to both local and national government authorities in terms of overcrowded neighbourhoods, and put enormous pressure on the delivery of social services. The Ebola outbreak which nearly brought the country to a complete stop brought the issue of slums into the forefront as it makes contact tracing of suspected Ebola patients insurmountable.

Access to finance

Sierra Leone is home to 13 commercial banks (six Nigerian, one British, one German, one Malaysian and one from Togo, along with two state-owned banks and one domestic private bank), nine insurance companies and three housing finance companies (Sierra Leone Housing Corporation, Alliance Housing Finance Company Limited and Home Finance Company Limited). With support from development partners, around 60 Financial Services Associations and 20 community banks have been established throughout the country to help with financial intermediation. Commercial banks are well capitalised and looking for innovative ways to serve the market with new products and services.

At the end of the 2013 financial year, credit to the private sector given by commercial banks expanded by 1.75 percent, from Le971.65 billion ($390 million) at the end of June 2013 to Le988.55 billion ($450 million) at end December 2013. The domestic credit of private sector in 2014 accounted for 4.8 percent of GDP. Commercial banks' resource base increased by 21.3 percent during 2012 as deposits had increased by 22.74 percent, from Le2.3 trillion (US$530 million) to Le2.83 trillion (US$650 million). Savings increased by Le162.18 billion (US$370 000), bringing the total to Le692.94 billion (US$160 million). Non-performing loans as a percentage of total gross loans decreased from 15.1 percent in 2011 to 14.7 percent in 2012, and the capital-asset ratio of the banks was at 15 percent. Estimated non-performing loans in commercial banks across the country were estimated at 18 percent in 2014. Interest rates for loans in some commercial banks in 2015 vary from 15, 16 and 17 percent, whilst prime lending rates are at 17 percent.

In 2008, Sierra Leone adopted a strategy for reform of the financial sector to strengthen banking supervision, enhance competition, increase access to commercial bank finance and improve the payment system. The financial sector still faces a number of challenges such as the high costs of financing, operating costs and limited bank branch infrastructure. The high concentration of the banking sector also limits competition. These factors contribute to the low share of credit to the private sector.

The Sierra Leone Stock Exchange started operating in 2001 as a private company. The three housing finance companies – Sierra Leone Housing Corporation, Alliance Housing Finance Company Limited and Home Finance Company Limited – are listed on the Bank of Sierra Leone website. The National Social Security and Insurance Trust (NASSIT) was established in 2004 with a mandate to administer Sierra Leone's National Pension Scheme. Under this programme NASSIT decided to invest in housing finance and has been the key financier of Home Finance Company (HFC) Mortgage. NASSIT have also helped fund Regimauel Gray Estates, which is one of the leading Real estate Developers in the country to construct 10 high income housing units that were going for a purchase price of about US$100 000. HFC Mortgage and Savings Bank offers eight different mortgage products – Home Purchase Mortgage, Group Scheme Construction Stage Payment, Home Completion Mortgage, Home Improvement Mortgage, Home Equity Mortgage, Buy Land and Build Own Home Mortgage, Construction Finance Mortgage and Construction Stage Payment Mortgage.

All mortgage products are offered to residents and non-resident Sierra Leoneans, although with longer repayment periods, and lower deposits required, for residents. The Home Purchase Mortgage and Group Scheme Construction Stage Payment products offer a maximum loan amount of US$120 000 for a 20-year term, with a 20 percent deposit (for residents). The average 20-year fixed rate mortgage dipped from 4.58 percent in 2013 to 4.10 in 2014. The Home Completion Mortgage requires a 30 percent deposit over 15 years at an interest rate of six percent, whereas the Home Improvement Mortgage requires a 50 percent deposit at an interest rate of six percent also. The 'Buy Land and Build Own Home Mortgage' product allows the applicant to buy land for a maximum amount of US$10 000 and then provides a further US$30 000 to build. To apply for this product the applicant must be an existing customer of HFC. In addition, the builder must be approved by the bank, the building plans must have been approved and the purchase of land requires the applicant to have secured title. Once approved, the loan can be disbursed directly to the customer. The minimum down payment for this product is 20 percent of the cost of the land.

The Construction Finance Mortgage is targeted at estate developers for the construction of residential properties. The maximum term of the loan is 36 months and the developer must produce a title over the land. The Construction Stage Payment Mortgage is also aimed at developers; however, the difference is that the developer constructs residential houses for prospective HFC mortgage customers who may require funds to enable them to complete the homes. The maximum loan term is 12 months. HFC Mortgage and Savings Company have as at 2015 financial year about $20 million to operate its various mortgage and loan schemes. HFC Mortgage and Savings Bank have been gradually increasing its customer base and now boasting of nearly a 1 000 customers who have used or are using one of its six mortgage products. Other commercial banks too are also offering a variety of mortgage products to their customers.

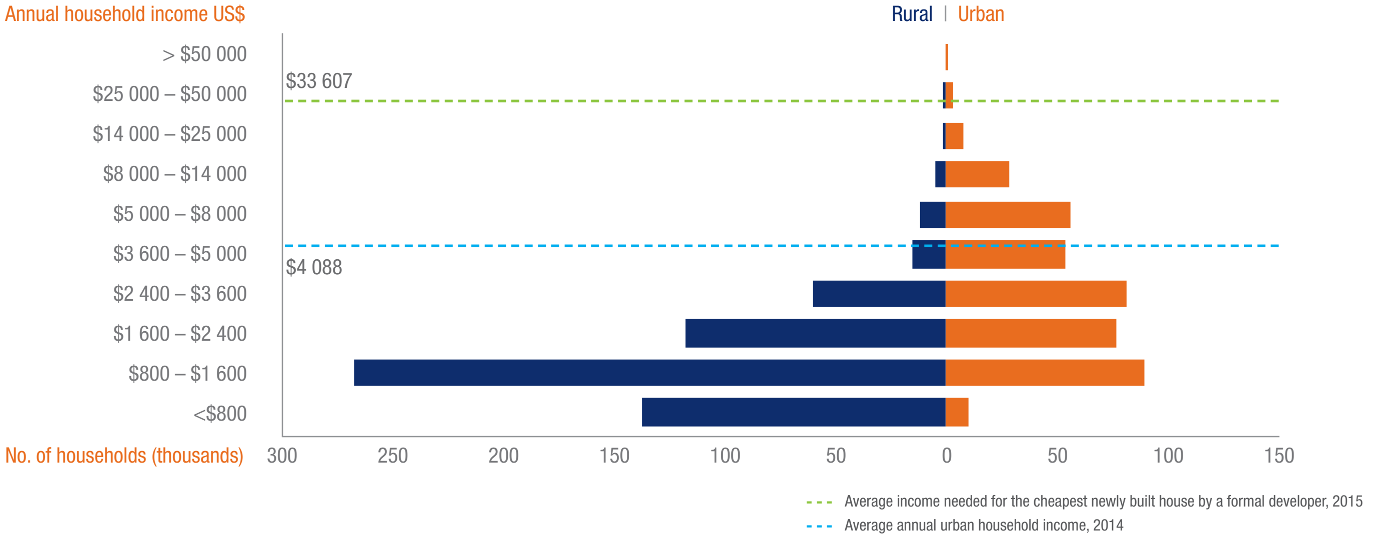
In 2012, the World Bank launched the Global Financial Inclusion (Global Findex) Database to explore levels of financial inclusion around the world. According to 2014 Global Findex database, 16 percent of adults (15 years+) and 12 percent of adult women have accounts with a financial institution. The percentage of young adults (15-24) is about five percent. According to the report, about 11.7 percent of adults living in rural areas and 20.2 percent of adults living in urban areas having account with a financial institution. The majority of those with accounts use them to receive wages. Use of credit is fairly common; four percent of adults over 15 years of age report that they had a loan with a financial institution and 9.3 percent adults stated they have outstanding mortgage with a financial institution. However, the vast majority of these loans were from family or friends is reported at 43 percent and seven percent of adults have borrowed from a private informal lender. The percentage of adults with mortgage loans has substantially increased from 0.4 percent in the 2011 Findex database to 9.3 percent. In 2014, 11 percent of adults have saved at a financial institution with a large percentage of adults saving mostly for education or school fees and to start a business or farm.

There are two licensed, deposit taking microfinance Institutions in the country: Ecobank microfinance Institution (EMSL Ltd) and Bank for Innovation and Partnership (BIP), and eight credit-only MFIs. Finance Salone and Hope Micro have the largest number of borrowers; however ProCredit Bank – SLE, Finance Salone and BRAC – SLE have the largest share of loans. The most recent data from MFI sector for 2015 put total loans given out by the various microfinance institutions at US$17.3 million to 106 938 borrowers. They have also received deposits amounting to US$5 million from 51 428 depositors. In June 2015, BRAC-SLE reported total loans of about US$3 million issued to 21 040 borrowers and zero deposit. There are no updated figures from the other MFIs. In a June 2015 report, the Sierra Leone Association of Microfinance firms detailed the impact of the Ebola epidemic on its especially with majority of their customers who are traders and farmers been severely affected due to the economic slowdown. The report stated that the Ebola outbreak has affected microfinance funders as loan disbursement reduced by 36 percent during the Ebola period and outstanding loan portfolio fell from US$18 million to US$14.9 million. The number of active clients dropped from 78 000 to 73 000 during the crisis while portfolio-at-risk doubled from 11 percent to 22 percent. During this period, the eight registered MFIs reported decrease in revenue and operational self-sufficiency dropped from 105 percent in June 2014 to 78 percent in December 2014.

There are two development banks in the country: the National Development Bank and the National Cooperative Development Bank. These banks work in conjunction with the MFIs, mainly in urban centres. Rotating savings and credit associations are informal savings and credit institutions used commonly throughout the country.

According to the World Bank 2015 Doing Business Report, Sierra Leone rank 140, which is unchanged from the 2014 ranking. Sierra Leone ranking in terms of the 'ease of getting credit' indicator in the World Bank's 2015 is 151 which is a very big drop from 2014 rank of 147. In terms of starting a business, Sierra Leone is

SIERRA LEONE



rank 91 in 2015 compared to 87 in 2014. The Credit Reference Bureau Act of 2010 has been adopted, which requires all commercial banks to refer to it before making out loans to customers. In 2014, the public credit registry had information on 23 725 individuals and 11508 firms, comprising one percent of the population, which is 0.1 percent increase from the 2013 figure. Borrowers can inspect their data in the public registry, and data on both firms and individuals are distributed. In 2014, Sierra Leone scores five out of a possible 12 points on the 'strength of legal rights' index. The strength of legal rights index is one of the indicators used in the World Bank Doing Business Report. There is no collateral registry in operation in the country.

Affordability

Housing affordability is a serious challenge in Sierra Leone, where more than 60 percent of the population live on less than US$1.25 a day and 60 percent of the youth are unemployed which is a pertinent social issue. Youth unemployment is projected to grow even further in the next five years. The lowest housing unit is a single bedroom and a living room (parlour) with an estimated area of 20 m^2. The prevalent housing units that are available for rent are mostly two and three bedroom apartments with estimated area of 200 and 250 m^2 respectively. The prices to rent these aforementioned housing units per year depend on the location. In the east end of Freetown, average rental process for a three bedroom apartment ranges between US$1 000 – 1 500, whilst in the central and west end of Freetown, rental prices for three bedroom ranges between US$3 000 – US$5 000. Average rental prices for two and one bedroom apartments ranges between US$500 – 1 000 and US$100 – 250. The widespread proliferation of slums in most urban centres is a direct consequence of the extreme difficulties encountered by the urban poor to afford decent housing. With poverty so prevalent, most urban poor do not have the income required to open a bank account, thus making it almost impossible to access mortgage facilities offered such as HFC Mortgage. As a result, the HFC Mortgage and Savings Bank products are affordable to only a fraction of the population.

The lending rate by banks in Sierra Leone which is the rate charged by banks on loans to prime customers was 19.41 percent (measured in 2014) percent (end 2013), making borrowing very expensive. The average rate of savings remained at 6.4 percent since 2014. In a recent SALHOC survey, 70.5 percent of survey respondents stated that they find it very difficult to rent a house due to very high rental prices. However, the Sierra Leone Housing Corporation (SALHOC) and the Sierra Leone Investment and Export Promotion Agency (SLIEPA) have been able to attract some private sector developers and international NGOs to revive the provision of affordable low-cost housing units to all income groups. The major hindrance to the provision of affordable low-cost housing units is the huge construction cost considering the fact that most of the building materials have to be imported into the country. The average costs to build a two bedroom and three bedroom flats are US$15 000 and US$25 000 respectively.

Housing supply

Sierra Leone, like many African countries, struggles to house the majority of its poor population. Access to affordable housing remains a challenge for government, which is why housing is noted as a critical area with regards poverty alleviation. The war in Sierra Leone (from 1991 to 2002) left many people destitute and destroyed close to 350 000 dwellings. The war caused many people to flee to Freetown, the capital and largest city in Sierra Leone. There is an estimated 800 000 houses with an average house size of six based on the 2004 housing and population census. The proposed 2014 Housing and Population Census was postponed due to the Ebola outbreak but has already been reschedule for December 2015. This census is expected to provide updated information on number of houses, average house size and socio-economic data.

A national survey conducted in 2004 found that 73 percent of households lived in single storey houses. Nationally, 75 percent of households were recorded as owner occupiers and 19 percent as renters. The quality of houses that most households live in is inadequate: 37 percent live in a house constructed with mud bricks, 35 percent in houses made with mud walls and 17 percent in cement constructed houses. Those living in mud walled houses are vulnerable, as the country is prone to seasonal rains. Many of these poor quality houses are also built in environmentally challenged areas which have led to several landslides, mudslides and flooding over the years. It should be stated that housing supply is not commensurate with the ever increase in housing demand. This has caused rentals to increase yearly and have placed tremendous economic hardships on both middle and low income earners who according to a 2015 SALHOC survey are spending over 40 percent of their earnings on housing needs.

NASSIT has plans to support private developers to construct on a large scale various housing delivery schemes for all income groups. A 2010 housing needs assessment conducted in Freetown showed that there is a housing supply deficit of 120 000 houses. NASSIT have acquired land in all the four provincial urban towns and intends to roll out a significant number of housing units. The Sierra Leone Housing Corporation (SALHOC), the statutory body charged with the delivery of low cost housing, has within the past year developed strategic partnerships with private sector developers and International NGOs. 2014 also saw the entry into the property market of Trillium Hills and White Sands Project. The Trillium project is a real estate and property investment business geared towards creating not only an attractive and conducive living environment for the people of Sierra Leone, but also aimed at creating jobs for the youth and skilled people and at the same time foster wealth creation for the cottage industries and construction sector of the economy. HFC Mortgage has started funding a real estate developer i.e. SPARKLIGHT who are currently building about 50 low-cost housing units at Gloucester.

Property markets

According to a 2013 Knight Frank report, rental for the industrial sector dominates the property market, with prime rental rates of US$3 per m^2 per month in Freetown. The office and retail market have prime rates of US$17 per m^2 per month. Specifically, with regard to residential property, a four-bedroom executive house in a prime location is rented for US$4 000 – 5 000 a month.

The World Bank's 2015 Doing Business Report ranks Sierra Leone 158th out of 189 countries in terms of ease of registering a property. This is an improvement from a rank of 161 in 2014. It takes 55 days to complete the seven procedures involved in registering a property, and costs 11 percent of the property value. In 2013, Sierra Leone made registering property easier by computerising the Ministry of Lands, Country Planning and the Environment, reducing the time needed for property registration by 19 days.

All land is registered with the Ministry of Land, Environment and Country Planning. Paramount chiefs and other community authorities are the predominant land owners followed. There are a few state lands which are under the custodian of the Ministry of Land. These traditional authorities allocate land-use-rights to extended families for further division among family members or lineages attached to a particular chiefdom. No significant land-related decision is final until the paramount chief approves. This complex land tenure system has make acquiring land very challenging and rift with so many court cases. However, a draft national land policy formulated in 2014, which is geared towards revolutionizing land ownership, use and management is now under review. Sierra Leone property markets have been in a very shambolic state with no effective industry regulator. This has led to indiscriminate rental prices and the absence of a code of practice to guide proceedings. As a result therefore, many urban dwellers have been priced out of the formal property market and as such resorted to building makeshift houses in slum areas. Mortgages exist but since there is only a small stock of modern housing and other buildings, the real estate market is minimally active and mortgages are not common.

Policy and regulation

Access to land in Sierra Leone is especially difficult for the poor and even more so for women. Land tenure is still based and reliant on customary law, where the land is dominated by male heads. Land tenure in urban areas follows the English land law. Land in Sierra Leone is classified as state land, private land and communal land. In Freetown and the Western Area, statutory laws recognise private freehold land, while under the Province Land Act of 1960 in the three provinces is governed by customary law with chiefs serving as custodians. Customary law is unwritten, varies across the 149 chiefdoms, and evolves over time. It is enforceable in both formal and non-formal courts. The 2004 Local Council Act gives local councils the right to acquire and hold land. Local councils have the responsibility for the creation and improvement of human settlements. It is on this basis that SALHOC has established working contacts with all the district councils in order to facilitate the process of acquiring land for its future low-cost housing projects. The Constitution of the Republic of Sierra Leone Act No. 6 of 1991 does not clarify to whom the land belongs, and causes problems when it comes to ownership. Land titles in cities such as Freetown are delivered through a grant from the state or possessory title to state land based on adverse possession.

UN-Habitat together with the National Commission for Social Action, the Ministry for Lands, Housing, Town and Country Planning and Environment, and the UNDP, worked on a Framework document for human settlement development to deal with the growing urban population. The framework document is for the resettlement, reconstruction and rehabilitation of the country. The programme is expected to translate into a national housing policy and implementation strategy. The World Bank has also provided support for Sierra Leone through revising and updating the national housing policy, preparing the outline of a five to 10 year national housing programme and preparing a report on the slum and informal settlements in Freetown. The government however, through the Agenda for Prosperity is in the process of developing the requisite legal framework to get the public sector in the real estate and property business to work with private developers to harmonize and produce affordable housing schemes for all income earners. It should be pointed out all these plans are in their embryonic stage at the moment. No construction plans have yet been submitted to the effect. Low-cost housing units from private developers will mostly be mortgaged whilst those that will be supplied by the government through SALHOC may be highly subsidised by the government since they will be geared towards low and middle income earners.

Opportunities

The business environment in Sierra Leone has been improving. In 2013, Sierra Leone's ranking improved by eight places in the World Bank's Doing Business Report, although it dropped by two places in 2014, placing 140th out of 189 countries. It remains unchanged at 140th in 2015. As the macroeconomic environment improves, an important area of opportunity is the housing sector. There is certainly considerable scope for growth in the housing financing markets and housing suppliers should consider how to package their offerings to suit the affordability criteria of the majority of the population. Despite the Ebola epidemic slowing down the country, there has been significant movement and collaboration between SALHOC and other private sector developers to increase the supply of housing units, developed effective policies to regulate the real estate market. The country can now boast of about four private sector developers currently working in the real estate business with some having already constructed some housing units and others have already secure land and are on the verge of commencing construction work. With the mining sector expected to resume full scale operation and expansion, it is expected that income levels of urban dwellers would be on the increase thereby putting them in a position to be able to access mortgage facilities to buy these homes. In a recent survey conducted by SALHOC, about 80 percent of survey respondents stated their willingness to use the available mortgage instruments to buy land and build houses.

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Somalia

KEY FIGURES

Main Urban Centres	Mogadishu
Exchange Rate: 1 US$***	669.03 Somali Shilling (SOS)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	| | |
Population^ | Population growth rate (2013)^	10 805 651 | 2.91
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	39.08 | 4.11
GDP / capita (current US$)^ | GDP growth rate (annual %)^	128.1 | 2.60"l
GNI / capita, Atlas method (current US$) ^	122.90"l
Population below national poverty line*	73ll
Unemployment rate (%)*	7.6
Gini co-efficient (year of survey)^^	0.48ll
HDI (Global Ranking)" | HDI (Country Index Score)"	165 | 0.285ll
Lending Interest Rate^	20 – 25*_
Mortgage Interest Rate (%) | Mortgage Term (years)#	8.50 | 30
Credit % of GDP^	...
Average Mortgages % of GDP°	...
Price To Rent Ratio City Centre** | Outside City Centre**	16.7 | ...
Gross Rental Yield City Centre** | Outside of City Centre**	6%* | ...
Outstanding home loan (% age 15+)##	2.43
What is the cost of standard 50kg bag of cement (in US$)? #	14.00
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	100 000
What is the size of this house (in m²)? #	...
What is the average rental price for a formal unit (in US$/month)#	500
What is the minimum plot size for residential property (in m²)#	260
Ease of doing business rank !	...
Number of procedures to register property !	...
Time (days) to register property !	30*_
Cost (% of property value) to register property !	...

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database
"l United Nations (2014) World Statistics Pocket Book
ll United Nations Development Programme (2012) Somalia Human Development Report 2012
*_ Datagrid Somalia

Overview

Somalia, a country of almost 640 000 km², is located in the 'Horn of Africa'. It is bordered by Ethiopia to the west, Djibouti to the northwest, Kenya to the south west, and the Indian Ocean to the east, and is divided into three regions, namely; Puntland, Somaliland and South-central Somalia. While all three regions belong to the country 'Somalia', they are autonomously governed with each having their own governance structure. The capital city of Mogadishu makes up 15 percent of Somalia's population.

Somalia has a recent history of political instability and as a result has suffered from international disinvestment. Following the collapse of the central state authority in 1991 a Transitional Federal Government of Somalia was established which in 2012 was succeeded by the Federal Government of Somalia (FGS). This structure is the face of transition in Somalia and a plan for the reconstruction and development of the country has been formulated. Renewed interest from the international community is demonstrated through the New Deal Compact and investment interest from countries such as Turkey, China and organisations such as the World Bank.

The country's GDP was estimated at US$ 1.3 billion in 2012 with an estimated average annual growth rate of 2.6 percent. Agriculture is the mainstay of the economy and of livelihoods, accounting for about 60 percent of GDP and employing 65 percent of the workforce. Two thirds of this is livestock, which on its own accounts for about 40 percent of GDP and more than 50 percent of export earnings. Exports also include fish, charcoal, bananas, hides and skins, and scrap metal. Still, 73 percent of the population lives in poverty and 43 percent in extreme poverty.

Experiencing a trade deficit, the country is highly dependent on imports of food, fuel, construction materials and manufactured goods. Despite the long conflict, the more stable regions of Somalia boast a vibrant and dynamic private sector, specifically the financial sector. In addition, Somalia continues to rely heavily on inflows of aid and remittances.

The inflation rate is very high, estimated to remain in the range of 300 percent, due to individuals circulating counterfeit currency. The inflationary trend is expected to lessen when the central bank effectively takes full charge of monetary policy and replaces the currency circulating, which is currently printed by the private sector. the World Bank and African Development Bank are assisting with rebuilding state institutions such as the Ministry of Finance and Central Bank.

According to the African Economic Outlook (2014) humanitarian and development aid in 2012 amounted to US$ 750 million, or around US$ 76 per capita[1]. Annual remittances, estimated at US$ 1-1.5 billion, are the largest contributor to national capital inflows and wealth. Total external sovereign debt to public creditors is estimated at US$ 5.7 billion (around 80 percent of GDP), of which US$ 1.5 billion is owed to multilateral creditors (79 percent in arrears), US$ 2.5 billion to Paris Club creditors (most of which is in arrears) and US$ 1.6 billion to non-Paris Club bilateral creditors[2].

Access to finance

For two decades since 1991, Somalia had been functioning without banks; all institutions that regulated the economy collapsed and the country was suspended from accessing global financial markets. In recent years, the banking system is starting to re-emerge with limited functionality. The country's financial system mainly comprises the Central Bank of Somalia, money transfer agencies (Somalia Remittance companies/Hawala system) and microfinance institutions, as well as newly established commercial banks. In the absence of formal and established commercial banking activities, all economic transactions are settled in cash. There are no fixed income markets in Somalia and no formal credit facilities. Somalia's largely informal economy is characterised by major information and data gaps, making estimates of economic aggregates highly uncertain. This notwithstanding, the private sector is vibrant and growing.

The principle pillar of the Somalia financial system is the presence of remittance companies offering money exchange and remittance services, and thereby connecting Somalia with the rest of the world. The informal Hawala system is used in Somalia, has 17 organisations and is based on trust. The Hawala system consists of money transfer companies which offer financial services to people and encompasses informal credit systems. The largest of these organisations is Dababshill, Amal Express, Kaah Express and North American Money Transfers. The movement of funds within Somalia is through mobile telephone schemes: 70 percent of Somali people have access to mobile services[3]. Loans are traditionally secured through family members not banks. Loans are used for real estate development in some instances.

Access to finance by households is also enabled by a growing microfinance sector. Key players include Silatech, Kaah Express, Barwaquo Microfinance Bank, Kaaba Microfinance Institution (has 5 000 clients and is a field partner of Kiva) etc. Loans are offered for a period of up to 6 months[4]. According to Kiva, the average loan size in Somalia is US$ 542 and the average loan size/ GDP per capita PPP is 90.42 percent. Total loans provided by Kiva amounts to US$ 120 975 in 2014. Microfinance facilities and informal facilitators charge between 5 percent – 10 percent commission.

The reconstruction of the Central Bank is still underway, and Somalia's six commercial banks (including the International Bank of Somalia, First Somali Bank, Salaam Somali Bank, Somalia's Premier Bank and Tawakal Money (Express) are all new players. The four Islamic financial institutions offering mortgage/home loans are Salaam Somali Bank, Dahabshiil Bank International, Premier Bank and International Bank of Somalia (IBS).

The International Bank of Somalia offers financing for investors. This includes real estate advisory and housing financing; finance is also offered for infrastructure development projects. Salaam Somali Bank offers finance packages for mega construction projects and smaller scale housing for individuals. Only 3 percent of Somalia's population is banked, says the managing director of Premier Bank. There is currently one ATM in the capital city and Premier Bank hopes to erect five more around the city. In addition, there are two central banks in Somaliland and Puntland which also offer commercial banking services. Lack of a formal bank structure drives investment away as it is deemed too risky with limited regulations to provide credit. With this in mind, Takaful Insurance offers products to insure properties against fire, theft, political violence and terrorism, which will assist in risk management[5].

Affordability

Somalia has long been one of the world's poorest and least developed countries, bearing relatively few natural resources[6]. Somalia's GDP per capita is US$128.1[7]. The youth unemployment rate is almost 70 percent. Using a poverty line of US$2 a day PPP, the incidence of poverty is 61 percent in urban areas, 80 percent for rural areas and 73 percent overall. Using a poverty line of US$1 a day (ppp), the incidence of poverty is 43 percent[8].

From 2002 to 2008 the consumption of cement in Somalia has remained the same at 0.1 MTA (Global Cement Report). The low consumption is mainly due to the volatile political situation. Cement is expensive: about US$14 per 50kg bag. Using the GNI per capita of US$122.90, ± 8.8 bags of cement can be bought – far below the estimated 35 – 40 bags of cement that would be required to build a basic 40m² house. With 73 percent of the population earning less than US$60 a month, the affordability for formal housing is extremely limited.

According to Datagrid Somalia, the average house price per square meter is US$250. The average rental price for a formal unit is US$500. The average plot size is 400m². The price of the cheapest newly built house built by a developer in Somalia is US$100 000. The current rental market is booming according to an article by The Somali Investor[9]. Rent has increased in some places from US$ 300 five years ago to between US$2 000 and US$3 000 due to increased demand. These figures are biased toward city and urban areas such as Mogadishu and Hargeisa.

Property markets

The housing and property market in general is booming in Somalia with rental and house prices increasing by over 100 percent over the past five years. The need for housing is largely due to returning refugees, overcrowding of existing households and new businesses, and as a result, demand exceeds supply, pushing up prices for the benefit of investors. Although the housing market is favourable, in many cases land is unregistered and ownership cannot be proven. Protection of individual and collective ownership of land and other property depends entirely on clan support and/or the military might of related factions. Land, including its access and its utilisation, is already a problem in Mogadishu, as internally displaced persons (IDPs) and refugees seek housing. For the first time in Somalia, title deeds have been handed over to 500 displaced households in Baidoa. This pilot project identified secure land tenure to protect people from evictions from IDP camps. Still, there are cases of fraud and land being sold to multiple people.

Officially, land registration in Somaliland takes approximately 30 days and costs about US$ 30[10]. It is only the mayor's office which registers property and the procedure is cumbersome, given the collapse of the government and the loss of land document archives. However the procedure of new plot demarcation does not take long. It is the process of transferring old plots, where old plot documentations has to go through several verification processes, that increases the time involved. The process of acquiring land amounts to about one percent of the property value, however this amount keeps varying[11]. The price of property around airports is high.

Housing supply

There are approximately 2 million households in Somalia with an average household size of six people. In 2009, 73.6 percent of the urban population in Somalia were living in slums[12]. Just under a quarter (24 percent) of the population has access to formal housing (60 percent in urban areas and six percent in rural areas)[13]. About 24 percent of houses in Somalia are constructed with durable materials and can be classified as permanent structures. Around 56 percent have walls or roofs constructed utilising semi-durable materials. The remaining 20 percent are categorised as temporary, as they are makeshift houses utilising sticks, plastic sheets, and similar materials. In rural areas, 90 percent of households are owner occupied as opposed to 60 percent in urban areas. One in every four houses is rented in urban areas as opposed to one in every 25 in rural areas. Land is largely owned by the government.

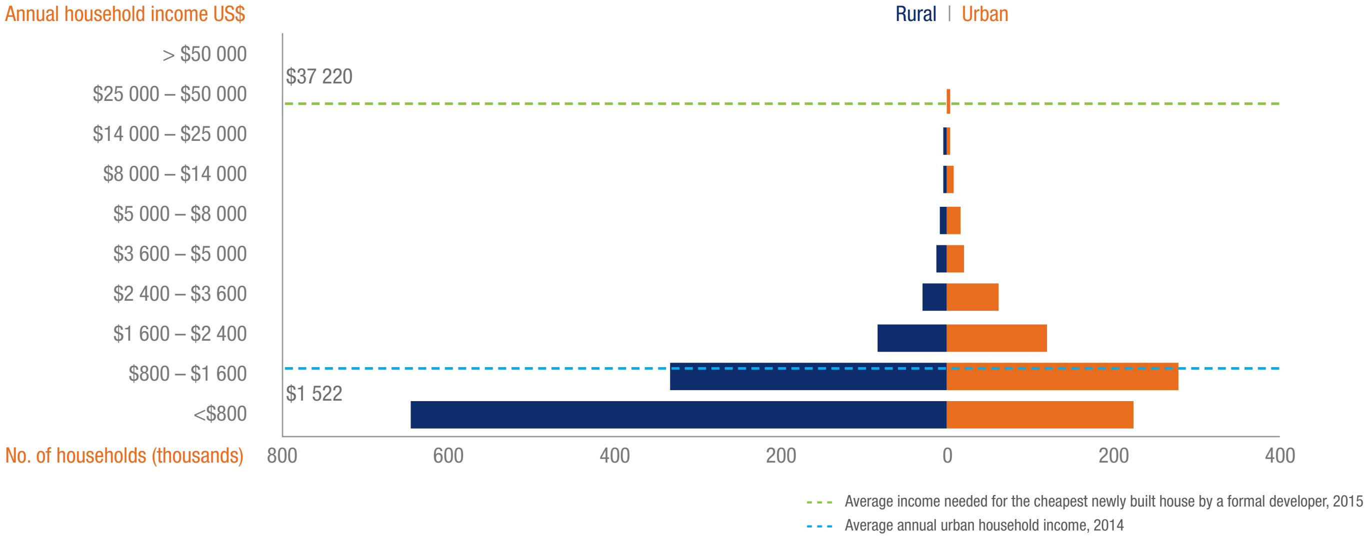
A key component of formal housing is cement. Cement has largely been imported by the Dahabshill organisation (dealing largely with remittances) indicating that there is a form of investment in infrastructure. Plans have been approved to establish a cement terminal at Berbera port in Somalia[14]. While the Global Cement Report for Somalia suggests that the short term future seems bleak, various articles indicate that the construction market is booming due to the strengthening political situation. Also plans for investment in the sector shows a positive outlook for the construction industry in Somalia.

The government of Japan has funded 1000 houses in Puntland for internally displaced persons of which 500 were complete in 2013. Another 150 houses were provided by the Common Humanitarian Fund (CHF). According to the Somalia Real Estate Association, 10 200 units were in the pipeline in March 2015. In addition, the Darul-Salaam City, a gated estate situated on the outskirts of Mogadishu is a large scale housing project with over 6 000 units proposed to be constructed over the next three years. There is also the Jazeera Estate which is being constructed in Mogadishu, 3km from the airport. This gated development is proposed to have over 1 200 apartments, villas and townhouses as well as commercial and public facilities.

Policy and regulation

The main shift in policy and regulation in Somalia is the endorsement of a New Deal Compact between the Federal Government of Somalia and the international community. It is an overarching framework for all international donor and partner engagement with the country. This compact aims to guide reconstruction and

SOMALIA



reconciliation of Somalia over a three year period (2014 – 2016). Through the Compact the Somalia Development and Reconstruction Facility has been setup which will oversee activities of development partners. This facility will serve to bring together several funds from the World Bank, United Nations, African Development Bank and Special Financing Facility (with pledges amounting to €1.5 billion). In addition, democratic elections will be held for Somalia in 2016. According to the African Economic Outlook the FGS has developed a two year economic recovery plan for 2014/2015, to rebuild the Somalia economy and improve service delivery.

There are currently no housing laws and regulations, however a housing-related law is in the process of being formulated. There are no building standards or urban and master planning in place to regulate the development of housing.

The UN-Habitat has assisted the Somali government by developing a strategy for internally displaced people and urban rehabilitation. The government seeks to relocate 160 000 people to areas outside the city of Mogadishu. With assistance from UN-Habitat, there is a land department in Mogadishu. Customary land laws are still in use. There is a need to develop tenure security to attract further private sector development.

The Somalia Real Estate Association was formed in 2014 to manage property efficiently by gathering information and streamlining the industry and create a quality product. While the association is not fully functional, this is a positive for future development.

Opportunities

Somalia is undergoing drastic positive change with increased investment interest from the Somalia diaspora and foreign investors. The Aden Abdule International Airport was reopened has seen 10 – 15 daily flights and the Albayrak ocean port has experienced increased volumes of trade in the last six months. Somalia has received substantial investment from Turkey with a number of agreements in place that spread across various sectors such as trade, education, infrastructure development and humanitarian assistance. Increased industry, business, as well as latent mining opportunities (oil and gas) indicate a niche for housing development. A clear affordable housing gap exists to service population growth, displaced communities and the housing demand created by revived economic activity. The establishment of various associations related to investment, economic growth and real estate indicate a renewed appetite to absorb opportunities especially in the housing sector. This will create a multiplier effect leading to job creation, increased per capita income, demand for more economic activity and hence redevelopment of Somalia.

The commitment to establish formal finance institutions and to operationalise the Central Bank will assist in creating a favourable investment environment. This will assist with the lack of formal credit facilities to offer mortgage loans and allow the private sector to add to the housing stock in Somalia. The thriving informal financial sector, as well as the strong presence of microfinance institutions, creates a unique opportunity to support housing development.

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South Africa

KEY FIGURES

Main Urban Centres	Pretoria (capital), Johannesburg, Cape Town
Exchange Rate: 1 US$***	11,32 South African Rand (ZAR)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	5.7 | 6.1 | 4.9 | 5.3
Population^ | Population growth rate (2013)^	54 001 953 | 1.58
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	64.30 | 2.37
GDP / capita (current US$)^ | GDP growth rate (annual %)^	6 477.86 | 1.52
GNI / capita, Atlas method (current US$) ^	6 800
Population below national poverty line*	45.5
Unemployment rate (%)*	25.0
Gini co-efficient (year of survey)^^	65.02 (2010)
HDI (Global Ranking)" | HDI (Country Index Score)"	118 | 0.658
Lending Interest Rate^	9.13
Mortgage Interest Rate (%) | Mortgage Term (years)#	9.50 | 20
Credit % of GDP^	67.22
Average Mortgages % of GDP°	22.54% (2014)
Price To Rent Ratio City Centre** | Outside City Centre**	8.34 | 9.12
Gross Rental Yield City Centre** | Outside of City Centre**	12% | 10.96%
Outstanding home loan (% age 15+)##	9.17
What is the cost of standard 50kg bag of cement (in US$)? #	5.35
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	26 763.00
What is the size of this house (in m²)? #	40
What is the average rental price for a formal unit (in US$/month)#	465
What is the minimum plot size for residential property (in m²)#	60 – 100
Ease of doing business rank !	43
Number of procedures to register property !	7
Time (days) to register property !	23
Cost (% of property value) to register property !	6.20

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

South Africa is the second largest economy in Africa, and at US$341.2 billion, is classified as a middle-income country. South Africa has well-developed transportation, IT, and services infrastructure, legislation that supports private investment, a world-class financial sector and a well-diversified economy. The Johannesburg Stock Exchange ranks was established during the gold rush in 1887, and with a market capitalisation of US$1 trillion at the end of 2013, is now the 19th largest stock exchange in the world, and the largest in Africa. Historically dominated by mining, the services sector now leads the economy. The country has enjoyed growth since its first democratic elections in 1994, and this has supported an extensive social security programme providing social grants and considerable public infrastructure investment.

This notwithstanding, South Africa continues to be one of the least equal economies in the world, with a Gini coefficient of 0.65. The country suffers from a high unemployment rate of 25 percent (or 34.9 percent including discouraged job seekers). This is worse among the youth, where 49.9 percent are unemployed and a further 13.2 percent have stopped looking for work.

Consumer confidence hit a 14-year low in the second quarter of 2015 – a decline expressed across all income groups; however most significantly among low and middle income households. Consumers are pessimistic about the economy and the rising cost of living. According to the FNB/BER Consumer Confidence Index for 2015, poor consumer sentiment has been exacerbated by frequent power outages, the impact of drought on harvests and consequent food inflation, further depreciation in the rand, the persistence of xenophobic violence, a 19 percent increase in the petrol price, and tighter credit conditions, among other things. Tensions between the ruling party, opposition parties and the unions have been increasing in recent years, undermining the positive spirit that carried the country so successfully in its early, post-apartheid years.

The International Monetary Fund (IMF) projected growth at two percent for 2015/2016 from 1.5 percent in 2014 mainly due to anticipation of fewer days lost to strikes. After declining to 5 percent in 2015 on lower oil prices, inflation is projected to rebound to 6.1 percent in 2016. In 2014, the finance, real estate and business services sector was the largest contributor to the country's GDP at 20.6 percent.

On the face of it, South Africa has investor friendly policies and regulations. In its 2015 Doing Business Report, the World Bank ranked South Africa 43rd overall, and second in Sub-Saharan Africa, after Mauritius. South Africa was also ranked first in Sub-Saharan Africa in terms of dealing with construction permits and protecting investors. And yet, business confidence has been declining and fears of a recession are being expressed in the local media.

Access to finance

South Africa has a sophisticated banking system with 32 registered banks (18 of these foreign), of which four dominate: Absa Bank, First National Bank, Nedbank and Standard Bank. The capital-adequacy ratio for the banking sector as a whole was 14.5 percent in March 2015, well above the minimum prudential requirement of 10 percent. According to PWC, South Africa remains in the top ten countries globally for the indicator relating to soundness of banks.

Access to financial services has been an explicit area of focus by the government and the financial sector, since the 2003 promulgation of the Financial Sector Charter. The FSC is now enshrined in legislation, promoting transformation in the ownership and management of the banking industry, as well as increased access to financial services for those previously denied – primarily low income black South Africans. While the current phase of the FSC does not have explicit housing financing targets, it promotes a broader 'empowerment financing' target (housing, SMEs, infrastructure and agriculture) of ZAR48 billion (US$3.59 billion).

The 2014 FinScope survey indicates that 75 percent of the South African adult population is banked and 86 percent are financially included, using some financial product or service from the formal sector. Only six percent of adults rely exclusively on informal mechanisms to manage their money, and this reflects a decrease of 6 percent since 2004. Thirty-four percent use a combination of formal and informal mechanisms to manage their financial needs; 13 percent borrow from banks and five percent borrow informally.

Given the policy attention on financial access, as well as other broader, macro-economic factors at play, South Africa's consumer credit market has grown rapidly. By the first quarter of 2015, the total outstanding consumer credit book was ZAR1.61 trillion, over half of which (53 percent, or ZAR 849 billion) was mortgage debt. There were 1.8 million mortgage accounts, of which 3 percent were 90 days or more in arrears. The next largest consumer credit segment was secured credit (primarily vehicle finance). The total value of the secured credit market was ZAR354 billion (US$ 26 billion), and comprised 4.4 million accounts, of which 14 percent were non-performing (90-days arrears or more). Credit facilities followed, comprising ZAR207 billion (US$15.5 billion), and involving 26.2 million accounts, of which 12 percent were non-performing.

Consulting firm, Eighty20, has noted that the structure of South Africa's credit market has changed since 2008, however, and this has impacted substantially on access to housing finance. Where mortgages accounted for 47 percent of the value of all loans granted in 2008, by 2012, only a quarter of the value of all loans granted were mortgages. Unsecured loans and credit card facilities, on the other hand, have become much more significant, doubling in value from 20 percent in 2008, to 40 percent in 2012. In the past two years, the market seems to be correcting, so that by 2014, the mortgage book comprised 31 percent of all loans granted in that year, versus 32 percent for unsecured loans and credit facilities.

The bulk of South Africa's mortgage market is focused on a minority of the population – households earning outside the FSC target threshold of ZAR18 600 (US$1 394) in 2014. While the datasets don't align entirely, roughly 25 percent of mortgages granted (by number) in 2014 were for less than ZAR350 000 (US$26 238) with only three percent of all mortgages (again, by number) going to individuals earning less than ZAR15 000 (US$1 124) per month. There are multiple reasons for this – the entry level price of new housing is about ZAR350 000, and household affordability for credit is constrained. In 2008, on the back of the global financial crisis, many banks pulled back from offering 100 percent mortgages. However, many have subsequently returned to 100 percent lending in the affordable market where the mostly first-time borrowers do not have equity or savings with which to make a deposit.

Credit indebtedness is a significant challenge, and only 42.8 percent of credit active consumers were current on their accounts at the end of Q2 2015; a further 45.1 percent were more than three months in arrears. According to the PWC 2015 Bank Analysis, retail mortgages represent the largest value of non-performing loans (NPLs) at 38 percent – this given their size and their overall proportion of the consumer credit market. This reflected a decrease from 43 percent in 2014, indicating the progress of banks in terms of recovering funds. By number, however, mortgages represent a tiny proportion of NLPs – only six percent were 90 days or more in arrears in February 2015, versus 42 percent of retail apparel accounts, 42 percent of retail furniture accounts, and 35 percent of personal loans, these being the consumer credit categories with the highest levels of indebtedness.

The credit indebtedness challenge is likely to be exacerbated by rising interest rates, forecast to increase further in 2015. The key monetary policy interest rate (the repo rate) is currently at six percent per annum, with bank's prime lending and variable mortgage interest rates at a level of 9. five percent per annum. Typically, borrowers in the affordable market access mortgages at a premium of two percentage points above the conventional market. An analysis of performance indicates that borrowers in the affordable market have more erratic payment patterns than borrowers in the conventional market, although the analysis shows no difference in the proportion of borrowers who cease making payments entirely. While mortgage loan providers may charge a premium to off-set higher risk and costs associated with more erratic payment patterns in the affordable market, this premium may well exacerbate the problem. Monthly instalments on the average loan would be approximately ZAR350 more than they would be in the conventional market. This places an additional financial burden on households with the least affordability, and becomes an 'access tax' of sorts, likely making borrowers more vulnerable to economic shock.

The non-mortgage housing finance sector in South Africa has been growing, but remains a fraction in value of the mortgage market. Lending volumes are unfortunately not as well reported and quantified. Eighty20 reports National Credit Regulator figures showing that about ZAR1 775 million (US$133 million), involving 22 296 loans, was originated in the pension-backed loans market in 2014, versus Banking Association figures of ZAR1 942 million (US$145.5 million), involving 77 985 loans in just the "affordable market", in the same year. The discrepancy cannot be resolved. The housing micro loans sector is in part supported with wholesale finance and equity by the National Housing Finance Corporation and the Rural Housing Loan Fund, both state-supported housing financiers. By the end of March 2015, the RHLF had financed a total of 455 315 housing micro loans in rural areas.

Affordability

Housing affordability in South Africa is a critical challenge, bedevilling all housing practitioners in the public and private sectors. The reasons for this are many, among which are low incomes (social grants are the primary source of income for 39.5 percent of households, and by August 2014, social grants were being distributed to 16.3 million grant recipients); building costs have been rising faster than inflation; and the government subsidised house has had a distortive impact on the base price of an entry-level house. In 2015, the cheapest, newly built house was estimated at about ZAR370 000 (US$27 737), affordable at current mortgage rates to households earning about ZAR15 000 (US$1 124) per month – estimated at about 15 percent of the population.

The situation is not new. In 1994, it was estimated that South Africa had a housing backlog of three million units. To address this and the related housing affordability challenges, the Reconstruction and Development Programme, or RDP, subsidy was introduced, entitling all households earning less than ZAR3 500 (US$262) per month (86 percent of the population at the time), and satisfying a range of other criteria, to apply for a fully subsidised house. In terms of the RDP programme, subsidy beneficiaries get freehold title to a 180 – 250m² serviced stand with a 40m² top structure, entirely for free. This is still true today, although eligibility criteria have changed somewhat. The current government position on this is that applicants must be older than 40 years of age.

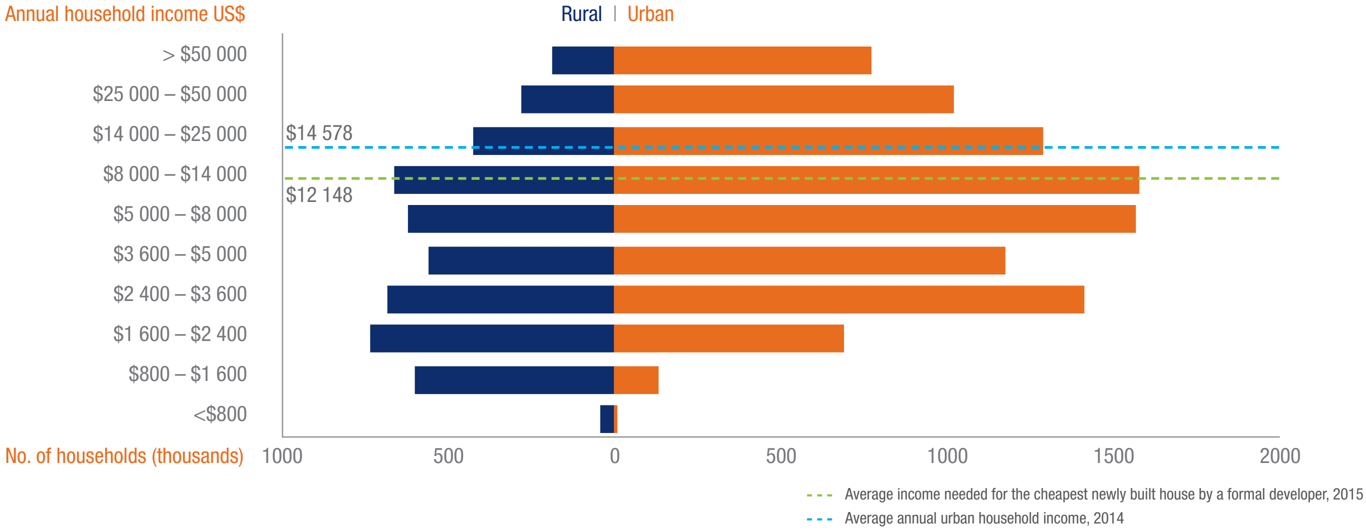
This still leaves a "gap" however, of households earning between the ZAR3 500 upper income threshold for the RDP subsidy, and the R15 000 income requirement for a mortgage for the cheapest newly built house. It is estimated that about 30 percent of the population fits into this gap. In an effort address this, the government introduced the Finance Linked Individual Subsidy Programme (FLISP) in 2012 (and in an earlier iteration in 2007). The subsidy offers beneficiaries a once-off capital contribution of between ZAR20 000 and ZAR87 000 (US$1 499 and US$6 522), depending on household income, which is to be tied to a mortgage to purchase a new or existing house. However, for various reasons, this programme has been unsuccessful, with fewer than 3 000 subsidies issued, and is under review.

Increasingly, government is recognising this issue of the 'gap' market – especially as it impacts upon key public sector workers. In 2015, this issue was one of the key drivers behind the signing of a Memorandum of Understanding between the Banking Association South Africa and the Department of Human Settlements.

Housing supply

Affordable housing supply in the country is dominated by government-subsidised delivery. Since 1994, an estimated 3.4 million housing units have been built by the state. Of these, an estimated 1.4 million are formally registered on the Deeds Registry, making government-subsidised housing comprise 24 percent of the total residential property market in South Africa. According to the 20 Year Review, approximately 12.5 million individuals (close to 25 percent of the population) have been aided by the state and provided with better quality accommodation and some form of an asset. Approximately 56 percent of all subsidies allocated have been to woman-headed households. Despite these impressive developments in the subsidised market, the housing backlog remains stubbornly fixed, estimated at

SOUTH AFRICA



about 2.1 million houses in 2015. The Department of Human Settlements reports that subsidised delivery decreased to 105 936 units per annum in 2013/14 – but deeds registry data suggests that only about 16 051 government-sponsored housing units were formally registered. In terms of government's Medium Term Strategic Framework, the Minister of Human Settlements has promised the delivery of 1.5 million new housing opportunities by 2019, comprising an estimated 750 000 households in upgraded informal settlements, the delivery of 563 000 subsidised housing units, 70 000 FLISP-supported housing units targeted at the 'gap' market, 40 000 further affordable housing market units, 27 000 social housing units, 10 000 community residential units (basic rental housing with shared ablutions), and 35 000 affordable rental units.

In fact, housing delivery has been declining across the board since 2012. According to ABSA, only 163 103 residential units were completed by the private sector (not including subsidised housing delivery) across the country between 2011 – 2014. Houses smaller than 80m^2 (a poor proxy for low income housing) comprised just under half of this, but fell to an all time annual low of 15 444 units completed in 2014. The delivery of flats, on the other hand, increased: from 3 880 units in 2011 to 7 102 flats delivered in 2014. Rental housing is increasingly a significant component of new housing delivery, and a new investment target has been the delivery of student accommodation. In 2015, Indluplace Properties became the first residential-focused fund on the JSE's real estate sector. JSE-listed SA Corporate Real Estate Fund is also planning to separately list its housing interests once its residential portfolio has grown to ZAR3 billion – double its current size.

Pension and provident funds have been targeting investments in the affordable housing space., South Africa's state-owned electricity company, Eskom, committed ZAR100 million (US$7.5 million) to the development of around 20 000 new affordable homes through an investment in global private equity funder, International Housing Solutions (IHS). This investment follows the commitment of more than half a billion rand to IHS' second fund by the National Housing Finance Corporation and the IFC. IHS' first fund financed over 28 000 units with a combined total value of more than R8,6 billion.

Property markets

South Africa's residential property market is the largest component of the South African property market, comprising the majority of property assets within the country, and an important component of household wealth. The South African deeds registry counts 6.7 million properties on its registry, worth ZAR5.2 trillion. Of this, about 5.8 million registered properties, or 86 percent, are considered residential, ranging from sectional title and freehold properties, to estates, including government- sponsored homes, homes occupied by their owners or rented to others, and holiday homes; found across the country, from rural areas, to mining towns, to small and secondary cities, to metro municipalities. Almost 60 percent of the total formal residential property market is found in the eight metro municipalities.

The majority of the residential property market – 63 percent in 2013 – includes homes valued at less than ZAR600 000 (US$44 979). Of this, two thirds are homes that are valued at less than ZAR300 000 (US$22 490), of which the majority (estimated at about a quarter of the total residential property market) are estimated to be government sponsored homes.

South Africa has a well-established property market and a world-class cadastral system. According to the World Bank's 2015 Doing Business Report, South Africa is ranked 97th of 189 countries globally, in terms of how easy it is to register property. It takes 23 days to go through the seven procedures required, and costs an estimated 6.2 percent of the property value.

Still, the registration of title deeds remains a serious challenge. Just over half of the three million subsidised properties delivered by the state since 1994 are formally registered in the deeds registry, comprising 24 percent of the overall property market. The remaining properties have not been registered and do not have title deeds meaning they cannot be used to gear finance or for sale. Attention to this backlog has become a key area of focus for government, and is the mandate of the Estate Agency Affairs Board. In terms of government policy, only those subsidised properties that are registered and older than eight years can be traded. Churn rates in this market segment are therefore low, although they are starting to improve, providing an important source of supply for lower income earners seeking to purchase housing.

Policy and regulation

South Africa has been attentive to the need for a clear policy environment since its release of the Housing White Paper in 1994. This was followed by the Housing Act in 1997, which set out basic roles and relationships of the three spheres of government with respect to housing, and how government would respond to the constitutional obligation on the state to ensure access to adequate housing on a progressive basis. In 2004, Cabinet approved a Comprehensive Plan for the Development of Integrated Sustainable Human Settlements, known as Breaking New Ground (BNG). However, implementation arrangements were never finalised, seriously weakening its impact. BNG was later incorporated into the broader National Development Plan (NDP), the blueprint for the nation's ambitions to eliminate poverty and reduce inequality by 2030. One of the affordable housing activities recommended by the NDP is to "conduct a comprehensive review of the grant and subsidy regime for housing with a view to ensure diversity in product and finance options that would allow for more household choice and greater spatial mix and flexibility". The Department of Human Settlements is currently working on the development of a new Housing White Paper.

Within the current national policy framework, other interventions that enhance access to housing finance and improve housing affordability, include the National Housing Finance Corporation (NHFC), the Rural Housing Loan Fund (RHLF), and Nurcha (originally the National Urban Reconstruction and Housing Agency). In terms with government policy to consolidate all housing-related DFIs into a single entity, it is expected that RHLF and Nurcha will be incorporated into the NHFC within the 2015/16 financial year.

To address the scarcity of serviced land for housing, the Housing Development Agency (HDA) was established in 2009 with a mission to fast track the acquisition and release of state, private and communally owned land for human settlement developments. It will now become a fully-fledged property development agency, focused on acquiring and preparing land, to be project managers to assist municipalities and to drive rapid housing delivery. The Social Housing Regulatory Authority was established in 2010 to regulate and invest in the delivery of affordable rental homes, with a focus on social housing.

Opportunities

Residential markets in South Africa behave in very different ways, across numerous property market indicators – growth in values and sales prices, transfer rates of new properties and resales, access to mortgage finance, and growth in equity. Comparing and trending indicators, it appears housing markets are operating in two different economies – those below ZAR600 000, largely government facilitated, growing quickly despite limited private investment – and those above ZAR600 000, growing stably, with ready access to credit, and experiencing an uptick in activity. By understanding more about the strengths and characteristics of these sub-markets, more nuanced and appropriate approaches can be devised to expand housing options more representative of present and future housing needs, thereby enabling property to improve household economic strength and well-being.

Very clear opportunities exist in the below ZAR600 000 market for developers, lenders and investors – the demand is significant and current supply is insufficient. There is a great demand for affordable rental accommodation in centres of economic development for low income earners and students – and some developers have been responding to this.

Still in 2015, the affordable housing market is desperate for innovative solutions which might be found in the resale of government-subsidised housing, the delivery of incremental housing on serviced stands, inner city rental, or conversion of office blocks to residential accommodation for sale or for rent. While the state housing subsidy creates some market distortion, demand should be responsive to alternative housing and financing approaches. Large and successful non-governmental funders in affordable housing projects have learned that the key to successfully funding affordable housing developments in South Africa is flexibility.

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South Sudan

KEY FIGURES

Main Urban Centres	Juba
Exchange Rate: 1 US$***	...
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	22.7 | -5.6 | 11.2 | 5.0
Population^ | Population growth rate (2013)^	11 738 718 | 3.84
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	18.59 | 4.93
GDP / capita (current US$)^ | GDP growth rate (annual %)^	1 113.41 | 36.17
GNI / capita, Atlas method (current US$) ^	960
Population below national poverty line*	50.6
Unemployment rate (%)*	...
Gini co-efficient (year of survey)^^	45.48 (2009)
HDI (Global Ranking)" | HDI (Country Index Score)"	... | ...
Lending Interest Rate^	...
Mortgage Interest Rate (%) | Mortgage Term (years)#	17.00 | 10
Credit % of GDP^	...
Average Mortgages % of GDP°	...
Price To Rent Ratio City Centre** | Outside City Centre**	...
Gross Rental Yield City Centre** | Outside of City Centre**	...
Outstanding home loan (% age 15+)##	...
What is the cost of standard 50kg bag of cement (in US$)? #	30.00
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	33 000
What is the size of this house (in m²)? #	120
What is the average rental price for a formal unit (in US$/month)#	200
What is the minimum plot size for residential property (in m²)#	464
Ease of doing business rank !	186
Number of procedures to register property !	9
Time (days) to register property !	50
Cost (% of property value) to register property !	15.60

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

South Sudan, the world newest economy, born in July 2011, after 40 years of war[1] with North Sudan, descended into internal conflict towards the end of 2013, over political differences[2]. within the ruling party – the South People's Liberation Movement (SPLM). The conflict threatened to reverse progress made towards achieving social cohesion, particularly, among the two main ethnic groups – the Dinka and the Nuer.

The conflict, which led to a shutdown of key oil fields in the north of the country, reducing oil output by about a half[3], highlighted the need to diversify from 98 percent dependence on petroleum for revenue, with which to develop a country of about 11 million people, half of which is illiterate and dependent on subsistence farming as the main source of income. Prior to the conflict, the country had initiated a number of reforms in the management of oil revenues. The Petroleum Management Bill (2012) espouses for more credible and transparent management of oil revenues. The above initiatives in management of public financing are critical to macroeconomic stability, and socio-economic development and transformation of country, including the development of a vibrant housing industry.

The economic growth outlook is, however, still uncertain, and largely dependent on the evolution of political peace[4] prospects to end the civil war. The IMF estimated a 15 percent reduction in real GDP, in 2014, as a result of the conflict, and yet, the country was expected to achieve an average growth rate of about 30.7 percent in that year, after a sharp decline of -26.7 percent in 2013[5]. According to the African Economic Outlook (2015), GDP will contract by -7.5 percent in 2015, because of the impact of the conflict on the economy, and the falling international oil price. GDP growth, in 2015, is expected to continue to benefit from the low production of oil.

A contraction in GDP growth rates; clearly indicates that the government will not have enough money to cover its operational expenses, a significant portion (over 50 percent) of which have been allocated to the military. The recent civil war (end of 2013 through 2014) "literally" halted government's agenda on private sector development. Several commitments made by the government to the growth of a strong, competitive and equitable private sector driven economy are pending. Military spending had to be prioritized, stifling resources to other ministries, and therefore rendering them partially ineffective (both financially and technically) to adequately implement their mandates[6].

In 2014/15, the government's budget was US$5.6 billion. Oil revenue funded about 50 percent of the budget (US$2.5 billion in oil revenues was realised, from transit fees to North Sudan). The revenues would have been higher; however, they were affected by lower oil prices[7], on the international market, and reduced output. In order for the government to meet its target for budgeted revenues, it borrowed over US$ 1 billion from oil companies. However, this was not enough to cover the budget deficit. The government was therefore forced it to tap into its reserve funds. At the beginning of 2013, reserve funds stood at close to US$1 billion; however, by the February 2015, they were estimated at US$309.7 million.

Fiscal management is a challenge in South Sudan. The budget planning and preparation system tends to only focus on preparing expenditure projections, with minimal attention paid on the feasibility of the specific budget proposals, from a macroeconomic and microeconomic perspective.

Access to finance

South Sudan's financial sector is unsophisticated, shallow and its contribution to economic growth and poverty reduction is still inadequate. Only one percent of household population[8] has a bank account, despite entry of new commercial banks – the number of commercial banks[9] increased from eight in March 2012 to 28 in March 2015. The balance of the households instead rely on a narrow range of often risky and expensive, informal financial services. This constrains their ability to participate fully in the financial markets, to increase their incomes and to contribute to economic growth.

Competition among the commercial banks is still limited, as evidenced by the high profit margins. For example, by June 2014, the South Sudan branch of Kenya Commercial Bank contributed a profit of 7.1 percent to the Bank's regional business, more than Tanzania, Uganda, Burundi and Rwanda combined[10] This profit was registered, in spite of a 30 percent reduction in business volumes, particularly NPLs[11], which increased to US$11.6 million in 2014, from US$5.9 million in 2013. It is also worth noting that the Bank was able to make a profit, despite closure of three of the Bank's branches[12] (in Bor, Malakal and Bentiu), because of the conflict.

The levels of dynamism and innovation among financial products on the market are still low. Over 90 percent of the loans are short-term (less than a year, at interest rates of between 8 and 10 percent). Medium term loans of one to five years, at interest rates of between 13 and 17 percent, constitute about four percent of the loans. Loans of over 5 years constitute the balance (one percent), and they are offered at interest rates of between 12 and 17 percent.

Since 2013, the government had planned to establish a Housing Finance Bank to help with the availability of longer-term loans (5 to 15 years). However, because of the conflict, the country still lacks a large scale mortgage lender, and the law for establishing of the Housing Finance Bank is still pending.

Commercial bank loan portfolio has grown almost two-fold, over the last three years, increasing from SSP3.6 billion by December 2012, to SSP6.7 billion by December 2013, and SSP7.4 billion, by December 2014. By March 2015, the loan portfolio stood at SSP2 billion, and expected to exceed SSP8 billion at the end of the year.

Loans for domestic trade comprise the largest share of banks' total lending. In 2013, they constituted 35 percent of the total loans, but receded to 28 percent in 2014. Loans to the household sector comprise the second largest share of banks' total lending. In 2013, they constituted 16.5 percent of the total loans, but reduced to 11.6 percent in 2014. Loans to building and construction constitute the third largest share of banks' total lending. In 2013, they constituted 13 percent of the total loans, but receded to 12.8 percent in 2014. Loans to the real estate sector comprise the fourth largest share of banks' total lending. In 2013, they constituted 10.3 percent of the total loans in 2013, increasing to 11.6 percent in 2014.

During the last three years (2012 to 2014), commercial banks have shown a higher preference for government securities, than lending to the private sector. A 15-month oil production shutdown between January 2012 and April 2013 and the civil conflict that erupted in December 2013 reduced fiscal revenues and depleted previously accumulated foreign exchange reserves, forcing the government to control spending and incur domestic debt, by selling short-term securities[13]. Commercial banks' portfolio in government securities increased from SSP3.5 billion in 2012, to SSP12.9 billion (the same amount for 2013 and 2014).

Investing in government securities is less risky than lending to the private sector, particularly in view of lack of collateral acceptable to banks and the insecurity in the country. Land titles are not available and property rights[14] not established. Banks are reluctant to lend against leased land because if the land is leased to an investor, there is no clarity about asset ownership and assets cannot be ceased for foreclosure because the land owner (who is not typically the borrower) is the ultimate owner of the asset. This stifles economic activity and banking intermediation, as entrepreneurs and businesses have to either postpone capital purchases or finance them slowly out of their own savings.

In January 2015, the Bank of South Sudan and the World Bank launched the Credit Reference Bureau (CRB), after three years of piloting. The CRB will contribute to the development of credit risk management procedures within banks and financial institutions, hence, supporting lending activity, increasing availability of financial products such as credit cards and debit cards, while at the same time, ensuring availability of a secure, reliable and efficient service to lenders. The CRB will be implemented by Credit Info Solutions; Prague Czech Republic, for a given period of time, until designated staff at the Bank of South Sudan are equipped with the fundamental skills needed to implement it efficiently and effectively.

Affordability

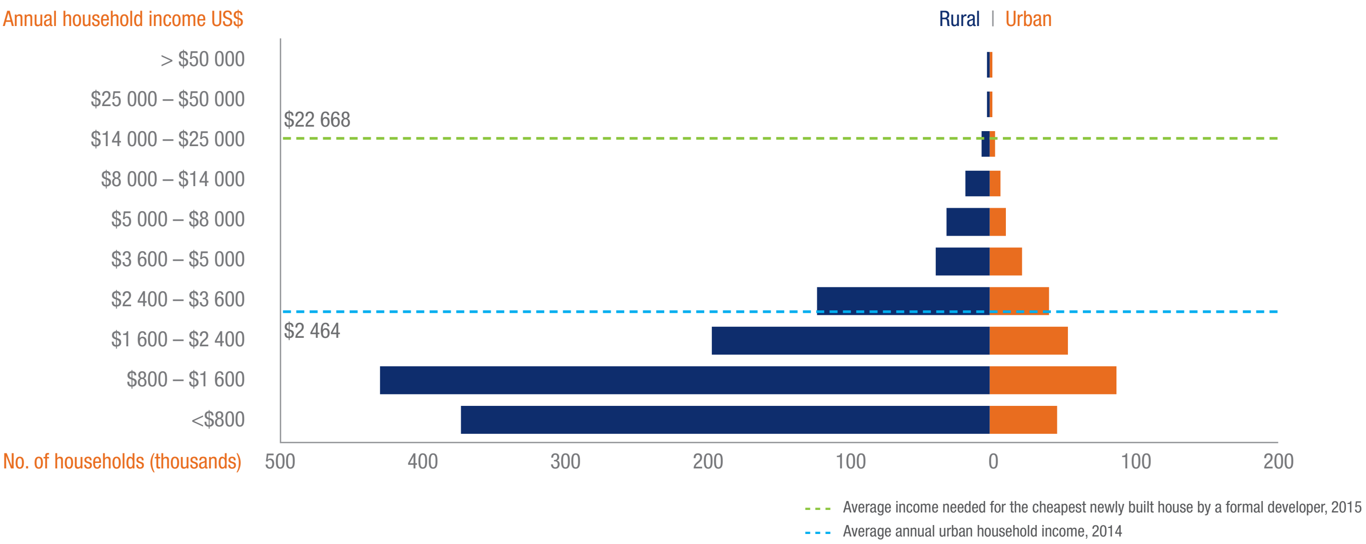
Since the majority of housing (over 98 percent) in the country is provided by individuals, this section on affordability analyzes the individuals' abilities, to afford construction of a house and/or rental for a house.

Household welfare, measured by the percentage change in the Consumer Price Index (CPI), shows that the cost of living in South Sudan is much higher than before, and therefore, less affordable. The annual growth rate in the CPI increased by 23.1 percent in April 2015, compared to -1.0 percent for April 2014. Furnishing, household equipment and routine household maintenance, increased from 5.1 percent in April 2014 to 21.6 percent in April 2015. Housing, water, electricity and gas, increased from -14.2 percent in April 2014 to 65.7 percent in April 2015.

Over the last three years, salaries of both the formally and informally employed have stayed constant. The government, which employs 10 percent of the population, has maintained salaries of the highest earning civil servants[15] at between SSP8 000 and 15 000; middle earning civil servants[16] at between SSP4 000 and 7 999; lower middle earning civil servants at between SSP2 000 and 4 000 and low earning civil servants at between SSP300 and 1 900.

The significant change in CPI and the depreciation of the South Sudanese Pound against the US Dollar raised the cost of imported cement from SSP65 (for 50kg

SOUTH SUDAN



bag) in 2014 to SSP200 (US$29) in 2015. The cheapest house on the market is estimated at US$10 000, compared to US$3 500, two years ago. This house, however, cannot be afforded by the highest earning civil servant (SSP15 000). Instead, they could afford to buy a house of US$6 300. And yet, three years ago (2012), the highest ranking civil servant could comfortably afford a house of about US$150 000. This discrepancy is a result of the depreciation of the South Sudanese Pound against the US Dollar, which has devalued the salaries of high income earning civil servants to a level so low that they cannot afford the cheapest house on the market. In 2013, the official exchange rate was 1 US$: SSP 2.68. In 2015 (August), the official exchange rate was 1 US$: SSP 7. The US Dollar, is however, still very scarce.

All civil servants are paid a housing allowance. However, the allowance paid to low earning civil servants (those that earn between SSP300 and 1 900) is not commensurate to the price of rentals on the market. The housing allowance has been constant for the last three years, despite an increase in rentals, from US$150, in 2013 to US$246, in 2014, for a one-bedroom house. The allowance paid to low earning civil servants ranges between SSP630 (US$90) and SSP300 (US$43). Low earning civil servants constitute 54 percent of the public service.

Housing supply

In the last three years, several investors have expressed interest in developing South Sudan's housing industry. To date, however, there are very few medium and/or large scale housing development projects that have been completed, in any of the ten states of the country. Notable examples of developers, whose projects have stalled, because of the insecurity in the country and generally less favourable investment climate, include; (i) Abu Malek; (ii) Rock City Development Project; (iii) Buluk Premier Housing Project; and (iv) the housing project between Kenya Commercial Bank and the Government of South Sudan.

In October 2014, the scarcity of hard currency and the depreciation of the South Sudanese Pound against the US Dollar, led to the suspension of a US$517 million housing project in Juba. Works were suspended because of a lack of dollars to buy cement, which is imported from neighbouring countries. The project, which was in advanced stages of construction (about 50 percent completion), had been jointly ventured into by China Jiangsu International, Stamco for Investment, a local company, and the government of Central Equatoria State[17]. The project comprised a US$160 million apartment block, a housing estate with villas in Nyakuron at US$ 285 million, and a low cost housing estate in Luri at US$120 million. The project comprises close to 3 000 housing units, each valued at about US$150 000.

Presently, the majority of housing in the country is provided by individuals depending on their ability to afford constructing a house. Although statistics from the latest National Household Survey (2010) indicated that 90 percent of houses are made from mud or sticks (known as Tukul/gottya), five percent are made from straw mats, three percent from wood and only about two percent of houses are made of brick or concrete; a tour of Juba City shows otherwise. In Juba City, it is plausible to argue that about 40 percent of households in Tukul/Gottya have upgraded their houses, with brick or concrete, and roofed them with iron sheets. A 2014 Rapid Shelter Sector Assessment conducted by REACH[18], on behalf of the United Nations, to establish the places of origin, and type of housing, among others, of internally displaced people (IDPs), before the conflict broke out, established that 31.4 percent of the IDPs were living in an iron sheet roofed house, 13.8 percent were living in a concrete house, while 13.3 percent were living in a Tukul/Gottya. These findings suggest a gradual shift towards decent, sustainable, healthy and liveable human settlements (See Section on Property Markets for more details).

Available statistics (2010) from the National Bureau of Statistics show that the vast majority of the population (93.3 percent) live in houses they own, 2.7 percent in rented houses, 0.6 percent in houses provided as part of work and 3.4 percent in houses provided free of charge, by the government. 31 percent of the population live in houses with only one room, 64 percent live in houses with two to four rooms, and five percent of the population live in houses with five to nine rooms. Only 12 percent of South Sudanese population live in serviced housing.

The government, through the Ministry of Lands, Housing and Physical Planning, is mandated to provide for all, affordable shelter in urban areas and facilitate slum improvement and upgrading. However, for the past three years, the government's annual budgets have underfunded development projects. In 2014/15, the annual budget for the Directorate of Housing Policy and Schemes was SSP22.3 million, and was earmarked for; (i) paying wages and salaries; (ii) construction of 50 housing units (for senior civil servants); (iii) training on sustainable cities; (iv) training on new technologies of waste management and (v) research on housing – local building materials. Of this budget, only SSP0.3 million was realised, and it was all used to paid wages and salaries.

Property markets

The residential property markets, which constitute about 15 percent of the property markets, are still under-developed, unsophisticated and hard to estimate, both in qualitative and quantitative terms. Nonetheless, there has been gradual development of decent, sustainable, healthy and liveable human settlements, to tap into the readily available rental market (foreigners/expatriates and high income earning civil servants). In the last three years, the number of rental apartments (one bedroom units of 80 m^2, built with concrete bricks and roofed with iron sheets) in Juba, has increased by about 50 percent. These apartments are constructed by small firms, 90 percent of which are owned and funded by high ranking government officials/politicians, using fraudulent sources of income. In practice, these firms lease land from households living in Tukul/gottyas, and redevelop it, with semi-detached one-bedroom rental units. The redevelopments are however not cognisant of the preferences of clients, but rather, the urgent need to tap into the huge rental market.

Prior to the civil war (end of 2014) a one-bedroom apartment was rented out at between US$1 500 and US$2 000. However, during the war, several expatriates left the country, consequently scaling down demand. Today, a one-bedroom apartment is rented from US$1 200 to US$1 500.

Policy and regulation

South Sudan has several policies, strategies and regulatory frameworks that espouse practical and feasible measures on how to adequately and sustainably develop the housing industry and housing finance sector. Notable ones include; (i) the national housing policy; (ii) the legal and regulatory framework for mobilising public and private sector resources to build affordable and decent houses for the population, (iii) the Ministry of Housing and Physical Planning 2013 – 2018 Strategic Plan, which delineates several interventions that will help address the housing shortage in the country; and (iv) a new Land Policy (2013) to address issues pertaining to land acquisition and its management.

However, adequate implementation of policies, strategies and enforcement of regulatory frameworks, has since their formulation proved problematic, because of the generally politically insecure environment. Budgetary allocations to implement them have also been inadequate. Only 30 percent of the budget is allocated towards implementation of development programs, like the ones of the Ministry of Housing and Physical Planning. However, often, the allocations are not realised (budget shortfall).

The technical capacity of the Ministry of Lands, Housing and Physical Planning, and other Government Agencies, to implement their policies and strategies is still inadequate. Several of the policies and strategies are prepared with support from donors (technical assistance, through hiring of consultants), however, it has often been alleged that, technical assistance has not been an efficient way transferring of knowledge to locals. Also, an inherent weakness within the Ministry of Lands, Housing and Physical Planning is to employ locals who are not capable enough (education), to implement the policies and strategies.

Opportunities

South Sudan offers several opportunities for all housing sector players, however, this will hinge on stability of the political economy. There is a need to institute long-term finance schemes within the banking system if the lending culture of banks is to appreciate. Clearly, the housing sector offers substantial opportunities, if affordability constraints are understood.

Given the affordability constraints, opportunities to grow the housing microfinance market are also suggested. There is a need to facilitate and support the establishment of housing co-operatives in which individuals would obtain houses under conditions that suit their incomes. The insurance, capital markets and social security sectors have not been tapped into. These sectors are key in the provision of long-term funds to the mortgage industry.

Other opportunities include domestic manufacturing and supply of building materials (cement, iron, wood) and building urban sanitation services (solid and liquid waste management and sewer network system).

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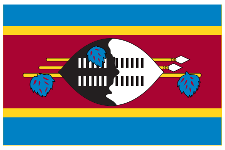
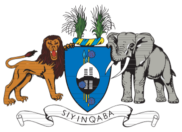
1 African Development Bank (2012). A Study on South Sudan's Competitiveness and an Assessment of the Country's Cross-border Trade with Neighbouring Countries
2 President Salva Kiir accused his Deputy; Riek Machar, of plotting to overthrow him
3 Oil production has reduced from 350 000 barrels a day in 2011, to an average of 160 000 barrels a day in 2014/15
4 The deadline for a new peace proposal by the Intergovernmental Authority on development (IGAD) mediators, aiming at ending the 18-month conflict, is slated for August 17th, 2015.
5 African Economic Outlook; South Sudan (2015)
6 http://www.southsudannation.com/lack-of-progress-in-peace-talks-will-lead-to-economic-collapse-in-south-sudan/
7 At the time the budget was passed, a barrel of oil on the world market was US$ 95; however in the course of the year, it reduced to US$ 50
8 South Sudan National Bureau of Statistics (2011)
9 Major banks include Kenya Commercial Bank, Mountains Trade and Development Bank, Nile Commercial Bank, Buffalo Commercial Bank, Equity Bank, Commercial Bank of Ethiopia, and ECO Bank
10 http://mobile.nation.co.ke/lifestyle/South-Sudan-Violence-Central-Bank-of-Kenya-loans/-/1950774/2422488/-/format/xhtml/-/hdyt51/-/index.html
11 Because of the conflict, borrowers could not honor monthly repayment of loans
12 The closure of the three branches had a minimal impact on KCB's profitability, because the bulk of its business is in Juba, the key financial State. Also, despite closure of the three branches, transactions were done through bank branches in other parts of the country.
13 IMF; South Sudan (2014): Article IV Consultation – Staff Report; Staff Statement and Press Release
14 South Sudan does not have a collateral registry for both incorporated and non-incorporated entities, that is unified geographically and by asset type, with an electronic database indexed by debtor's name (The World Bank Doing Business Report (2015).
15 These include members of parliament, presidential advisors, ministers, the President of the Supreme Court, under-secretaries and legal counsels
16 These include Justice of the Court of Appeal, High Court judges, and the first, second and third legal counsels, first lieutenant generals, lieutenant generals, major generals, brigadiers, assistant legal counsel and public servants in grades one to six
17 http://www.newnationsouthsudan.com/business-news/housing-project-suspended-over-dollar-scarcity.html
18 REACH (www.reach-initiative.org) is a joint initiative of IMPACT, its sister-organisation ACTED, and the United Nations Operational Satellite Applications Programme (UNOSAT). REACH was established in 2010 to facilitate the development of information tools and products that enhance the humanitarian community's decision-making and planning capacity

Swaziland





KEY FIGURES

Main Urban Centres	Mbabane (capital), Manzini
Exchange Rate: 1 US$***	12.58 Swazi Lilangeni (SZL)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	5.6 | 5.7 | 5.4 | 5.4
Population^ | Population growth rate (2013)^	1 267 704 | 1.45
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	21.32 | 1.34
GDP / capita (current US$)^ | GDP growth rate (annual %)^	2 682.35 | 2.47
GNI / capita, Atlas method (current US$) ^	2 700
Population below national poverty line*	63.0
Unemployment rate (%)*	22.5
Gini co-efficient (year of survey)^^	51.49 (2009)
HDI (Global Ranking)" | HDI (Country Index Score)"	148 | 0.530
Lending Interest Rate^	8.63
Mortgage Interest Rate (%) | Mortgage Term (years)#	8.25 | 25
Credit % of GDP^	27.53
Average Mortgages % of GDP°	...
Price To Rent Ratio City Centre** | Outside City Centre**	...
Gross Rental Yield City Centre** | Outside of City Centre**	...
Outstanding home loan (% age 15+)##	...
What is the cost of standard 50kg bag of cement (in US$)? #	6.75
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	12 718
What is the size of this house (in m²)? #	80
What is the average rental price for a formal unit (in US$/month)#	...
What is the minimum plot size for residential property (in m²)#	300
Ease of doing business rank !	110
Number of procedures to register property !	9
Time (days) to register property !	21
Cost (% of property value) to register property !	7.10

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

The Kingdom of Swaziland (KoS) is a small, open, lower-middle income economy with 1 268 000 inhabitants. Swaziland's economy is closely tied to that of South Africa, which consumes 60 percent of its exports and provides 90 percent of its imports[1]. Swaziland is a member of Southern Africa Development Community (SADC), the Common Monetary Area (CMA) and the Southern African Customs Union (SACU) and the Swazi Lilangeni is pegged to the South African Rand. Swaziland's economic performance remained moderate in 2014, with the real GDP growth estimated to have declined to 2.5 percent from 3.0 percent in 2013, as the country is vulnerable to external shocks, particularly from South Africa as well as persistent internal deficiencies. The decline mainly reflects the manufacturing sector, which accounts for about one third of GDP, and was significantly affected by shocks, with its growth performance decelerating to 1.3 percent from 2.5 percent in 2013. Other factors responsible for this decline include lack of competitiveness and low levels of private investment[2].

This has been supported by growth in construction, sugar, and textile sectors along with strong revenues from the SACU which comprises over half of all fiscal revenues for the KoS. However, growth in Swaziland has been half that of the neighbouring countries of Botswana, Lesotho, and Namibia. In addition, the KoS anticipates a 25 – 30 percent reduction of SACU revenues in the near term, and its removal in January 2015 from the African Growth and Opportunity Act framework with the United States may also negatively impact textile exports which represent three percent of GDP.

After experiencing a fiscal crisis in 2010-11, mainly due to a significant decline of almost 25 percent in revenues from the SACU, the government has undertaken various fiscal reforms and Swaziland's budgetary outturn has since improved. The 2014-15 budget estimates indicate an increase in total revenue to E14.6 billion, of which E7.5 billion (51%) is SACU revenue. This implies that 49 percent of the budget will be financed by non-SACU revenue compared to 45 percent in 2013 – 2014. This outcome strongly signals the government efforts to reduce dependency on SACU revenue as the Swaziland Revenue Authority (SRA) is putting in place measures to strengthen and broaden the tax base in an effort to enhance domestic tax revenues[3].

According to the 2013 Labor Force Survey, the country is plagued by an unemployment rate as high as 28.1 percent of total employment. Unlike in most low and middle income countries, Small, Medium, and Micro Enterprises (SMMEs) currently absorb less than five percent of the reported employment. In addition to persistent unemployment, the labor market is challenged by one of the highest HIV infection rates (27%) globally and has an average life expectancy of only 51 years[4]. Together these issues are significant contributors to poverty, and 39 percent of the population lived on less than US$1.25 per day as of 2009 (most recent data available) which represents a much higher share than in other lower-middle income countries, where an average of 22 percent of the population lives on US$1.25 or less[5].

Access to finance

Total assets of the banking sector as of December 2014 stood at E 13.4 billion, or approximately 34 percent of GDP. Swaziland's banking sector is comprised of three private commercial banks, all of which are subsidiaries of large South African banks and one state-owned development bank. The South African subsidiary banks control approximately 86 percent of the market. Together with Fincorp, a development finance corporation and the largest consumer lender in Swaziland, the banks have 40 branches, 195 ATMs and approximately 800 POS terminals.

Financial sector indicators reflect a generally adequately capitalised and profitable banking system, though performance varies among banks and asset quality is relatively weak. All banks show strong profitability, with an average return on assets (ROA) of 2.5 percent in 2014, and return on equity (ROE) of 21.4 percent. Asset quality has been on a generally improving trend, with NPLs declining from 9.3 percent in 2010 to 6.9 percent in 2014. These averages, however, mask a wide disparity in levels of NPLs and provisioning coverage. Gross NPLs vary from one percent to 19.1 percent, and net NPLs from 0 to 7.6 percent. Two banks had loan-to-deposit ratios in excess of 100 percent. This high loan-to-deposit ratio represents a potential bottleneck to future credit expansion, and poses a risk to the system given the absence of an active inter-bank market. All banks are adequately capitalised with capital ratios between 16.5 percent and 42.7 percent as of year-end 2014.

Based on data from the 2014 FinScope in Swaziland, the level of financial inclusion in Swaziland continues to improve with 65 percent of the adult population using some type of formal financial product. This is a substantial increase from 2011 when only 50 percent of adults used formal products. This increase was primarily driven by greater usage of formal savings in banks/savings and credit cooperatives (SACCOs) and formal remittances. These inclusion numbers rank Swaziland near the upper third of countries in Africa in terms of financial inclusion for those countries that have undergone a demand-side survey of financial services.

Rural residents are twice as likely to be financially excluded (32%) as urban residents (16%). This may be more of a function of lower incomes of rural residents as opposed to physical barriers which only three percent of persons cite as their reason for being unbanked. Despite broad socio-economic challenges the financial sector in Swaziland has been profitable, well capitalised and stable in recent years.

The primary provider of mortgages in Swaziland is the Swaziland Building Society (SBS), with the four big banks providing the balance. The SBS was established in 1962, and is a viable, self-financing development and housing finance institution, and the major provider of long-term mortgage lending.

It provides loans mainly for buying vacant land and housing construction but also for residential and commercial mortgages, and has E1.5 billion in assets. It also runs a rural housing scheme, which enables borrowers to build on Swazi National Land (SNL, where the land is held by the tribe), by mobilising pension and provident funds as collateral. Through a pioneering project, it also lends to residents of informal settlements by working with savings groups. The scheme involves providing loans to buy small plots and for house improvements.

SwaziBank provides normal commercial banking services with a particular focus on business and development finance. It has been the most pro-active of the banks in serving lower income households and has won numerous banking awards. The bank has historically obtained interest-free deposits from the government, channelled to, among others, its mortgage programme for public servants. Urban public servants can borrow up to E400 000 (US$31 000), while rural public servants can borrow up to E200 000 (US$15 400). A variety of other mortgage products are also available. Swazi Bank offers a rural housing loan, mortgaged either by a freehold property, or secured with the borrower's pension withdrawal benefits. Commercial banks provide a few mortgages for the upper and middle income settlements of the market.

The Swaziland National Housing Board (SNHB), apart from being a developer and owner of housing, also provides housing finance and developed land for sale. Nedbank, FNB and Standard Bank all offer mortgages in Swaziland. Urban housing loans are offered generally at a LTV ratio of 80 to 90 percent. FNB requires a 40 percent deposit for a mortgage for a plot of land, while the Swazi Building Society allows an 80 percent LTV ratio for the purchase of a plot, and a 95 percent LTV ratio for the purchase of a house. The maximum loan term across all the lenders is 25 years, although Nedbank allows 20 years and FNB 30 years for house purchase. Interest rates are similar to what is available – 9.25 percent as per the prime rate in 2015. The Swaziland Building Society offers its mortgage at slightly below prime at 7.5 percent.

The vast majority of members of SACCOs and the Building Society also have accounts at banks; as such, the current product offerings are doing little to expand the frontiers of financial inclusion. Because of the restrictions on SACCOs and the building society, as non-bank depository institutions, to hold demand deposits and directly access the payment system, few persons can rely solely on a SACCO or building society for banking services as the products do not meet modern needs for financial services.

Microfinance institutions (MFIs) have little outreach with two not-for-profit MFIs that serve 19 500 clients and one government-owned development finance institution serving 2 500 SMME clients and 11 000 clients for salary-based lending. The two not-for-profit MFIs have only E21.5 million in assets and struggle for sustainability compared to E790 million in the government-owned lender Fincorp, which was originally focused on SMMEs but has moved into salaried-based lending to support its operations.

The capital market segment in Swaziland is small comprising of a limited number of institutions, relatively new starting in 2010 and an extremely low level of activity in the primary and secondary markets – two dealers, five managers of collective investment schemes (CIS) and nine investment advisers which take custody of assets and four exempt dealers. Of the four CISs, one controls about 61 percent of the total funds under management. There are only seven listed shares with only four trades in shares and a number of government bonds with maturities from three, five and seven years listed on SSX but there were no trades in bonds. The issuance programme for government bonds has not been stable. In the past year, one new company was listed in the first quarter of 2014, but this was an introduction of existing shares rather than a capital-raising IPO.

Affordability

Since 2010, SNHB has had low-cost offerings priced at E280 000 (US$21 540) to E450 000 (US$34 615). This required a monthly income of E6 486 to E10 422 (US$500 to US$802) to qualify to service the loan. This is beyond the reach of the vast majority in a country where more than 85 percent of the population is classified as earning less than US$2 a day. Even employed people such as teachers who typically earn less than US$600 a month would find it difficult to afford this product.

Despite Swaziland's classification as a low middle-income country, economic issues that are mainly associated with low income countries – such as a weak business climate and low foreign direct investment (FDI) inflows – prevail. The high rate of HIV/AIDS and an uneven distribution of resources remain major social concerns. The Gini co-efficient of 0.51 is one of the highest in the world, indicating wide disparities in household income. Other challenges include a high unemployment rate of 17.8 percent, and a low Human Development Index (HDI) ranking with a score of 0.53 mainly due to the high HIV/AIDS prevalence. While Swaziland has made some improvements in the past three decades in the fight against the pandemic, the HIV prevalence of 26 percent among 15-49-year-olds is the highest in the world. This has contributed to plummeting life expectancy to 40.9 years as well as high numbers of orphaned and vulnerable children. This poses challenges to housing demand, affordability and the associated risks and costs of lending.

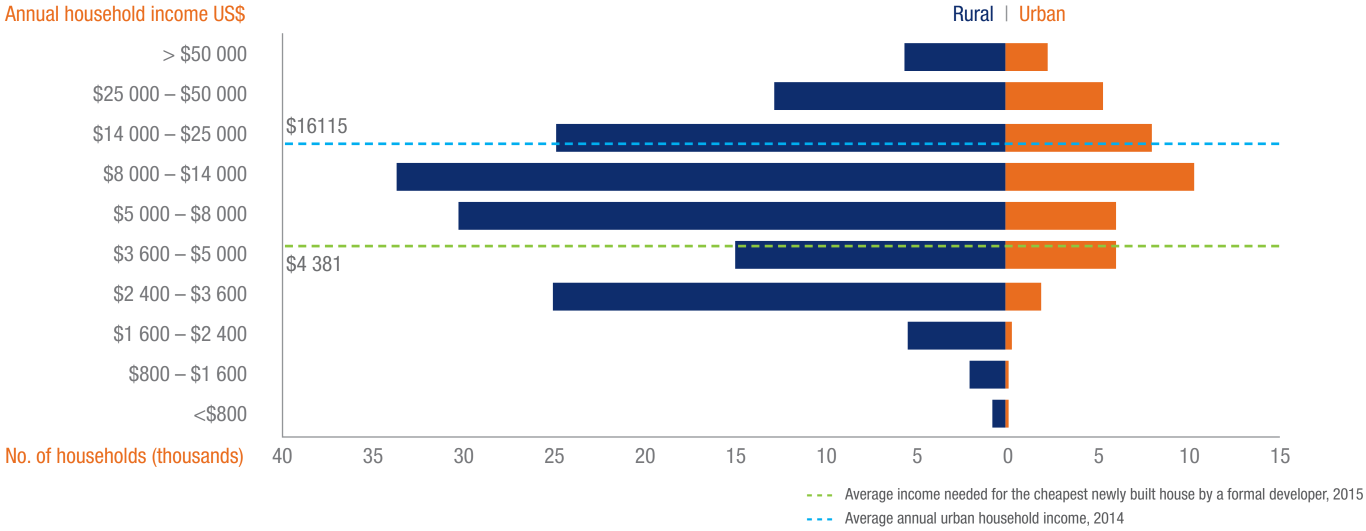
The SNHB also has a rental portfolio of about 1 085 units in Mbabane (505) and Matsapha (486) and rentals range from E1 125 (US$87) to E4 200 (US$323). SNHB claims that this is discounted on the market rate charged by private landlords for similar units. As a result, the SHNB maintains a long waiting list, leading to frustration among those still in the queue.

The SBS has established lending for plot acquisition among low income earners. The scheme has less onerous income eligibility criteria than mortgages and provides a starter property for incremental building. Loans are partly guaranteed by the state. Loan uptake has been modest, however, due to among other reasons a reluctance to use plots as collateral among poorer households, reluctance to be taxed, general risk aversion by the SBS to lend more, and insufficient targeted marketing. The concept is, however, pioneering and offers a platform for greater lending, taking lessons learnt into consideration.

Housing supply

Self-build is the predominant method of housing supply. Households source funds from social support networks (family and friends), moneylenders and other finance sources such as business income and rental revenue.

SWAZILAND



The Swaziland Housing Board (SNHB) was established in 1988 to provide affordable housing and end-user finance, but current and future developments suggest that the SNHB primarily caters for middle to higher income earners. It has three projects underway; 316 units in Mhobodleni Township, 437 units in Nhlangano Township (extension 9) ranging from 361 m^2 to 1 150 m^2 selling from E54 000 and 28 upmarket plots in Woodlands. In the latter project, six customers were given keys to their new homes this year. The SNHB has plans for a further three projects: 1 000 ha for upper and middle income development in Woodlands (phase 2); a mixed development of 330 plots in Ngwenya New Township; and a middle income township in Piggs Peak.

The supply of land in urban areas is limited and is a constraint to housing development, as much of the land is Swazi Nation Land (SNL). Swaziland's growing urban areas cannot incorporate land within the jurisdiction of the chiefs. Servicing and land-use management regulations have generally overwhelmed the chiefs in these peri-urban areas, creating sprawling informal settlements and making future upgrading and planning difficult. Further, conversion of SNL land to leasehold requires the consent of the king and does not happen frequently.

Property markets

The property market in Swaziland continues to show growth and opportunity for potential home buyers. This is according to Lyle Hutton, Broker/Owner of RE/MAX Real Estate Specialist, located in Ezulwini, Kingdom of Swaziland. However, he points out that there are several factors that could have an impact on the market and investment decisions in 2014.

Property prices in Swaziland are often overly inflated, making them unsustainable and unaffordable to majority of people. This results in the inability to sell available stock at the initial asking price. It is often not the agent or the seller who determines the value of a property. This is influenced by the current market conditions and what buyers are prepared to pay for property in that market.

Another element that will have an influence over the market is the fact that more and more new developments have been built, which has resulted in an oversupply of residential options.

"The oversupply of developments has led to a drop in demand for standard residential plots and housing. A price correction in the market could stimulate demand and could perhaps entice further foreign investment"[6].

The high municipal rates levied in the urban areas of Swaziland have contributed to the trend of more and more people moving out of the cities and building property on Swazi nation land. The problem with this trend is that the land does not hold a title deed, which means that homeowners are unable to use their property as collateral to access bank loans or mortgages from financial intuitions, says Hutton[8].

According to Swaziland Property at a Glance, another cause for concern in certain areas is the building quality of some of the properties being built which can be mitigated by ensuring qualified builders or contractors are hired.

Policy and regulation

In the 2015 World Bank's Doing Business Report, Swaziland ranked 61 out of the 189 economies under the ease of getting credit indicator[8]. Out of the 12 questions that measure the strength of legal rights, Swaziland performed poorly on eight of them, attributable to the lack of: i) a unified secured transactions framework, and ii) an electronic notice-based collateral registry available to both incorporated and non-incorporated entities. Swaziland's framework also fails on the account of inadequate protection of lenders in case of the borrower's insolvency. On the micro level, access to credit is one of the top obstacles cited by Swazi businesses. In theory, having a framework in place that allows businesses and individuals to use their movable property as collateral for loans can lower the cost of credit, increase access to finance, and reduce risks for creditors.

A 2013 World Bank study comparing access to bank finance pre- and post-collateral reforms in seven countries found that a collateral reform increases access to loans by seven percent, reduces interest rates by an average of three percent and extends loan maturities by six months[9]. Similarly, the Asian Development Bank assessed the impact of collateral reforms in the Pacific completed since 2006 and concluded that secured lending has expanded significantly[10]. However, Swaziland is not able to take advantage of the opportunities to lower costs, increase access to credit, and reduce risks, because the framework governing securing movable property as collateral is outdated, and inconsistent. This means that while banks can take movable property as collateral, there is very little value from securing this property as there are practically no ways to register the collateral, enforce against the collateral.

In this regard, priority needs to be given to the promulgation of a rental housing piece of legislation; this legislation would assist in addressing in detail deficiencies with the Housing Policy of 2001. Furthermore, concerns have been raised with the slow implementation of the Residential Tenancies Bill, intended to address relationships between landlords and tenants.

Finally, much of the current legislation and policy framework dates back to almost 40 years. There remains relevant and more up to date draft legislation and policies which have not moved much. These include the draft National Land Policy and draft Peri–urban Growth Policy. Contrasting these policies with the 1961 Town planning Act, Building and Housing Act of 1968 and Local Government Act of 1969, it is clear that many of these laws are now out of touch with global changes.

Opportunities

Swaziland continues to experience challenges for housing for lower to middle income earners. The high levels of tenure security and the availability of housing microfinance products create an adequate platform for this. Still, housing finance plays a significant role in the Swazi credit economy though, the coming into law of the Consumer Credit Bill 2015 in the future may impact credit extension in the short term as credit institutions adopted with the regulations of the piece of legislation.

However the overall impression gained from the social perspective in Swaziland is that of a disheartened society that finds it difficult to trust formal institutions or even community-based structures. Economic hardship, compounded by the fact that most families are confronted by death and sickness largely due to HIV/AIDS, has led to a fatalistic attitude to life with little hope and proactive planning for the future. People therefore tend to have a survivalist rather than an aspirational outlook. Compounding this, many households "inherit" the responsibility to look after the children of the deceased, with the elderly often becoming caregivers rather than being cared for; with life expectancy dropping from 60 a few years ago to 49 it remains difficult to comprehend how housing finance can succeed.

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Tanzania

KEY FIGURES

Main Urban Centres	Dodoma (capital), Dar-es-Salaam, Arusha
Exchange Rate: 1 US$***	2 131.78 Tanzanian Shilling (TSh)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	7.9 | 6.8 | 5.1 | 5.6
Population^ | Population growth rate (2013)^	50 757 459 | 3.01
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	30.90 | 5.32
GDP / capita (current US$)^ | GDP growth rate (annual %)^	998.06 | 6.97
GNI / capita, Atlas method (current US$) ^	930
Population below national poverty line*	28.2
Unemployment rate (%)*	3.5
Gini co-efficient (year of survey)^^	37.82 (2011)
HDI (Global Ranking)" | HDI (Country Index Score)"	159 | 0.488
Lending Interest Rate^	16.20
Mortgage Interest Rate (%) | Mortgage Term (years)#	18.00 | 15
Credit % of GDP^	13.83
Average Mortgages % of GDP°	0.36% (2014)
Price To Rent Ratio City Centre** | Outside City Centre**	1.17 | 4.1
Gross Rental Yield City Centre** | Outside of City Centre**	85.75% | 24.41%
Outstanding home loan (% age 15+)##	4.52
What is the cost of standard 50kg bag of cement (in US$)? #	7.04
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	20 992
What is the size of this house (in m²)? #	65
What is the average rental price for a formal unit (in US$/month)#	37 – 8 000
What is the minimum plot size for residential property (in m²)#	400
Ease of doing business rank !	131
Number of procedures to register property !	8
Time (days) to register property !	67
Cost (% of property value) to register property !	4.50

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

Tanzania is a growing economy, straddling the East African and Southern African economic development communities. The country is one of the fastest growing countries on the African continent, and is rich in natural resources. At least 31.6 percent of the country's 51 million people live in urban areas, with a population growth rate of almost three percent and urbanisation rate of five percent per annum[1].

The country has experienced impressive GDP growth rates over the past decade averaging almost seven percent per year. This growth is underpinned by rising investment in the natural gas sector, firm growth in private consumption, and growth in the telecommunications, transport, financial services, construction and manufacturing sectors. The construction sector is also expected to grow as further investment is made in the gas, transport, power and urban property development sectors. The growth rate for the country is projected to remain above seven percent in the coming years[2].

Inflation rates have portrayed an increasing trend in the first half of 2015 with the rate increasing from four percent in January 2015 to six percent in August 2015 falling from seven percent in 2014 and 16.1 percent in 2012. The rate is predicted to converge to slightly above seven percent in the long term[3].

These positive economic indicators and reforms, as well as stable political leadership, have resulted in substantial multilateral and donor support for the country's development agenda. Some of this support is specifically targeted at developing the housing finance sector.

Access to finance

After two decades of economic liberalisation, Tanzania has 54 commercial banks and other private financial institutions. The private banking sector is sound and profitable, with net profit after tax rising at a Compound Annual Growth Rate (CAGR) of 38.5 percent between 2010 and 2014[4].

According to Finscope (2013), the greatest area of growth in the non-bank formal sector has been in mobile facilities. A report on 'Enabling Mobile Money Policies' in Tanzania by Groupe Speciale Mobile Association (GSMA) revealed there has been a huge hike in the use of mobile finance since 2008, from less than one percent to 90 percent of the population in 2013. The 2014 Global Findex database reported the rate of account penetration to have doubled to 40 percent in Tanzania from year 2011 to 2014 mainly due to people adding a mobile money account rather than a financial institution account. The wide spread use of mobile financial services in Tanzania has led to increased financial institutions account dormancy rates. According to Findex, while 37 percent of adults with an account at a financial institution reported having made no deposit in the past year, 62 percent of this group reported having made financial transactions using a mobile phone over that period. In 2010, the Bank of Tanzania issued regulations for a credit reference bureau within the framework of the Bank of Tanzania Act of 2006. By June 2013 Bank of Tanzania had registered two credit reference bureaus namely Dun & Bradstreet and Creditinfo Tanzania Limited. This has increased availability of borrowers' credit information and has brought more hope to banks that they will do away with defaulters.

Tanzania's mortgage market is among the smallest in the East African region, (the ratio of outstanding mortgage debt to GDP is 0.48 percent as at 30 June 2015[5]. According to 2014 Findex very few Tanzanians – only 4.5 percent of the adults aged 15 years and above report having an outstanding loan to purchase a home[6].

According to the BoT (2014), the mortgage market recorded an annual growth rate in mortgage loan balances of 59 percent in 2014. A key element in the growth of the mortgage market has been the provision of long-term funding by the Tanzania Mortgage Refinance Company (TMRC). The TMRC was established in 2010 under the Housing Finance Project (HFP) which was created with US$40 million funding support from the World Bank to expand access to affordable housing finance in Tanzania. The TMRC has 12 borrowing members (banks), nine of which are offering mortgage loans. In 2015, two non-borrowing members (Shelter Afrique and NHC) were also admitted.

By 30 June 2015, TMRC had extended loans by TZS 41.1 billion (US$19.28 million) to seven of its member banks in a bid to facilitate mortgage lending. Mortgage loans' average duration has also increased since the creation of the TMRC, from five to 10 years to 15-20 years. As at 30 June 2015, 21 lenders were offering mortgage product (from only two in 2011) with more expected to enter the market.

As at 30 June 2015, total mortgage debt stood at TZS 334 billion (US$156.82 million). Average loan size as at 30th June 2015 was TZS 75 million (US$35 182), an increase from 31 December 2014 when the average loan size was TZS 69 million (US$32 367). Demand for housing and housing loans remains extremely high but is constrained by inadequate supply of affordable housing and high interest rates. Typical rates offered by lenders for the mortgage loan product vary between 18 and 22 percent. Most lenders offer loans for home purchase but increasingly different products are emerging such as loans for self-construction and for equity withdrawal, which continue to be expensive and beyond the reach of the average Tanzanian.

Given affordability levels, the microfinance sector is especially important in addressing housing supply in Tanzania and is growing steadily. A study commissioned by the Bank of Tanzania found that 41 percent of Tanzanians who borrow microloans planned to use these for housing construction or improvements. Some 22 Microfinance Institutions (MFIs) report to the Mix Market, an online source of microfinance performance data and analysis. Based on the most recent data found, these lenders had a gross loan portfolio of US$1.4 billion, 364 813 active borrowers and 819 959 depositors giving an average loan size of US$3 838. The largest microlender in Tanzania is the National Microfinance Bank Plc (NMB), with a gross loan portfolio of US$1.04 billion. In 2011, the Tanzanian Government announced a plan to establish a Housing Microfinance Fund (HMFF) as one of the components of the Housing Finance Project with a US$3 million contribution from the World Bank. Progress has been slow as no loans were extended up to March 2015 where additional funding of US$60 million was extended by the World Bank for the Housing Finance Project. Out of the US$60 million, US$15 million was extended for the HMFF to make a total fund of US$18 million. On 31 July 2015, the first disbursement of TZS 1 billion (US$469 092) was made under the microfinance fund to DCB Commercial Bank Plc with the total credit line to the bank being TZS 3 billion (US$1.4 million). This has marked the first step towards significant progress of the microfinance sector. DCB is looking to lend the funds to low income earners to renovate or construct new houses. For this microfinance housing product, the bank will lend up to TZS 30 million (US$14 073) per borrower for a tenor of one to five years. Commercial MFIs are also entering the affordable housing space. In 2015 Akiba Commercial Bank Plc introduced a microfinance product for home improvement with loan amounts ranging from TZS 500 000 (US$235) to TZS 20 million (US$9 382), repayable over 3 to 12 months.

Affordability

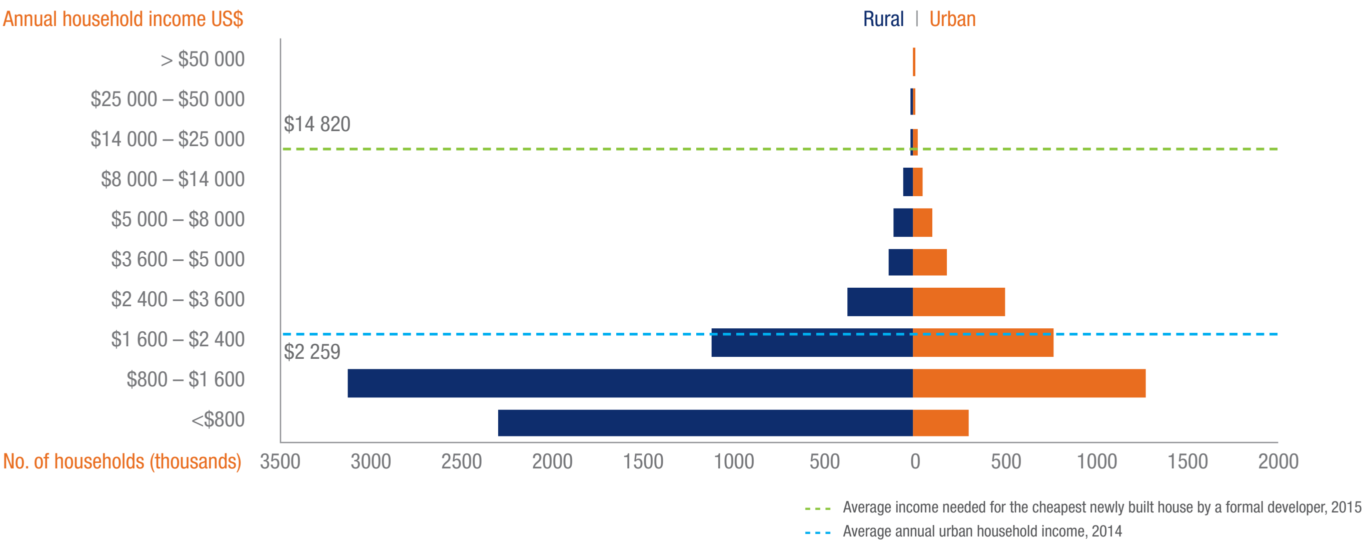
According to FinScope Tanzania 2013, 53 percent of all adults in Tanzania earn less than TZS 50 000 (about US$23) a month. 4.5 percent of adults are employed in the formal sector, and another 22.4 percent earn their incomes from running their own business (not farm related). According to the 2014 World Bank's World Development Indicators, household survey data for 2010-2014 showed an estimate of 43.5 percent of the Tanzanian population living on less than US$1.25 a day with a national estimate of unemployment rate of 3.5 percent in 2012. According to a World Bank report, Tanzania's work force is expected to grow to 40 million workers who will need productive jobs by 2030. The share of the population employed in emerging sectors is expected to increase to 22 percent whereas the average income per worker is expected to only increase to US$1 900 by 2030.

As mentioned, the average mortgage size is TZS 75 million (US$35 182), and so most clients are high income earners. Yet more than 70 percent of Tanzanians have incomes of less than US$150 a month, and so are unable to access mortgage finance. Most households therefore finance their housing through cash sourced from household savings, others include micro credit loans and personal loans. A number of NGOs cater for the lower income market segments, but their reach is insufficient to meet the scale of demand.

TMRC intervention has had a positive impact on interest rates. TMRC member banks can currently borrow from the TMRC at 11.5 percent and are therefore able to extend mortgage loans to their customers at lower mortgage interest rates than those prevailing in the market. In May 2014, Bank of Africa (BOA) who is a member bank accessing funds from TMRC introduced a six month campaign for interest rate reduction from 18 to 16 percent on their mortgage loan product which brought about competition for other mortgage lenders. Plans were also underway to re-launch the campaign in 2015.

A 50kg bag of cement costs US$7.04, but is more expensive in rural areas. A standard sheet of surrogated iron for roofing, gauge 28 is US$9.85, gauge 30 is US$8.44 and gauge 32 is US$6.57. The minimum plot size for residential property in urban areas is 400m^2. The cheapest two bedroom 65m^2 house offered from the Mwongozo Housing Estate developed about 19.5km from the Kigamboni Ferry was priced at TZS 44.75 million (US$20 992) VAT exclusive. Three bedroom houses with the size ranging from 85m^2 to 144m^2 were priced from TZS 58.52 million (US$27 453) to TZS 128.9 million (US$60 467) VAT exclusive[7].

TANZANIA



Housing supply

Tanzania suffers from a shortage of good quality and affordable housing. The current housing deficit is estimated at three million housing units coupled with a 200 000 unit annual demand. According to a thesis on Modelling Informal Settlement Growth in Dar-es-Salaam in 2011, about 50 to 80 percent of its urban population lives in informal settlements, and the informal housing shares more than 50 percent of the whole urban housing stock. A Household Budget Survey for year 2011/2012 by the National Bureau of Statistics revealed that 18 percent of the households had connection to the electricity grid. This is an increase from 12 percent reported in 2007. Coverage by the grid continued to be concentrated in Dar-es-Salaam and other urban areas with rural areas having coverage of only 3.8 percent in 2011/2012.

The survey further revealed that there was an increase in the proportion of households living in dwellings made of modern materials from 2007 to 2011/2012. In 2011/2012, 39 percent of households in Tanzania Mainland were constructed with non-earth floors, 48 percent with durable walls and over half with metal roofs.

Survey on home ownership showed that more than 75 percent of households in Tanzania Mainland owned the houses in which they were currently living. Ownership in rural areas, urban areas and Dar-es- salaam was 89.3 percent, 57.9 percent and 37.1 percent respectively. Also, about 17.4 percent of households were living in privately rented houses, mostly in Dar-es-Salaam.

The Government of Tanzania has also played a pivotal role in ensuring that the huge housing gaps are addressed. In July 2015, the government announced that it is currently evaluating a considerable reduction on the Value Added Tax (VAT) on houses in order to boost the investment in real estate in Tanzania and raise living standards.

The National Housing Corporation (NHC) announced in 2011 that it was raising its budget from US$23 million to US$230 million to increase the scale of delivery in the country. By November 2014 NHC reported to have corporate investments worth TZS 600 billion (about US$281.5 million) and that it further plans for its project investment to grow to TZS 1 trillion (US$469 million) by year 2015. Alternative building materials are being explored as a way to deliver these houses on a rapid scale. Under the new 'Public Servants Housing Scheme', 50 000 houses will be constructed over the next five years. By September 2014 it was reported that construction of 5 000 units had already started in Dar-es-Salaam and was expected to be completed within one year. Furthermore, under the Tanzanian Buildings Agency (TBA), the government has already embarked on a special project to construct 10 000 affordable housing units for low and higher income earner public servants. By July 2015, TBA reported to have spent TZS 6 billion (US$2.8 million) for construction of 850 units in Bunju B area in Dar-es-Salaam.

As part of its 2010 – 2015 vision, the NHC plans to build a minimum of 15 000 housing units (including 5 000 affordable houses for low income earners) for both sale (70 percent) and rental (30 percent), assuming the role of a master developer. In October 2013, NHC launched the sale of the 5 000 affordable houses completed from this strategy. By June 2013, the NHC had a total of 175 joint venture projects under way, of which 55 were completed, 59 were under construction and 61 had been stalled. By December 2014, NHC reported that assets owned by the Corporation had increased to 2 389 buildings with 17 111 apartments at a net worth of TZS 2.911 trillion (US$1.4 billion). In September 2012, the NHC announced a development in Arusha in northern Tanzania, which was expected for completion by January 2013. Some 100 apartments of 60m^2 each were offered for sale at TZS 82 million (about US$38 466). This project has been completed and is now selling. Furthermore in 2013, the NHC announced that it would add 510 housing units to the housing market in Dar es Salaam within the next two and half years, as part of three projects worth TZS 124 billion (US$58.17 million). The three high rise modern housing projects are expected to house over 3 000 people and have areas for commercial and recreational facilities. Apart from these three projects, another four projects of 1 000 units have already been handed over to contractors for implementation and are currently part of NHC's ongoing projects. These projects include: twin towers of 26 floors each built by China Railways Jianchan Engineering at TZS 68.3 billion (US$32.04 million); three storey buildings each with 16 floors at a cost of TZS 30.3 billion (US$14.21 million) to be undertaken by Group Six International; and two structures with 16 floors at a cost of TZS 24.9 billion (US$11.68 million) to be implemented by Estim Construction.

In July – December 2014 (Nyumba Newsletter), NHC announced its plans to launch 3 projects which are expected to run for the next 5 to 10 years. Two of the projects called Safari City and USA River are aimed at building a total of 8 000 houses in Arusha and the third project called Salama Creek Satelite City will aim to construct 9 500 houses in Dar-es-Salaam. While the USA River Satellite City is targeting the tourism industry, the Safari Satellite City is meant for de-congesting the Arusha Central Business District (CBD). The Salama Creek Satelite City is targeting middle income earners and aims to de-congest the Dar-es-Salaam Central Business District (CBD). In 2014 NHC signed a Memorandum of Understanding (MoU) with China Poly Technologies Inc. for investment of Valhalla Project for construction of commercial and residential buildings located at Masaki in Dar es Salaam. NHC also signed two other MoUs with China Railway Jianchang Engineering (CRJE) to jointly develop Salama Creek Satelite city located at Uvumba Temeke Dar es Salaam at a cost of US$1 billion and a Financial Square located in Upanga Kinondoni Dar es Salaam at a cost of US$500 million.

Property Markets

At 131st of 189 economies on the World Bank's 2015 Doing Business Report, Tanzania ranks poorly in terms of ease of doing business although this is an improvement from year 2014 where it ranked 145th out of 189 economies. It ranks 123rd in terms of ease of registering property, down from 146th in 2014. It takes eight procedures and 67 days to register a property, at a cost of 4.5 percent of the property value – almost three times longer than the time it takes in Organisation for Economic Cooperation and Development (OECD) countries, but comparable in terms of cost.

Lenders argue that an inadequate supply of mortgageable units makes it difficult for a vibrant property market to exist. Recent offerings by the NHC have been sold out within days of becoming available. The demand for new, affordable housing is considerable. A more fundamental problem, however, is the lack of land titles. Data from the Bank of Tanzania suggests that 75 percent of land is not surveyed in Dar es Salaam.

On the other hand NHC's rental portfolio performed better than the sale of houses. During the year ended 30 June 2013, rental revenue increased to TZS 63 billion (US$29.55 million) as compared to TZS 47 billion (US$22.05 million) achieved in June 2012. NHC has sought to increase its rentals to 60 percent of market rates, up from the average of 30 percent of market rates that NHC tenants were charged in the past. The goal is to reach an average of 85 percent of the market rate by June 2015. The government remains the sole and primary instrument for land delivery. While in principle, rights of occupancy can be bought, sold, leased and mortgaged in Tanzania; in practice the land market is inhibited by many layers of government control. According to Shelter Afrique (2010), the formal market for transfers requires government approval, and land received through grants must be held for three years before the landholder can sell the rights. The transfer of a granted right of occupancy must be approved by the municipality and registered. A holder of a customary right of occupancy can sell the right, subject to the approval of (and subject to any restrictions imposed by) the village council. Mortgages are regulated by formal law, and land rights must be registered before they can be mortgaged. There is a very limited formal land sale market in Tanzania. Most land transactions occur on the informal market, and these tend to be leases. In rural areas, land sales were historically conducted between members of families or clans.

With notable inefficiencies, land acquisition, although improving, has been a hurdle in many respects towards the development of an efficient housing market; along with the limited availability of mortgage financing to support housing development. In recent years, the Ministry of Lands, Housing, and Human Settlements Division has undertaken a drive towards implementing key steps such as improved plot allocation in greenfield areas, land regularisation and titling in existing informal settlements that will enable it to encourage land development.

Policy and regulation

Since the time of independence in 1961, the government has recognised housing as one of the basic needs for all. The Ministry of Lands, Housing and Human Settlements Development has been mandated to administer land and human settlements in Tanzania on behalf of the President of Tanzania who serves as the trustee of all land.

While housing development in Tanzania is guided by the National Human Settlements Development Policy of 2000, the policy's objectives largely cater towards the provision of adequate shelter, an efficient land delivery system, service provision and better rural housing without specifically addressing the problems within the housing sector. Efforts are currently underway towards developing a housing policy that will aim to address key issues surrounding the housing sector.

Mortgage finance in Tanzania is guided by the Mortgage Finance Act of 2008, and the Banking and Financial Institutions (Mortgage Finance Regulations), 2015 developed for regulating mortgage finance operations for banks and housing finance companies. The Banking and Financial Institutions (Tanzania Mortgage Refinance Company) Regulations, 2011 were also developed with support from World Bank to guide the operations of the TMRC.

Finally, prudential norms were created for microfinance institutions in April 2005, intended to increase wholesale funding to MFIs and ensure their financial viability. Broader finance reform has also been initiated by the Bank of Tanzania through the Banking and Financial Institutions Act, the Bank of Tanzania Act and Companies Act. In 2013, the Bank of Tanzania launched its Financial Inclusion Policy, targeting 50 percent formal financial inclusion by 2016. The proposed strategy tackles supply side, demand side and structural obstacles. Furthermore, priorities for this framework includes priorities such as payment platforms, infrastructure and consumer protection.

Opportunities

The affordable housing market in Tanzania provides enormous potential for growth as large scale production is required. The relatively healthy economic growth and good political management of the country provide an adequate platform for this. There is a great need for affordable housing finance for the average Tanzanian. The use of alternative and lower-cost technologies and materials is a key area of opportunity which complemented by the government's initiatives to address housing gaps, has the potential to bring down the long-term costs associated with building housing.

Beyond mortgage finance, there are real opportunities for growth in the housing microfinance sector, which is also receiving policy attention and funding support. High levels of self-build coupled with a vibrant microfinance industry with good links to the formal banking sector, and experimentation with housing, mean that housing microfinance has enormous potential to contribute towards housing the majority of the population.

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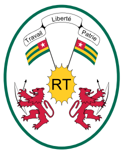
Togo



KEY FIGURES

Main Urban Centres	Lomé
Exchange Rate: 1 US$***	586 West African CFA
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	1.8 | 0.9 | 1.7 | 2.7
Population^ | Population growth rate (2013)^	6 993 244 | 2.55
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	39.47 | 3.80
GDP / capita (current US$)^ | GDP growth rate (annual %)^	646.12 | 5.71
GNI / capita, Atlas method (current US$) ^	580
Population below national poverty line*	58.7
Unemployment rate (%)*	7.6
Gini co-efficient (year of survey)^^	45.96 (2011)
HDI (Global Ranking)" | HDI (Country Index Score)"	166 | 0.473
Lending Interest Rate^	...
Mortgage Interest Rate (%) | Mortgage Term (years)#	9.00 | 10
Credit % of GDP^	34.14
Average Mortgages % of GDP°	0.49% (Badev et al)
Price To Rent Ratio City Centre** | Outside City Centre**	...
Gross Rental Yield City Centre** | Outside of City Centre**	...
Outstanding home loan (% age 15+)##	2.23
What is the cost of standard 50kg bag of cement (in US$)? #	6.13
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	11 945
What is the size of this house (in m^2)? #	40
What is the average rental price for a formal unit (in US$/month)#	...
What is the minimum plot size for residential property (in m^2)#	150
Ease of doing business rank !	149
Number of procedures to register property !	5
Time (days) to register property !	295
Cost (% of property value) to register property !	9.30

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

Togo is a small country in the Gulf of Guinea which became independent from France in 1960. A strip of land between Ghana and Benin, Togo occupies an area of 56 800 km2, with 56km of coastline, making it a transit country to the hinterland (Niger, Burkina Faso and Chad). Togo has a population of 6 993 244[1] in 2013, growing at 2.6 percent per year.

Togo is part of the West African Economic and Monetary Union (WAEMU). The economy is dominated by the primary sector which contributes up to 38 percent to economic growth, while industrial activities contribute 22 percent. In 2013, GDP growth was measured at 5.4 percent. This reached 5.5 percent in 2014 according to African Economic Outlook estimates, and projected to 5.7 percent in 2015. GDP growth in Togo in 2014 was mainly driven by agriculture and investments in transportation infrastructure and an upturn in activities at the port of Lomé which now enjoys one of the most important investments of the sort on the West African coast, owed to an over US$500 million private investment in infrastructures brokered by the World Bank and its private sector branch the International Finance Corporation. Good economic prospects in Togo over recent years are also the result of several ongoing economic and fiscal reforms in the country since 2008/2009. In 2014 the *Office Togolais des Recettes* (OTR), the one-stop tax collection office became fully operational and launched major reforms in tax-collection, including tax paying through the banking system to increase efficiency, among other goals. The inflation rate was kept below one percent in 2014, almost a one point decrease from its 2013 level, one of the lowest in the West African Economic and Monetary Union zone.

Poverty is a major concern in Togo, with six in 10 people living below the poverty line, a figure which reaches nine in 10 people in the northern part of the country, despite government efforts, according to the 2011 poverty profile.

In April 2015, Togo held peaceful presidential elections, amid political tensions over the need for deep constitutional reforms around the limitation of the number of term for the president, and a new government took office in June 2015.

Access to finance

Togo is part of the Central Bank of West African States of which there are seven other member states (Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger and Senegal). Togo's national financial system is highly concentrated, with one bank owning over one fifth of the total banks assets in the country. In 2013, a new bank received the government agreement, the *Société Inter-Africaine de Banque* (SIAB-Togo), bringing the number of banks to 13. In 2014, another bank joined the banking landscape with the accreditation of the Societe Generale-Benin au Togo increasing the number of banks to 14[2]. On top of these, two financial intermediaries were recorded: The *Fonds Africain de Garantie des Investissements Privés en Afrique de l'Ouest* (GARI) and the Regional Mortgage Refinancing Fund (*Caisse Régionale de Garantie Hypothécaire* – CRRH). The Banking system is dominated by commercial banks, a third of which are government-owned. Public banks were supposed to be privatised in 2013, but so far this has not happened. Togo is also the headquarters of the pan-African bank Ecobank. In 2013 there were 183 bank branches, 191 ATM machines and 671 451 bank accounts[3].

As of March 2015, there were 92 registered microfinance institutions (MFIs) with 858 service points[4]. These MFIs had 2.6 million clients with total deposits of CFA Francs152.2 billion (US$260 million), a six percent increase compared to the 2014 level. Total outstanding loans reached CFA Francs 127 billion (around US$217 million). The Faîtière des Unités Coopératives d'Epargne et de Crédit (FUCEC – Togo) is the biggest microfinance network in Togo with over 500 000 members and consolidated assets worth about CFA Francs 50 billion (about US$85.3 million).

Over the past few years, the government increased initiatives directed to ease access to financial services for its population. In 2014, the government therefore created the National Inclusive Finance Fund (*Fonds National de la Finance Inclusive* – FNFI) with the aim of reaching those at the bottom of the revenue ladder. The FNFI developed a number of microfinance products specifically targeted to the needs of the poorest at close to zero interest rate. Microfinance clients represent about 43 percent of Togo population, one of the highest in the WAEMU region, after Senegal, compared to an average of 16 percent for the monetary union. No microfinance institution offers housing finance products.

Togo has two social security institutions, the Togolese Pension Fund (CRT) for civil servants and the National Social Security Fund (CNSS) for private sector employees and other categories of government personnel. Recently a National Health Insurance Institute was created, which is a national universal health insurance scheme currently only open to civil servants but expected to be extended to the whole population in the future. As in many African countries, both social security institutions are unfunded defined benefit schemes and face financial difficulties and structural challenges, among which structural deficits.

Access to credit as measured by credit to the economy was CFA Francs 763 billion[5] (US$1.3 billion) in 2014, a nine percent increase from its 2013 level. This represents 33.7 percent of the GDP. Short-term loans represented more than 51.1 percent of credits. A few banks offer housing finance and mortgage products and services, ranging from loans for land acquisition to loans for housing enhancement and loans for housing purchase of construction. Conditions of access to these products vary from one bank to the next, but the loan period is usually between four and 10 years. The interest rate is between 11 and 12 percent on average, while guarantees requested by the lending bank range from a mortgage on the purchased land or house to life insurance. Some banks request a percentage of up to five percent of the loan as a guarantee. The amount of the loan can be as high as 50 percent of the annual salary of the borrower. In general these loans are available to people with regular jobs and revenues from the public and private sector.

According to a recent note prepared by the Central Bank, 2 923 housing loan applications were approved by Togolese banks in 2013, the second highest number of approved loans after Senegal (7 676), for a total of CFA Francs 10.7 billion (US$18.3 million), and represented 5.3 percent of total loans[6]. However, on average the proceeds of these loans were very small, at around CFA Francs 2.9 million (about US$4 950) per loan. Interest rates dropped in Togo, as in other WAEMU countries by an average of one point compared to their 2006 level, according to a recent report on housing finance in the WAEMU region.

Lomé, the capital city, is also headquarters of the Regional Mortgage Refinancing Fund (the *Caisse Régionale de Refinancement Hypothécaire*, or CRRH), a regional fund created in 2010 to facilitate access to long-term resources needed to provide long-term loans such as housing finance and mortgages. Several Togolese banks such as EcoBank and Banque Atlantique Togo are shareholders of the fund.

In September 2014, the Ministry of Housing and Urban Development organised a workshop to validate the feasibility study of a housing bank in Togo, as in Benin and in Mali. The validation of this study will launch the creation of this bank as a key instrument of the government housing policy. 12 months after this workshop, there has not been any significant change and it is not clear when this bank will be created.

Affordability

The average income per person (gross national income per capita) is estimated at US$580 according to the World Bank's World Development Indicators in 2014. In Lomé, the price per square metre of land varies between CFA Francs 16 500 (US$28) and CFA Francs 33 500 (US$57.17) in the suburbs and between CFA Francs 33 500 (US$57.71) and CFA Francs 83 500 (US$1 422.49)[7] in downtown Lomé. The minimum size of a plot is 150m^2 for a minimum housing size of 40m^2. On average, the land price in the country was estimated to CFA Francs 8 500[8] (US$14.50) per m^2 in settlement areas in 2010.

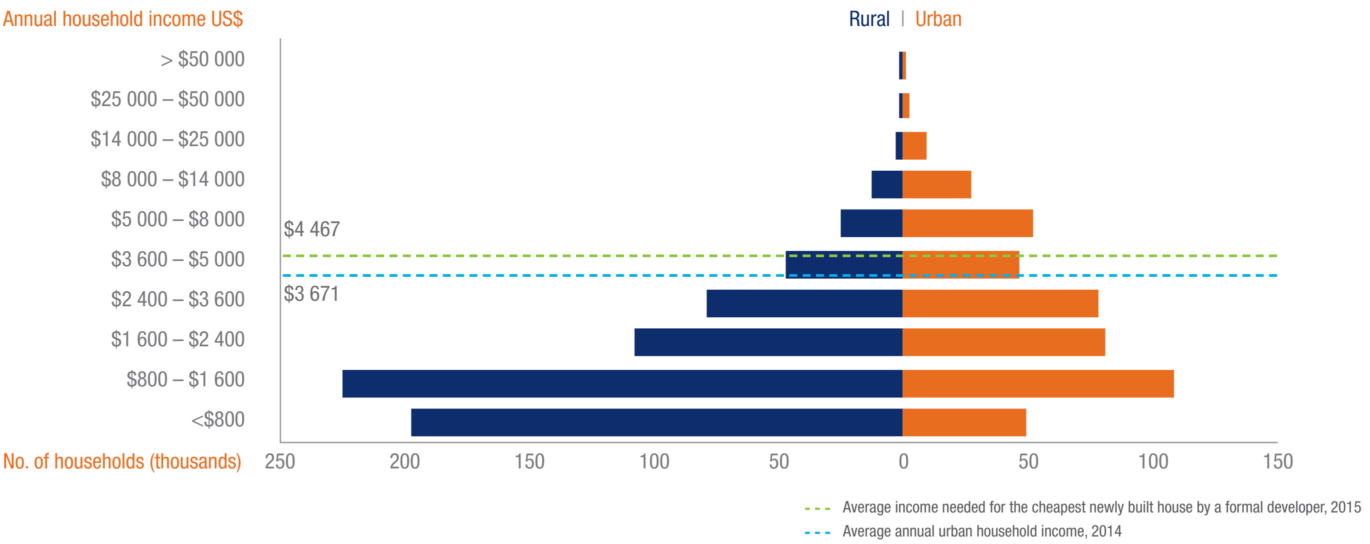
While the cement price in Togo is the cheapest of all countries in the WAEMU, it is still far above the purchasing power of most Togolese. Indeed, a standard 50kg bag of cement costs between CFA Francs 4 000 (US$6.83) and CFA Francs 4 050 (US$6.91). A standard galvanised sheet of iron for roofing costs between US$3.60 and US$6.21. Other construction materials are also out of reach of the poorest people. However, the price of cement is expected to decrease in the near future. Indeed, in 2014 the cement sector leader, Heidelberg Cement, launched the construction of two new cement plants in Togo (of which one will be in the extreme North in Dapaong), with the goal of providing 1.7 million tons of cement each year upon completion. In January 2015, the construction of another cement plant was launched in the city of Kara by Scantogo Mines, with an expected production of 5 000 tons of clinker a day.

It will take between 10 and 15 years for a senior manager in the Togolese public administration to pay off the price of land in downtown Lomé. The cheapest housing unit built by a developer is around CFA Francs seven million (or about US$11 945)[9]. Under these conditions, housing affordability, is a mere dream for most Togolese, even for many with a formal job and a regular income. This pushed most of low income households outside of the more urbanized areas, where they develop informal settlements. This is true for example on the northern outskirts of the city of Lome, in Tsevie, where those households can afford to buy a piece of land.

Housing supply

Over fifty years of government policy in Togo has not yielded much results in terms of meeting the demand for housing. Today housing supply is a real challenge that

TOGO



households overcome through self-construction. But self-construction and poor provision of serviced lands, combined with a rural exodus, have contributed to urban sprawl on the northern side of Lomé, which is now mainly made up of slums. Only richer people can afford to purchase land in Lomé and other secondary cities and build formal houses. Conscious of challenges in the sector, the government of Togo has actively sought solutions to the problem of the housing shortage, engaging, for example, with Shelter Afrique and private developers in an attempt to supply the housing needed in the market.

Despite several announcements in the past about housing constructions, there has not been much progress. It is in this context that several private operators recently launched a few new housing projects. One is in Lomé, the *"Cité des anges"*, which plans the delivery of empty plots but also 156 housing units of different standings, and a 20-apartment complex, mostly targeted to the upper income quintiles, located on the west side of the city of Lomé. The project is being carried out by N Real Estates, a consortium of Togolese and foreign nationals. The second project is the *Résidence Esperanza*, promoted by CECO Immo, a Togolese developer who planned to build 200 housing units in Sotouboua for middle income households, in the center of the country. The project already started delivering a few of the promised units. The choice of Sotouboua to build these housing units is probably justified by the creation of a teachers' school in that city. Finally, the government announced in January 2015 the launching of the Cité Mokpokpo project which is supposed to deliver 1 000 social housing units. The project will be completed in public-private partnership with Ivorian real estate operator S*ociete ivoirienne de promotion immobilière* (SIPIM). Three local banks have already expressed their support to the project, namely Orabank Togo, BIA Togo, and Banque Atlantique by offering mortgage loans over 15 to 20 years. The housing units will cost between CFA Francs 7 million and CFA Francs 17 million (between US$ 11 945 and US$29 010). The government was clear that the targeted population for this project is mainly civil servants. The project which is partly located in Adidogome in the north-western part of Lomé will comprise 420 villas and 120 apartments.

There is a growing but informal rental market, mainly in urban areas, such as Lome, the Capital city, in Kara in the North, and a few other secondary cities such as Kpalime (in the west), Attakpame, Sotoubua and Sokode (in the center), and Aneho (in the south-east). This market is operated by individuals who build and rent out their houses. There are also a few self-called real estate agents who serve as intermediaries between those offering and those demanding rentals, but in the absence of any regulations on real estate, they operate according to their own rules. Renting an apartment or a house in become more and more expensive, because of the high demand for housing in urban areas, while salaries, especially in the public sector have not change much over the past 30 years. In Lome, one needs at least CFA francs 50 000 (US$85.32)[10] to rent a one-bedroom apartment.

Property market

Togo's formal property market is still developing. According to the 2010 general population and housing census, only 68 074 of all properties in the country had a property title, of which 14 238 were in Lomé. A study commissioned in 2008 by the Ministry of Justice found that it took nine steps and 49 procedures to register land in Togo, and cost on average CFA Francs 250 000 (US$427). Another study commissioned in 2011 in preparation for the Togo Land Code found that a total of 10 government agencies were involved in delivering a land title, through a process costing up to 25 percent of the property value. This cost does not include the official cost of the land title, which comes to 11 percent of the value of the property. However, according to the World Bank's 2015 Doing Business Report, Togo improved its ranking from 184th on the "Registering a property" indicator to 182th. It still takes 295 days to complete all land titling procedures but it costs in 2014, 9.30 percent of the value of the property, compared to 11.4 percent the previous year.

There is no cadastre in Togo, despite the existence of a Central Directorate of Cartography and Cadastre. It has been reported recently in a diagnostic study on land problems in Togo, commissioned by the Ministry of Urban Development and Housing that the land title had lost its unimpeachable character due to rampant corruption, which has resulted in many cases of double registration of the same piece of land. Indeed, there were several court cases pending in which different people claimed ownership of property title on the same piece of land because the registry was corrupted at some point. It is expected that the new Land Code will help to address this kind of problem, streamline the titling procedure and institutions and give back value to the land title.

Obtaining a construction permit became mandatory in 2007. The rule is jointly enforced by the Togolese Order of Geometers, the Ministry of Urban Development and Housing, and some municipalities such as that of Lomé or Kara. Yet, it is still very expensive to get such permit (which remains unaffordable to most Togolese), as it costs 458.5 percent of per capita income, takes 155 days and 12 procedures to obtain it. In 2014, Togo has improved construction permit procedures, cutting down the time it takes to get it by half, from 309 days in 2013 to 165 days in 2014. People thus continue with direct sales of properties on the basis of a simple sales agreement in the informal market. Sometimes, for those who can afford it, the assistance of a notary is procured.

A few housing brokers operating on the Togolese housing market. Among those are Phillison and Co., Immowants, Le Logis, and Confortis international SA, which are all private real estate agents offering a platform for home buyers and home sellers to meet. The last is also a developer and is trying to promote a new development on the northern side of Lome, the so-called Wellbeing City which has been announced for some years now.

Policy and regulation

The regulatory environment around housing and housing finance has not changed much over the past five decades. Most of the existing policies and regulations were enacted between the 1950s and 1970s and guided the government's willingness to provide adequate and affordable housing to every Togolese. Unfortunately most of these policies have failed to achieve the intended goals. Because of the failure of past policies, the housing deficit grew over the years and reached around 250 000 in 2014, requiring a supply of 23 000 units a year on average to clear the backlog.

Between the 1980s and the 1990s, little has happened on the policy side related to housing and housing finance. This was mainly because of the economic and financial crisis of the 1980s and the international embargo on Togo, between 1992 and 2005.

However, during the decade starting in 2000, urban development, housing and land policy questions returned to the public policy agenda. The government adopted a few policy documents, including the adoption of the National Urban Sector Policy Statement, a Housing Policy Statement, and a new National Housing Strategy. The focus of the latter is to reorganise the housing sector through the adoption of adequate legislation, improve the existing real estate stock and provide all social strata, particularly low and middle income households, with affordable housing that meets minimum safety, occupancy, structural stability and temporal standards. The strategy stipulates that the government will contribute every year to this demand by facilitating the supply (through public private partnerships and subsidy programmes) of 2 500 housing units against an annual demand estimated at 23 000 units. As of today, no concrete results can be shown on the ground.

Several other reforms were launched, including the revision of the Togo Land Code, the validation of a draft Law on Real Estate Development in December 2010 (which are still pending at the National Assembly – the Parliament) and the drafting of the Togo Urban Development and Construction Code. The Real Estate Development draft law covers areas such as conditions required to perform the profession of real estate developer, social real estate development operations (the law imposes a minimum of 100 housing units for this type of operation) and the production of serviced land. An important change to be brought into the housing and real estate sector by this code is the creation of a new public entity with the mandate to produce and sell serviced land – the Societe d'Equipement des Terrains Urbains (SETU).

Opportunities

One can say that Togo has fully recovered from more than a decade of international embargos. The government has engaged in several important economic and fiscal reforms which should continue improving the business environment, but also the road and energy infrastructure. Togo was among the top

10 reformers according to the Doing Business report, improving its overall ranking by 15 places, from 164th to 149th in 2014. With a high demand for housing, several companies have been positioning themselves to take advantage of a market that is still untapped. Shelter Afrique confirmed its interest in investing in housing projects in Togo by committing to the development of a pilot 153 housing unit project in April 2014. The Moroccan real estate investment group Addoha expressed interest in investing in cement plants but also in housing, while the feasibility study for a housing bank in Togo is near completion. This is all in preparation for major changes in the housing finance sector in Togo.

According to a recent study by the French Development Agency, the population in Togo should increase by at least 50 percent between now and 2030, and double by 2050 depending on the fertility rate and rural to urban migration. As a consequence, social demand, including demand for housing, will experience a strong increase, presenting an opportunity for developing innovative housing policies, especially in a context characterised by low incomes. The scarcity of developers today leaves the room for newcomers to take advantage of these opportunities.

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7 Estimated from data collected from various real estate advertisements. It is in line with the average estimated 8 500 CFA Francs per square meter in 2010 according to the Central Bank's 2014 Statistical yearbook.
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10 www.numbeo.com

Tunisia

KEY FIGURES

Main Urban Centres	Tunis (capital), Sfax
Exchange Rate: 1 US$***	1.97 Tunisian Dinar (TND)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	6.1 | 5.5 | 5.0 | 4.4
Population^ | Population growth rate (2013)^	10 996 600 | 1.01
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	66.65 | 1.29
GDP / capita (current US$)^ | GDP growth rate (annual %)^	3 829.11 | 2.3!*
GNI / capita, Atlas method (current US$) ^	3 906.12!*
Population below national poverty line*	15.5
Unemployment rate (%)*	12.8
Gini co-efficient (year of survey)^^	35.79 (2010)
HDI (Global Ranking)" | HDI (Country Index Score)"	90 | 0.721
Lending Interest Rate^	7.78!*
Mortgage Interest Rate (%) | Mortgage Term (years)#	8.00 | 15
Credit % of GDP^	75.37!*
Average Mortgages % of GDP°	9.25% (Badev et al)
Price To Rent Ratio City Centre** | Outside City Centre**	17.3 | 18.17
Gross Rental Yield City Centre** | Outside of City Centre**	5.78% |5.5%
Outstanding home loan (% age 15+)##	10.68
What is the cost of standard 50kg bag of cement (in US$)? #	3.52
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	25 500
What is the size of this house (in m²)? #	50
What is the average rental price for a formal unit (in US$/month)#	...
What is the minimum plot size for residential property (in m²)#	120
Ease of doing business rank !	60
Number of procedures to register property !	4
Time (days) to register property !	39
Cost (% of property value) to register property !	6.10

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
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CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database
!* Central Bank of Tunisia. Annual Report 2014

Overview

Before the revolution of 2011, Tunisia was widely regarded as one of the most performing countries of the Middle East and North Africa (MENA) region because of its achievements in terms of economic and human development. Despite some remarkable results and progress, the pre-revolution Tunisian development model failed to bring about genuinely inclusive growth. Deterioration of economic governance and the capturing of resources by the elite during the last decade of Ben Ali's rule hampered further economic development and triggered a surge in social discontent which culminated in the fall of the regime in 2011.

After having achieved a successful historical democratic transition, embodied by the Constitution of 2014, Tunisia suffered two major terrorist attacks within a short interval in 2015. The Bardo National Museum attack in March 2015 and the Sousse shooting on 26 June 2015 resulted in 60 civilian casualties, mostly foreign tourists. These have undermined transition to a stable political, economic, and security environment conducive to economic growth. The GDP growth forecast has indeed been revised from three to one percent[1] in 2015 against 2.3 percent in 2014[2]. This rate remains fairly below the average of 4.5 percent recorded during the 2000s.

The drop in the national savings rate (13.5 percent of GNI in 2014 against 14.1 percent in 2013), along with the investment rate regression (19.2 percent of GDP in 2014 against 20.3 percent in 2013) meant an increase in external financing needs. The external indebtedness rate rose from 40.8 percent in 2013 to 43.7 percent of GDP in 2014.

The unemployment rate recorded in 2014 was 15 percent, dropping by 0.3 percent from 15.3 percent in the fourth quarter of 2013. Women's unemployment rate is high at 21.1 percent, the graduate unemployment rate is 38.7 percent[3] with higher education graduates suffering the most at 30.4 percent.

Housing is the second largest item of expenditure for Tunisian households. Their capacities vary but they all seek better living conditions, driven by the emergence of new needs that are in constant evolution. Although housing is increasingly available, its affordability is increasingly problematic, especially since 2011.

Access to finance

Tunisia has a reasonably well-developed financial sector regulated by the Central Bank of Tunisia. Over the past four decades, Tunisia has built up a sophisticated mortgage-based housing finance system with a large number of financial institutions offering loan products for housing, including over 20 private commercial banks, in addition to the three state-owned banks. Until the early 2000s, the publicly-owned Housing Bank (Banque de l'Habitat), established as a result of the National Housing and Savings Fund's shift to Universal bank, had been the single player in the mortgage market. The de-compartmentalisation and deregulation of the banking sector (Pursuant to the Law No. 2001-65 on credit institutions)have allowed new actors to massively position themselves in this market. This move was mainly due to (i) the declining performance of the main actor, the Housing Bank (The Housing Bank's share of the home purchase savings collection market dropped from over 80 percent in 2003 to less than 60 percent in 2014), and to (ii) the attractiveness of the housing finance market. Strategic interest in this market has led to fiercer competition between credit institutions which frequently launch dedicated promotional campaigns, the most recent being Al Baraka Bank's[4] 2015 "Maskan" advertising campaign. Overall, product offering in this market has become largely undifferentiated but conditions of access to housing finance have considerably expanded through the launching of specialized products tailored to various categories of clients.

While private lending is focused on high to middle income households, there have been savings-for-housing programmes for the formally employed since the 1970s.

The Housing Bank is the exclusive manager of a state subsidised housing loan for low income households called FOPROLOS. Loan rates for mortgages range from 2.5 to 5.75 percent for three different income eligibility brackets, targeted at households earning a regular salary at between minimum wage and up to 4.5 times minimum wage (set at US$177 a month – from May 2014 onwards). This compares to an average 7.78 percent rate for mortgages available at commercial rates, in July 2015.

Housing loans are regulated by the Central Bank. According to the Central Bank's 2014 annual report, the total value of long-term loans to home-buyers increased by 7.3 percent between 2013 and 2014, reaching US$3.80 billion. Mortgage lending is approximately equivalent to 9.1 percent of GDP. Rules modified in 2007[5] limit loan-to-value ratios to below 80 percent (though up to 90 percent in social lending programmes, like FOPROLOS), and a maximum term of 25 years. Part of this law also requires long-term liquidity matching requirements for loans over 10 years and a requirement that interest rates must be fixed for housing loans longer than 15 years. This requirement means many banks are funded by sovereign bonds and are resistant to offer loans beyond 15 years. Current challenges include a lack of liquidity in the banks and a high level of non-performing loans, which was reported to have increased from 12.0 percent in 2010 (pre-revolution) to 15.0 percent in 2014[6]. It should be noted that the Supplementary Budget Law for 2015 includes measures to treat debts held by beneficiaries of housing credits issued as part of social housing initiatives[7].

In terms of secondary markets, Tunisia has a stock exchange (BVMT) and in 2001, developed the legal framework for securitisation to facilitate access to long-term funding for mortgage finance. However, activity has been extremely limited with only two transactions (in 2006 and 2007 respectively, amounting to US$80 million) by a single institution, the International Arab Bank of Tunisia (BIAT). There is also an alternative capital securities market for Tunisian companies that cannot be listed on the main market.

The Decree-Law No. 2011-117 on Micro-Finance Institutions of 5 November 2011, opening the way for new entrants. The government has set up a licensing authority with the assistance of the German Development Agency. This sector is likely to experience growth in the coming years, yet has been slow to launch due to political and regulatory uncertainty for new entrants. However, the additional untapped market has been estimated at between 0.7 and 1.0 million.

The microfinance sector has yet to grow substantially due to restrictive regulation and interest-rate capsset before the Revolution. Only one institution, Enda Inter-Arabe, operates at any scale. At the end of 2013, Enda had 231 520 clients, and a gross loan portfolio of US$96 million, with a default rate of only 0.55 percent. In 2014, EBRD provided Enda with a loan for US$6.2 million to support them to scale their operations to Micro and Small and Medium Enterprises. In 2008, Enda launched a new product called "Eddar" specifically for housing improvements to respond to the high demand in this market segment. Loan size and terms grew in 2014, ranging from US$567 to US$2 834, over a maximum period of 24 months. At the end of 2013, the Eddar loan made up 12 percent of Enda's total portfolio. Average loans were for US$900 and for a 15 month term.

Zitouna Bank was the first institution in 2009 to launch a Mourabaha product. The government is working with the Islamic Development Bank to issue its first sukuk bonds, which has been presented as a cheap means to access long-term finance.

Affordability

Due to progressive housing policies since independence in 1956, housing affordability is higher in Tunisia compared to other countries in the region. Overall price-to-income index is often quoted as five, yet this number does not reflect the reality for low income households, a growing market segment as youth unemployment remains high at 40 percent[8]. These households usually cannot qualify for housing loans and do not have the capacity to pay for even a modest unit.

According to Brookings Institute, the size of Tunisia's middle class reached more than 40 percent of the total population in 2010, up from 25 percent in 2000. Per capita spending averaged US$2 360 a year in 2010, which ranged from US$1 496 in the Centre West region to US$3 228 in Tunis. In 2012, 1.2 percent of households had expenditure of less than US$2 500 a month, 12.8 percent spent between US$2 500 – US$5 000, 24.9 percent between US$5 001 – US$7 500, 20.9 percent between US$7 501 – US$10 000 and 40.2 percent above US$10 000. In May 2014, the minimum monthly income for a 48-hour working week increased to US$177. Yet, this still leaves the lowest tier of formally employed people with only approximately US$40 – US$80 a month to spend on housing.

In terms of affordability, a 2012 analysis by UN HABITAT calculated that a modest house of 75m^2 built progressively on peri-urban land would cost about US$14 000, or US$187.5 per m^2. Such a unit has a price-to-annual-income ratio close to nine for the lowest decile households. Assuming 30 percent of income could be mobilised for monthly housing payments, the repayments required on the cheapest housing loan makes this unit unaffordable to 30 percent of Tunisians households.

The government programme, FOPROLOS, was designed in 1977 to provide housing finance for low income groups and is still the main tool assisting access to affordable housing. There are three main categories:

- FOPROLOS 1: Households earning between 1-2 times minimum wage can purchase a unit below 50m^2 atUS$25 500, with a loan of 90 percent LTV for 25 years, at 2.5 percent per annum.
- FOPROLOS 2: Households earning between 2 – 3 times minimum wage can purchase a unit below 75m^2 atUS$32 100, with a loan of 90 percent LTV for 25 years, at 4.0 percent per annum.
- FOPROLOS 3: Households earning between 3-4.5 times minimum wage can purchase a unit of between80 – 100m^2 at less than US$43 400, with a loan of 85 percent LTV for 25 years, at 5.75 percent per annum.

However, in recent years, the cost of a FOPROLOS home has become inaccessible to the target groups, with housing costs at around US$510 per m^2. Qualifying criteria do not enable households with irregular incomes to participate. Furthermore, loan ceilings have not increased with cost of production so it is difficult for developers to offer a housing supply to match the subsidised financial product. There are clear indicators that, in its current shape, this mechanism is not suited for the attainment of its set objectives, thus prompting a spillover of the demand into the informal sector. According to data from MEATDD, the share of approved FOPROLOS housing units offered by private developers only represented on average six percent of the total approved housing units between 2004 and 2013. FOPROLOS remains largely under utilised due to a lack of adapted supply rather than a lack of resources. The cumulative surplus (unspent resources) of FOPROLOS nearly reached US$230 million at the end of 2013.

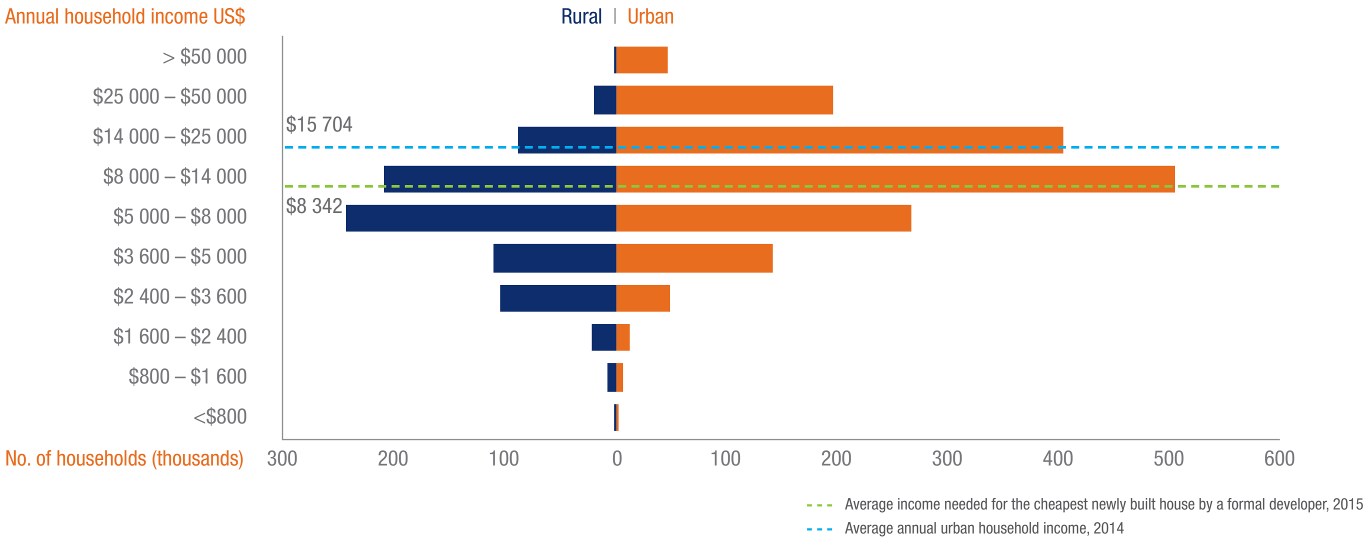
Housing supply

The 2014 census and housing survey released in September[9] recorded a total housing stock of 3 289 903 units, an increase of 789 103 units since the last census in 2004. This exceeds the number of households which was recorded at 2 712 976 in 2014. 79.2 percent of Tunisians own their home and an estimated17.7 percent of the units are vacant, which are usually high-cost units purchased as secondary homes, luxury rental properties, or speculative investment properties.

Of the annual demand, estimated at 77 000 units per year, around 40 percent is built informally on an incremental basis on quasi-formally subdivided land, which is bought and acquired through notary deed.A total of 42 587 building permits were issued in 2013[10]. Of the formal units, approximately 80 percent are constructed by individual households (responsible for 28 000 building permits and 38 300 units per year), two percent by public developers and 18 percent by registered developers, who tend to target middle to high income groups.

There is a state programme of subsidised construction finance for residential property developers. The Housing Bank can finance up to 80 percent of the total cost of a project if the housing units are "social" units at 6.78 percent per annum, and up to 70 percent if they are "economic" or "high-standing" units, at 7.28 and 8.28 percent per annum respectively. This financing system was introduced as part of the National Housing Strategy (1988) that saw the private sector as an important housing producer.

TUNISIA



Property market

There are two land registration systems: the regime established by the Decree-Law of 20 February 1964 on the registration of agricultural lands is compulsory, free of charge, and state-administrated, whereas the second regime is optional and is triggered by voluntary applications for registration by land-owners, usually based on a notarial deed. The land registration system involves three main actors: (1) the property court, which is the competent judicial authority, intervenes at the onset of the registration process by issuing a registration judgement; (2) the Land Survey and Topography Agency (Office de Topographie et de Cadastre, OTC) is a technical body mandated with boundary marking and allotment operations as well as establishing land plans; (3) the Landed Property Registry (Conservation de la Propriété Foncière, CPF) is responsible for issuing, updating, and maintaining title deeds.

The real estate and construction sector is an important contributor to national GDP and employment. In 2014, the number of jobs by the construction and settlements sector was measured at 456 000, which represents 13.5 percent of total employment. The housing sector also accounted for three percent of the revenues of the state via taxes collected from rental and property management, VAT generated by construction and local land taxes.

Interest in Tunisian real estate is still high. Prices on the formal market have been increasing at a rate of eight percent per annum since 1990, and have continued to rise following the revolution. The rental market has experienced additional price pressure due to an increase in Libyans who arrived in Tunis to avoid the unrest in Libya. According to the Ministry's Housing Observatory, in 2010 the average price of a housing unit was US$36 180 at a size of 134m^2, or US$270 per m^2. Meanwhile, the Global Property Guide reports that the average sale price for a house in Tunis can reach as high as US$2 100 – US$4 100 per m^2.

The number of registered real estate developers continues to increase in Tunisia after the regulatory framework for the profession was put in place in 1990. There are more than 2 700 registered developers today. However, this number is not indicative of an increase in the production of housing, as many investors register as developers to benefit from tax incentives for property construction.

Policy and regulation

In force for more than 40 years, government financial assistance mechanisms for the housing sector, mainly consist in financial subsidies (subsidised interest rates and tax exoneration on home saving accounts) and, to a lesser extent, land subsidies through the Housing Land Agency (Agence Foncière d'Habitation) one of whose main objectives is to reduce land speculation. This regime was enhanced in 2007 through the issuing of direct subsidies by the National Solidarity Fund (Fonds National de Solidarité) targeted to benefit households wishing to purchase social housing. Complementary mechanisms were established in the 1980s in the form of slum upgrading schemes managed by the Urban Rehabilitation and Renovation Agency (ARRU) and the National Programme for the Resorbing of Rudimentary Lodging (PNRLR).

In 2014, the Ministry of Public Works, Housing and Settlements was focused on a comprehensive review of its housing policy, particularly in terms of exploring public-private partnerships, as well as reform of the subsidy programmes intended to widen the scope and rationalise government housing aid including the expansion of the mandate of FOPROLOS. Preliminary recommendations for a new National Housing Strategy were presented by the government in September 2014 and included revitalising the role of the Housing Land Agency in land provision and recalibration of the FOPROLOS financing scheme, among other activities.

Opportunities

Despite a slowdown in the pace of new constructions (as evidenced by a 6.5 percent decrease in the demand for cement in Q1 2015 according to the Ministry of Industry), as the outlook of capital markets and the banking sector remains uncertain, Tunisians continue to put their money in real estate as housing in Tunisia is still considered a secure and profitable form of investment. The construction boom can be seen in both the informal and formal sector, particularly apparent in the high costs for land, and construction materials. However, continued price rises are not sustainable, and risk further exclusion of low to middle-income Tunisians from home ownership.

Contribution of the housing sector to GDP was estimated at US$2.8 billion in 2014, representing 6.6 percent of GDP. More open legislation that allows property purchase by foreigners, and the removal of any need for purchase permission in tourist areas, is also likely to spur investment interest in the property market, particularly as confidence in the Tunisian economy returns.

Other opportunities include the rise in demand and interest in Islamic housing finance that will create diversified options for housing finance.

Demographic effects will continue to drive the market's expansion even though higher age at first marriage and the increasingly late arrival of youth in the labour market will hinder this quantitative evolution. With regard to solvency of the demand, the impact of the economic changes underwent by the country since 2011 will tend to "variabilise" income levels. Demand for housing credits will grow in complexity and will less and less rely on traditional products, which will impact the evolution of the nature of demand.

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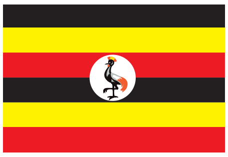
Uganda



KEY FIGURES

Main Urban Centres	Kamapala (Uganda)
Exchange Rate: 1 US$***	3289.26 Ugandan Shilling (UGX)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	5.0 | 5.4 | 5.9 | 5.4
Population^ | Population growth rate (2013)^	38 844 624 | 3.31
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	15.77 | 5.42
GDP / capita (current US$)^ | GDP growth rate (annual %)^	677.38 | 4.51
GNI / capita, Atlas method (current US$) ^	660
Population below national poverty line*	24.5
Unemployment rate (%)*	4.2
Gini co-efficient (year of survey)^^	44.55 (2012)
HDI (Global Ranking)" | HDI (Country Index Score)"	164 | 0.484
Lending Interest Rate^	21.53
Mortgage Interest Rate (%) | Mortgage Term (years)#	22.00 | 7
Credit % of GDP^	14.39
Average Mortgages % of GDP°	0.9% (2012)
Price To Rent Ratio City Centre** | Outside City Centre**	56.15 | 15.9
Gross Rental Yield City Centre** | Outside of City Centre**	1.78% | 6.29%
Outstanding home loan (% age 15+)##	9.78
What is the cost of standard 50kg bag of cement (in US$)? #	11.00
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	13 600
What is the size of this house (in m²)? #	80
What is the average rental price for a formal unit (in US$/month)#	250
What is the minimum plot size for residential property (in m²)#	464
Ease of doing business rank !	150
Number of procedures to register property !	11
Time (days) to register property !	43
Cost (% of property value) to register property !	2.60

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

Uganda has a long and solid track record of prudent macro-economic policies, and positive development prospects, with significant fiscal investment, supporting economic growth. Uganda's fiscal dynamics have improved, supported by higher revenue collection capacity. The country is now less dependent on donor aid – the ratio of budget support to total donor aid has reduced from 49 percent in 2005/6 to 29 percent in 2015/16.

Presently, GDP is USh75 trillion (US$25 billion), compared to USh40 trillion (US$16 billion), in 2010. Provisional results from the census (2014) indicate that Uganda has a population of 34.9 million people – this is three percent points lower than the figure of 37 million that had been previously calculated. The country's average per capita income has increased to US$706 from US$504 in 2014, bringing the country closer to a middle income status, an objective the government intends to achieve by 2020, as espoused by the 2nd National Development Plan (2015/16 – 2019/20).

The structure of the economy still comprises a sizeable informal sector, accounting for 49 percent of economic output. The agricultural and industrial sectors – the main productive base of the economy – require substantial investment to spur continued growth and competitiveness. The competitiveness of the private sector remains constrained by infrastructural gaps – unreliable electricity and inadequate rail and roads network.

The economy is projected to grow at 5.8 percent, in 2015/16, largely on account of the recovery of private sector consumption, supported by stronger credit growth, as well as huge public investment in infrastructure. The medium outlook is promising, with real GDP expected to grow at a rate of 6.5 percent in the next five years, boosted by the development of the oil sector, value addition in the mineral sector, and enhancing institutional efficiency in mainstreaming, coordinating and following up implementation of EAC programs and projects. Uganda ranks second in trading with partner states in the EAC Regional Bloc; with a market share of 25 percent.

Access to finance

Uganda's financial sector is stable, relatively well-capitalised (37 percent of GDP) and has grown at an average rate of 17 percent per annum since 2006[1]. Commercial banking accounts for the largest share of the financial sector, with 25 licensed banks. Total assets of the commercial banks have increased by US$1.8 million since 2011. The increase in bank assets was mainly driven by more investment in government securities, which grew by 29.6 percent in 2014 to USh4 trillion (US$1.3 million) at the end of June 2015.

During the last four years, however, overall asset quality has been on decline, due to a persistent increase in NPLs. The ratio of NPLs to total loans increased from 1.6 percent by June 2012; to 3.9 percent by June 2013 and 5.8 percent by June 2014. This increase was attributed to (i) higher interest rates on new loans, (ii) re-pricing of existing loans at higher interest rates, and (iii) a slowdown in economic growth[2].

Between 2013 and 2014, there was a gradual shift in bank lending by sector, with a higher preference to extend loans to households. Loans to households and personal loans grew by 44.3 percent at the end of December 2014, and 39.8 percent at the end of December 2013, though they performed poorly the previous year (December 2012), receding in growth by 13.7 percent.

The building, construction and real estate sector comprises the largest share of banks' total lending. Bank credit to this sector as a share of total loans has dominated during the last seven years, growing exponentially, from 5.1 percent in June 2008 to 23.2 percent in June 2014. Between 2010 and 2014, loans to this sector comprised commercial mortgages, land purchases, road construction, loans to general and specialized construction contractors and property developers and estate agents. A closer look at the activities to which credit was extended revealed that over 50 percent of the credit was extended to both residential and commercial mortgages. Credit extended to property developers and estate agents, as a share of credit extended to the building construction and real estate sector increased from 23.7 percent in June 2010 to 25 percent in June 2014.

Five banks dominate in mortgage finance. Housing Finance Bank is the market leader, and for the last decade, it has held between 50 and 53 percent of total mortgage finance book. By March 2015, the total mortgage portfolio was estimated at USh1.7 trillion, and with the potential to grow in excess of 6 trillion (US$2 million) at the end of the year. This would represent a 15.4 percent increase compared to 2014, which registered a total mortgage portfolio of USh5.2 trillion (US$1.7 million).

In the last two years, stiff competition among commercial banks has led to the development of more innovative housing finance products. Notably, are the mini-mortgages offered by Housing Finance Bank and Stanbic Bank. Mini-mortgages are collateralized but differ from conventional mortgages in that their tenor is shorter (between 5 and 7 years), at interest rates of about 22 percent, and involve underwriting of informal income.

Credit Guarantee Schemes have also been introduced to relax the terms against which prospective homeowners' access mortgages. The Credit Guarantee Scheme that was launched by the USAID/Uganda Private Health Support programme at Centenary Bank, three years ago, not only guarantees against the non-performance of the loans (at a ratio of 60:40), but it has also been used to help customers scale up the value of their collateral, such that they can access loans for which an additional fee for utilising the guarantee is charged.

However, the absence of long-term funding schemes within the domestic banking system continues to constrain the growth of the housing finance sector. NSSF is the only suitable long term funder in the Ugandan market which invests its long-term assets in short-term equity or real estate.

Current efforts to reform the pension sector are expected to end NSSF's monopoly. The passing of the Retirement Benefits Sector Liberalization Bill, will introduce competition and improved governance within the pension sector. Also, recent efforts that have been embarked upon to create Real Estate Investment Trusts (REITS) will encourage and minimize the risk several private sector occupational schemes could face, when directly investing in real estate.

Centenary Bank, Opportunity Bank, Finance Trust Bank and Pride Microfinance have all developed/are developing housing microfinance products, as a way of retaining their clientele, and also broadening their product lines.

Centenary Bank offers three unique housing finance and housing microfinance products; (i) Cente-Mortgage[3]: a medium-to-long term housing finance product targeting salary earners as well as rural and urban low, middle and high regular income earners engaged in self-employment; (ii) Cente-Home: a short to medium term loan for homeowners with regular income earnings for the purpose of financing home improvement; and (iii) Cente-Land: a short-to-medium term loan designed for the purpose of financing land purchase, survey and registration to formalize ownership.

Finance Trust Bank offers the personal development loan[4] an affordable loan facility to ease cash flow for personal development needs, including home improvement. Pride Microfinance offers the mortgage and asset finance loan.

Equity Bank offers the Development Loan[5]; a fund-based credit facility where a customer has advanced money to set up a long-term development project, including building a house. Opportunity Bank is being supported by Habitat for Humanity Uganda (HFHU), under the Mastercard Project, to develop and later roll out a commercially viable housing microfinance product.

Through the Mastercard Project, HFHU supported Ugafode Microfinance, an MDI, design, test and roll out housing microfinance products that are affordable and flexible. Today, Ugafode has a range of products targeting low and moderate income earners. Three products are explicitly for housing: asset acquisition loans, micro-mortgage loans and flexible housing loans. With 12 949 active borrowers in 2015, Ugafode has a gross loan portfolio of US$8.42 million. Ugafode's deposit base is strong, with 58 754 depositors saving almost US$4.24 million.

Since 2008, HFHU has been piloting a low income housing finance programme in its two microfinance institutions (Luweero and Lugazi). Through the programme, households, access loans for home improvement, and also build sanitation facilities. The average monthly income of households targeted is USh500 000 (US$217). The average loan size is USh2 million, for a tenor of two years. The loans are issued at a monthly interest of two percent.

Affordability

Although the demand for housing is high, effective demand is actually very low because only a portion of employees' income is documented. It is common for individuals to complement their salaried income with other sources of revenues, from micro and small sized investments. Statistics from the Ministry of Finance, Planning and Economic Development, on documented income show that more Ugandans have crossed the poverty line, and, indeed, they are in a better position, than before to afford housing. Income poverty declined from 24.5 percent in 2009/10 to 19.7 percent in 2012/13. Income inequality has also reduced by 7.3 percent over the same period. The middle income class (Middle class is defined as a group of people who earn between US$4 a day and a maximum of US$20 a day) has grown seven-folds during the last two decades, increasing from 1.8 million individuals in 1992/93 to 12.6 million in 2012/13. Notably, between 2009/10 and 2012/13, 2.6 million Ugandans acquired middle class status.

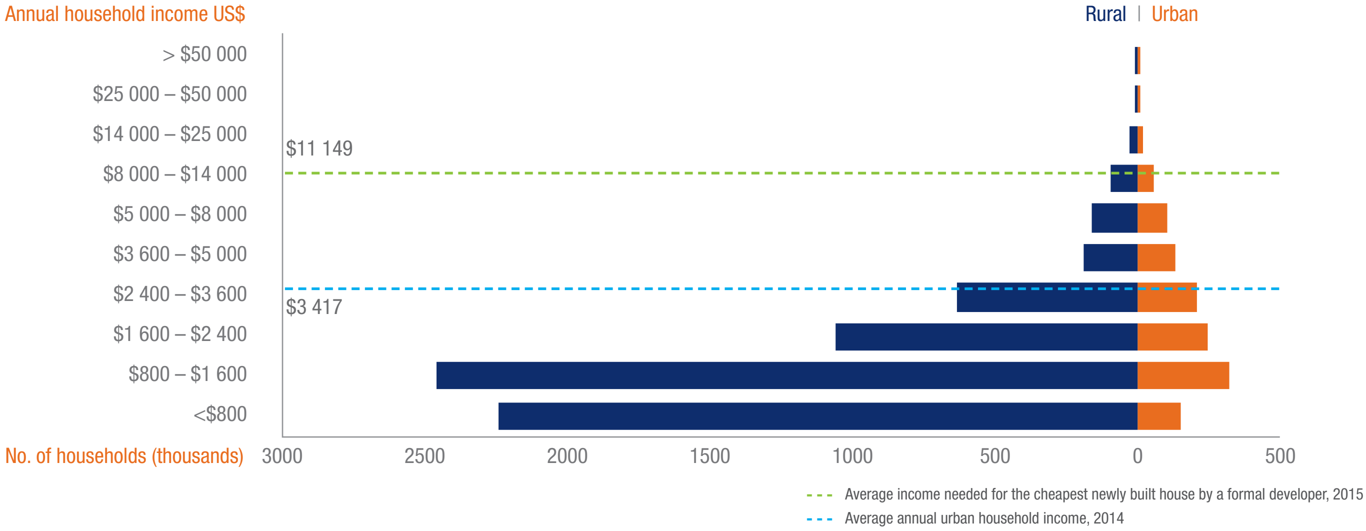
The country's average per capita income is estimated at US$706, compared to US$504 in 2014. This income is however, still low to meet mortgage terms for buying a house on the formal market. A case in point is private health workers – the majority (about 90 percent) earn too low to finance their housing needs – approximately USh700 000 (US$230). In addition to the low monthly salary, a greater portion (over 60 percent) of the salary is spent on food, rent, transport and school fees. The income and savings of the private health workers falls below a level where they would secure mortgage financing in the formal market (USh1 million and above).

Mortgage lenders generally require a high down payment (between 20 and 30 percent), to reduce credit risk and keep monthly payments affordable. However, since 2013, the high risk of lending to the real estate sector led to high LTV ratios. A survey by Bank of Uganda (May to June 2014), among selected banks, to assess LTV practices, established that the LTV ratio for mortgages had risen from 58 percent in March 2013 to 64 percent in March 2014. Other terms at which commercial banks offer mortgages include an interest rate of between 19 and 25 percent; and loan repayments should not exceed 40 percent of an individual's salaried income. The tenor ranges between 5 and 20 years.

To date, there are no affordable housing projects that have been embarked upon on scale. Houses for sale start at USh105 million (US$30 000) for a basic two-bedroom house, and go as high as USh1.575 billion (US$450 000) for a four-bedroom house. The cheapest house built by a private developer in 2015 is US$13 500 for a one bedroom 80m² house. At current rates, this would cost an estimated US$308 a month (at 22 percent over a seven-year term). This translates into a monthly salary of US$771 (USh2.7 million), which is earned by less than two percent of the population.

A key factor contributing towards the cost of housing is the infrastructure component. Increasingly, given capacity constraints within local authorities, developers are developing local and bulk infrastructure as part of actual development, and covering this investment in the price of the housing rather than spreading it over the long life of the services delivered, as a municipality might be able to do. This contributes as much as 15 percent – 25 percent to the purchase price. Another factor is the cost of building materials. For example, in 2015, Tororo Cement Limited invested US$25 – 30 million towards the expansion of its cement plant, increasing its capacity from 1.8Mt/yr in 2013 to 3Mt/yr to date. However, because of the weak shilling, which led to increase in cost of inputs in cement production, most of which are imported, the price of 50kg bag of cement increased by 11.1 percent, between 2013 and 2015, from USh27 000 to USh30 000 (US$10).

UGANDA



Housing supply

With a housing deficit of 1.6 million units, coupled with an annual population growth rate estimated at 3.3 percent, and a 5.6 percent urbanisation rate, Uganda needs to move fast to match her population growth with decent and affordable shelter. Out of the total deficit, 1.29 million is in rural areas and 211 000 in urban centers.

Presently, the supply of middle and high level residential properties outstrips demand. To illustrate, during the last five years, the six modestly sized property developers[6] have led efforts in the supply of residential properties, targeting the middle and high income earners. Collectively, however, these developers have not been able to supply more than 5 000 units annually. Annually, each developer had planned to develop between 1 000 and 2 000 units, however, because of the high debt exposure and the generally low demand for properties, particularly in 2011 and 2012 (See Section on Property Markets for more details), the units delivered annually, per developer, were estimated at between 500 and 1 000.

According to NHCCL's Corporate Strategic Plan (2012 – 2016), the company's target was to construct and sell houses equivalent to 70 percent of the housing backlog within the income bracket of USh1.8 to 9 million (US$692 to 3 461) and 50 percent of the backlog in the income bracket of USh9 to 29 million (US$ 3 461 to 11 153). This brings the total number of houses that were to be constructed and sold in five years to 8 728 housing units. However by mid-2015, about 5 000 units had been sold off. At this rate, it is plausible to argue that the company will not be able to meet its target of 8 728 units by the end of 2016.

Also, there are several small sized firms (90 percent of which are solely owned) who incrementally develop small estates, comprising flats of about 20 apartments. The apartments are priced at over US$60 000, and they can comfortably be afforded by middle and high income earners. Collectively, the contribution of the small sized developers to the housing industry has been significant – the only challenge is that there are no formal mechanisms to track their input to the industry.

INSSF is designing a project, in which it will enter into agreements with local developers, to deliver an agreed number of units with specific standards. NSSF will purchase the units and avail the same to prospective homeowners, using Housing Finance Bank, as the mortgage provider. This will help the developers dispose of all the units early enough and also capitalise them to develop and deliver more. Preliminarily, this initiative is estimated to deliver houses in the range of US$60 000, a value that can only be afforded by less than one percent of the population.

Property markets

Uganda's property markets are gradually developing, supported by the growth of the middle income class and, most recently (2012), the expected boom from exploration of oil and gas. In the last six years (2009 to 2014), prices of residential property increased by 115.3 percent, mainly as a result of the high demand for the properties by the middle income class. However, between 2011 and 2012, there was a slump in demand for residential properties, and consequently a drop in prices. In that period, interest rates for residential mortgages hit record levels (from an average of 20 percent in 2010, to an average of 27 percent in 2012) as Bank of Uganda tightened its monetary policy stance to control inflation that had risen to 30 percent by October 2011.

Since a huge percentage (over 90 percent) of residential houses is purchased through mortgages, the high bank lending rates, coincidently, led to a significant reduction in the demand for residential houses. Also, the introduction of more stringent lending requirements, coupled with the high interest rates, led to a marked reduction in demand for residential properties, particularly within the middle income bracket. In addition, in 2012, homeowners who had failed to meet their mortgage repayments, opted to sell their houses; marginally contributing to the supply of housing on the market. The homeowners accessed loans at variable interest rates which could either increase or decrease, depending on the inflation rate. Hence, the high inflationary pressures that were witnessed in late 2011 and 2012; commensurately increased interest rates on their monthly repayments, to levels that they could not comfortably afford. This situation could have been avoided, had the homeowners been knowledgeable enough about the mortgage terms and also the opportunities they could seize, using their positive credit history.

The above notwithstanding, property markets are fast developing in adjacent towns to Kampala City, largely because of the construction of large infrastructure projects, to catalyse industrial development and economic growth. Notably, was the construction of several roads in Mukono (15 km from Kampala City), Wakiso (20 km from Kampala City) and Mpigi (30 km from Kampala City). The improved road network in these towns has spurred development of several housing projects, targeting modest, middle and high income earners.

The construction of the roads in the towns has also helped ease congestion in the Capital City – Kampala, where a lack of sufficient land has, in the past, forced developers to build high rise structures without any greenery. In these towns (Mukono, Wakiso and Mpigi), better planned and organised housing estates are being developed. Joint ventures in developing housing projects are also common, where land owners partner with reputable developers like NHCCL, to build modestly sized housing estates of about 2 000 units.

Policy and regulation

The Draft Housing Policy (April 2012), delineates several measures on how to address the housing challenge in the country. The Policy notes that housing finance institutions need to work on their institutional framework to reduce operational costs, as one of the ways to bring down interest rates. The policy also calls on financial institutions to expand the range of securities for accessing mortgages to include insurance policies, pension and provident funds and employer guarantees.

The Draft Housing Policy has however awaited cabinet approval for relatively long time (since mid-2014).

The recently enacted National Land Policy (2013) advances several proposals on how to improve land management, including addressing urban sprawl and dispute/conflict resolution over land. With respect to the land tenure regimes, the land policy notes that although Uganda shall maintain the multiple tenure systems, as enshrined in the constitution, the amended Land Act will be revised to allow all tenure regimes to evolve and develop appropriate incidents, in response to changes in social structures, technology of land use and market demands.

Currently the MLHUD have so far registered about 112 condominium plans, guided by the Condominium Law (2001). The Condominium Law has helped, although in a small way, in increasing the number of housing units in the country. A major challenge, however, is that the Law is not well understood by professionals who are supposed to implement it.

MLHUD is currently conducting a restructuring exercise aimed at streamlining operations at the Ministry Zonal Offices, and the National Land Information Center. The restructuring exercise is aimed at ensuring that the correct personnel with the required skills, qualifications and the appropriate number depending on the volume of work at the Ministry Zonal Office will be recruited. The exercise will also put in place an appropriate structure for smooth operation and maintenance of the National Land Information System.

Opportunities

Uganda's housing industry is gradually improving, with few, but increasing number of innovative products; however, significant investments are needed to address the current backlog, estimated at 1.6 million units, in 2013[7]. Several factors still hold back the potential of the industry; including the high urbanisation rate (about five percent annually); and the low levels of income, which make it difficult, if not impossible, for the vast majority to afford residential properties on the market.

The housing finance sector, though improving, still lacks the capacity and capital to: (a) expand the supply of affordable housing; and (b) provide appropriate housing finance products. In particular, there is a growing demand for mortgage lending to middle and high income groups, requiring loans of maturities of up to 20 years. The Bank of Uganda has picked interest in setting up a Mortgage Liquidity Facility (MLF). The MLF will be charged with developing the primary mortgage market by providing funds to mortgage lenders at better rates and longer tenors, thus facilitating affordability of housing finance, particularly among the lower middle and low income earners. The last five years have seen a growing need for new and innovative housing microfinance products, to serve the diverse housing needs of households at the bottom end of the pyramid. Higher densities should be promoted to optimize land use and reduce infrastructure costs.

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Ug.equitybankgroup.com

1 World Bank (2015): Financial Sector Policy Credit: Implementation Completion & Results Report (IDA – 489890)
2 Between 2010 and 2015, real GDP growth averaged 5.5 percent per annum, compared to an average of 7 percent in the 1990s and 2000s
3 To access this loan, an individual should have an account with the Bank, with at least 15 percent of the loan amount sought. The debt ratio ranges between 40 and 60 percent. The loan tenure is 3 years at an interest rate of 25 percent.
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5 Ug.equitybankgroup.com
6 NHCCL, Akright Projects, Pearl Estates, Kensington Group, Nationwide Properties and Tirupati Uganda
7 Uganda Habitat III National Report (2014)

Zambia

KEY FIGURES

Main Urban Centres	Lusaka (capital), Ndola, Livingstone
Exchange Rate: 1 US$*** Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	7.66 Zambian Kwacha (ZMW) 7.0 | 7.9 | 7.6 | 7.6
Population^ | Population growth rate (2013)^ Urban population (% of total)^ | Urbanisation rate (% in 2013)^	15 021 002 | 3.26 40.47 | 4.37
GDP / capita (current US$)^ \| GDP growth rate (annual %)^ GNI / capita, Atlas method (current US$) ^ Population below national poverty line* Unemployment rate (%)* Gini co-efficient (year of survey)^^ HDI (Global Ranking)" | HDI (Country Index Score)"	1 801.89 | 6.00 1 760 60.5 13.1 57.50 (2010) 141 | 0.561
Lending Interest Rate^ Mortgage Interest Rate (%) | Mortgage Term (years)# Credit % of GDP^ Average Mortgages % of GDP° Price To Rent Ratio City Centre** | Outside City Centre** Gross Rental Yield City Centre** | Outside of City Centre** Outstanding home loan (% age 15+)##	11.57 17.00 | 20 16.62 1.29% (2012) 4.64
What is the cost of standard 50kg bag of cement (in US$)? # What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? # What is the size of this house (in m²)? # What is the average rental price for a formal unit (in US$/month)# What is the minimum plot size for residential property (in m²)#	7.50 65 000 71 350 288
Ease of doing business rank ! Number of procedures to register property ! Time (days) to register property ! Cost (% of property value) to register property !	111 5 45 13.60

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database

Overview

Zambia, the second largest copper producer in Africa, has had an average GDP growth rate of seven percent over the past decade. With an average GNI of between US$1 830 and US$3 070 a year, Zambia was in 2011 reclassified by the World Bank as a lower middle income country[1]. In 2010, the GINI index was 57.5, up from 54.6 in 2006[2] while annual inflation dropped from eight percent in August 2014 to 7.1 percent in June 2015. The Zambian Kwacha depreciated from ZMW 6.34 per USD in Dec 2014 to above ZMW12.0 per USD in September, 2015.

Zambia has up to 2015 issued three bonds: a US$750 million 10-year Eurobond at a yield rate of 5.6 percent; a 10-year bond of US$1 billion at 8.6 percent; and a US$1.25 billion bond of at a 10 percent yield rate. The bonds, whose repayment period is between 20 and 25 years, have mainly been used for energy, road and railway infrastructure and harmonisation of civil servants salaries.

Zambia's population, estimated at 15 million in 2013[3], is very young with 46.2 percent under 14 years of age and 2.4 percent older than 65 years. In 2014, the urban population, which is growing at 4.2 percent per annum, was estimated at 6.1 million or 40.5 per cent of total population and will rise to 12.0 million by 2030, and 25.8 million by 2050: a fivefold increase from 38.7 percent in 2010[4]. The HIV/AIDS prevalence is 14.3 percent while the average life expectancy is 51.8 years[5].

Access to finance

In Zambia 36 percent of the population have an account but only two percent have mobile accounts. About 25 percent males and 20 percent females have accounts while only 25 percent of the youths have accounts. Only 16 percent save formally with financial institutions while 19 percent do not save at all. Of those who save 24 percent save for education and to start or expand a business. At least 54 percent borrow formally or informally of which only six percent borrow from financial institutions.

Mortgage financing remains the main source of housing finance with Zambia National Building Society (ZNBS), Pan African Building Society (PABS) and Finance Building Society (PBS) being the major lenders. The residential mortgage market has grown steadily as reflected in a loan portfolio for all Building Societies of ZMW1 493 million (US$287 million) in July 2014 up from ZMW298.7 million (US$57 million) in 2013 and ZMW1 208 billion (US$241.6 million) in 2012. In March 2014, ZNBS held ZMW111.9 million (US$14.6 million) in mortgages. In 2014, government recapitalised the ZNBS with ZMW167 million (US$21.8 million) in the hope of increasing access to mortgages by 159 percent. The number of people accessing ZNBS mortgages has increased above 2 000 in 2015 from 1 238 people in 2013 with long term demand recorded in Lusaka, Copperbelt and North Western regions.

Mortgage finance is expensive while interest rates are high and range between 14 to 17 percent. Mortgage lenders still face difficulties in accessing wholesale finance, short maturities on available funds, inadequate matched funding for long term credit, potential loss due to high default rates, high transaction costs and deposit requirements of 10 to 20 percent and relatively short loan repayment terms from two to 10 years. There is a large cash economy in which 50 percent sales are cash.[6]

Zambia has a well-regulated banking sector with over 20 licensed commercial banks, about 15 of which are subsidiaries of foreign banks, four are locally owned private banks, and two are partly owned by the government. Bank lending for housing mainly targets individuals or institutions in the formal sector. In 2015 the policy interest cap[7] was 18.5 up from 12.5 percent in 2014 and 9.75 percent in 2013[8]. In 2015 commercial bank lending rates including mortgage interest rates were 20.5 percent up from 19.25 percent in 2014. For non-banking financial institutions the maximum interest rate charged is a factor of 1.6 while for microfinance institutions (MFIs) it is 2.3 relative to the BOZ rate.

The microfinance sector comprises just over 40 MFIs up from 35 MFIs in 2014 and 25 licensed MFIs in 2013. The BoZ requires a MFI to have at least 80 percent of its total loan portfolio serving MSMEs, less than 20 percent of the total loan portfolio serving individuals in formal employment and an average loan size per borrower not exceeding ZMW2500 (US$326). Using this definition most MFIs can be classified as non-bank financial institutions. Most MFIs are payroll based consumer lenders, accounting for 92 percent of total MFIs assets; four are microenterprise lenders while six are deposit-taking financial institutions in terms of the 2006 Banking and Financial Services Act.

In 2013, 10 MFIs had reported to the MixMarket[9] together indicating a gross loan portfolio of US$21.2 million, with 64 247 active borrowers and loan size ranging between ZMW1 000 – 5 000 at between 51 – 53 percent interest rate and repayment term of less than 12 months. The MFIs also held a total of US$4.5 million in deposits from 10 934 depositors. The BoZ minimum policy interest rate caps of 42 percent for MFIs forced some to streamline their operations, close marginal branches with high operating costs or decrease loan sizes and group lending, in an effort to make lending more cost effective. Due to high default rates, the first credit bureau was formed by the Bankers Association of Zambia in 2006. The BoZ made it mandatory for banks and other financial service providers to go through the Credit Reference Bureau (CRB) before granting a loan. In 2012, TransUnion purchased CRB and remains the sole credit bureau in Zambia.

Some MFIs offer housing loan products in the range of ZMW5 000 to ZMW350 000 (about US$950 to US$65 000)[10] with maximum loan terms of 60 months at an interest ranging between 51 and 53 percent annually. Lafarge, a building materials company, provides assistance of up to ZMW2 500 to its beneficiaries in partnership with BancABC and ZNBS. In 2014 Lafarge donated 1 008 bags of cement and free technical (home) designs to Habitat for Humanity Zambia to build 2 150 houses.

Pension-backed lending is permissible by Zambian law, though the huge reserve of pension funds, in excess of ZMW 4 380 billion (US$600 million), have not been fully exploited to invest in housing. Private developers such as Lilayi Estates have arrangements to draw on pension funds to enable pensioners to purchase housing but the packages are too expensive and limited. In Zambia public service workers are able to obtain salary-tied loans for home improvements. Other potential sources of housing finance include the Lusaka Stock Exchange (LUSE), which lists more than 24 companies, and Bonds and Derivatives Exchange (BaDEx). A National Housing Bond Trust (NHBT) was established by government in 2008 to bonds through the capital markets but the initiative did not succeed. The Lusaka City Council has plans to issue a US$500 000 bond on the LUSE but institutional constraints have delayed the initiative.

Informal finance, administered mainly by Rotating Savings and Credit Associations (ROSCAs or 'chilimba'), is commonly used for small loans and home construction or purchase. The Peoples' Process on Housing and Poverty in Zambia (PPHZ)'s Swalisano Urban Poor Fund allow members to access low-interest loans. People in statutory and improvement areas could borrow using land records and Occupancy Licenses but Councils have been slow to allow their head-leases to be used as collateral.

Affordability

In Zambia, households spend a considerable proportion of their income on housing particularly on rentals which range from US$300 to US$700 for two – three bedroom units. Seven percent of the population (about 1 051 470 people)[11] with average monthly household expenditure above ZMW3 830 (US$500) spend as much as 50 percent of their income on rentals. About 30 percent (or 4 506 300 people) with an average monthly expenditure between ZMW2 298 to ZMW3 830 (US$300 to US$500) spend 30 percent on rentals while 63 percent (or 9 463 231 million people) with a monthly expenditure of less than ZMW2 298 (US$300) spend up to 40 percent of their monthly income on rentals. Low income households in urban areas can afford a house costing between K61 300 and ZMW100 000 (US$8 002 – US$13 054) while small scale farmers in rural areas can afford a house costing K24 900 (US$3 250)[12]. While the sweetspot for young professionals range between US$60 000 and US$100 000[13].

The construction cost for an entire house range from ZMW8 000 (US$1 044) for one room, ZMW12 000 (US$1 567) for two rooms,[14] and ZMW153 200 (US$20 000) for houses constructed with basic materials to ZMW500 000 (US$65 274) for a quality constructed house. A 84 m² house built by Silverest Gardens costs as much as US$79 800, a 90 m² two bedroomed house cost US$60 000 while a 110 – 120 m² three bedroomed house costs over US$100 000[15]. National Pension and Savings Authority (NAPSA) Northgate Gardens and Kalulushi houses cost ZMW400 000 (US$52 219) for a low cost house, ZMW700 000 (US$91 383) for a medium cost house and over ZMW1 million (US$130 548) for a high cost house[16].

Building material costs are relatively high with a standard 50kg bag of Dangote 32.5R and 42R cement costing between ZMW 53 and 55 (about US$6.9 – 7.1). A standard sheet of corrugated iron[17] for roofing costs ZMW47.00 per metre for an IT4 Norm Colour – and ZMW 35 per metre for an IT4 norm 0.40 Gl/ Silver while the ZABS certified Corrugated Galvanised Roofing Sheets cost ZMW15.0/m for a 32G (0.20MM), ZMW17.5/m for a 30G (0.25mm) and ZMW19.0/m for a 28G (0.27mm) sheet[18].

Housing supply

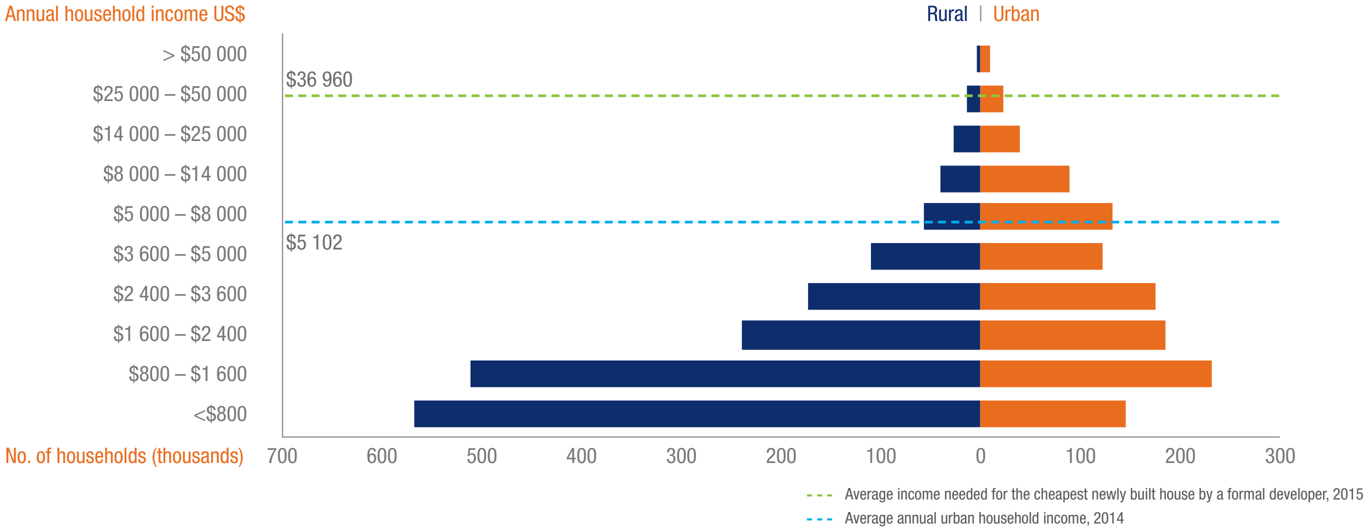
Zambia faces a current housing backlog of 1.5 million which is expected to reach over 3 million by 2030. UN-Habitat has forecast a deficit of 1.3 million urban units by 2030 if no efforts are made to deliver at least 46 000 units per annum until 2030. The mining regions of the Copperbelt and North Western Provinces, Lusaka and the 33 newly created districts face the most critical shortage. More than 50 percent of the housing stock in Zambian towns is informal while almost 90 percent of stock in rural areas is traditional housing. At least 20 percent of all stock in urban areas is traditional housing. Nearly 70 percent of Lusaka's housing stock is informal and accommodates about 90 percent of the city's population on 20 percent of residential land.

In Zambia traditional housing suppliers have mainly been the mining houses, local authorities and government through the NHA. By law, housing was supplied as part of an employment contract but following the liberalisation reforms of the 1990s, this link was broken and each household became responsible for its own housing[19]. Most current housing supply is a predominantly self-build and takes up to seven years to complete[20].

NHA reports building 13 938 dwellings (including upgraded dwellings) between its inception in 1971 and 2002 but has produced less than 100 units per annum since 1994. The NHA has entered into a 10-year partnership with MBC Construction[21] to build 500 000 houses. The National Pension Scheme Authority (NAPSA), Zambia State Insurance Corporation (ZSIC) and other semi government agencies have contributed to the rental stock. Due to the high cost of completed units (e.g. NAPSA's Northgate Gardens and Kalulushi Estates on the Copperbelt), attributed to high input costs and provision of services to individual plots, which NHA peg at ZMW60 000 (US$7 832.82), many units remain unoccupied. NAPSA has plans to put on rent out its expensive Kalulushi and North Gate units[22].

Private developers like Meanwood, Lilayi Estates, Silverest Gardens, Nkwashi, Roma, Vorna Valley and Salama Park have come on board but their contribution is minimal (less than 5 000 completed units per annum) and focused more on the high end of the housing market. Some developers obtain land from government and resell it at high cost as serviced plots to individuals. New developers like Smart Homes Africa[23], plan to supply two to four-bedroom units and student housing in the US$40 000 to US$80 000 range. In 2013 government issued Statutory Instruments (SI 33) and SI 68, which were later rescinded, prohibited the use of foreign currency in domestic transactions and indexation[24] in contracts, measures which undermined developers' efforts to support housing affordability. Housing supply is also constrained by environmental approvals for new housing developments which take around six – nine months, an inefficient land governance system, the high cost of infrastructure development and an unresponsive mortgage system which is required to grow and expand in tandem with increasing private and public sector participation in housing supply.

ZAMBIA



Government has recently increased its role in housing supply by entering into public private partnership to deliver 100 000 prefabricated housing units a year although less than 5 000 units have been completed, mainly for the Defence personnel. Government also aims to deliver at least 500 000 units between 2011 and 2016 in line with the Revised Sixth National Development (RSNDP). It has since embarked on the construction of 150 000 housing units per annum (or at least 100 housing units per district) but since 2014 has only managed to supply 2 898 units. In 2014 government allocated ZMW661 million (US$86 292 428) or 1.5 percent of the national budget to Housing and Community Amenities of which ZMW417.8 million (US$54 543 080) was for improvement of access to safe water and good sanitation up from ZMW20 million (US$2 610 966) and ZMW26 million (US$3 394 255) in 2012 and 2013 respectively.

NGOs like Habitat for Humanity, Zambia Homeless and Poor People's Federation (ZHPPF), People's Process on Housing and Poverty in Zambia (PPHPZ), Shelter for All and the UK-based Homeless International[25] have continued with their efforts of providing housing for the very poor. The ZHPPF have mobilised more than 50 000 urban poor families to secure land in 42 municipalities and signed a MOU with the NHA to commit land to federation members. Settlement upgrading has been dominated by NGOs and international donor initiatives in the past 20 years.

In Zambia, housing supply is greatly affected by the legislated planning standards particularly existing large residential plots which range between 30x45m (or 1 350m² for high cost areas); 18x30m (or 540m² for medium cost areas) and 12x24 (or 288m² for low cost areas[26]. These plot standards affect both the net and gross densities of housing estates many which require densification to maximise on land utilisation. Developers are supposed to follow these standards though some exceed the minimum allowable standards (e.g. Silverest Gardens has a minimum plot size of 400m²). UN Habitat (2012) contends that the large plot sizes will have a constraining effect on efforts to reduce the projected three million housing deficit by 2030.

Property markets

The residential property market has registered marked growth: a threefold increase in rental market since 2014[27]. The shortage of quality housing at the higher end of the market is driving several developments of modern cluster-style and gated communities. Knight Frank has noted marked growth in the supply of middle and affordable housing which is creating better competitiveness and improving affordability in the residential property market. Resale housing stock is limited, especially given that 70 percent of Zambia's total housing stock is classified as informal. Lower income groups have challenges obtaining affordable housing as there is little formal development and developers focus on middle and high income earners.

House prices and rentals have increased marginally since 2014 due mainly to increase in property rates and utility service charges. The increase in demand for small rental units can also be attributed to increase in middle income new and household formations[28]. Land for property development is owned by the state but administered mainly by local authorities and traditional leaders. Private developers and individuals are able to obtain 99 year leasehold with no limitations and land is transferable[29]. In Zambia it takes on average 45 days to go through the five procedures involved in registering a property in 2015[30]. The cost of the registration process is about 13.6 percent of the property's value. In 2015 Zambia was ranked 111th out of 189 countries[31] in property registration process[32].

Policy and regulation

The 1996 National Housing Policy commits government to spend 15 percent of the national budget on housing but is too ambitious. A new housing policy is being drafted whose goal is to facilitate reforms to ensure an effective, efficient, accessible and affordable housing finance system. The new policy aims to progressively increase the level of government participation in the financing of housing development by increasing the availability of housing finance on the market; raising funds from the securities market by securitising mortgages, formalizing and promoting non-conventional housing finance and establishing and encouraging housing public private partnerships. The policy further aims to extend the reach of housing finance to low and medium income groups by developing public social housing estate funds and group housing improvement finance schemes in statutory and improvement areas. Other measures include steadily improving the affordability of mortgages and other housing finance products by providing mortgage guarantee schemes, fiscal incentives to private financial institutions providing mortgages and introducing mortgage specific policy rates.

Significant challenges remain in reforming other laws and the Constitution, to improve legislation around collateral and credit recovery. The slow land delivery system is a major constraint on private sector finance. Legislative and policy reforms including review of the Lands Act of 1995; approval of the Land and National Urban Policy, enactment of the Urban and Regional Planning Act (2015) and the Zambia Institute of Planners Act (2014) will provide an enabling environment for housing delivery. The Housing (Statutory and Improvement Areas) Act of 1974 recognises informality which creates potential for housing microfinance by supporting artisanal building methods and allowing incremental housing development. Only 40 percent of the population hold formal title which is required as collateral for loans and mortgages. A ZMW6 billion (US$1.2 billion) land audit and titling programme are expected to improve the title registration system which will enhance access to housing finance.

Opportunities

Zambia's relative political stability and growing middle class creates high demand for housing while government has shown the political will to provide an enabling environment, such as supply of land, for private led housing delivery. There is a large untapped residential property market especially for affordable housing. Government has created 33 new districts which require housing especially for civil servants. Opportunities abound for upgrading the informal housing stock to a decent and acceptable standard. With the enactment of the URP Act, urban and land policies, mortgage markets will have a supporting land administration and planning system to sustain growth. Investments from China and South Africa have continued though at a reduced pace, which are driving residential and commercial property demand. Demand is especially unmet in the affordable and student housing segments. There are good opportunities for expanding the microfinance sector while housing microfinance requires specialised institutions rather than using the traditional MFIs for this purpose.

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1 With an average Gross National Income per capita of $1,070, Zambia has been classified as "Lower-Middle Income Country" although it is still plagued by high rates of poverty and inequality

2 World Bank (2011) The Gini Coefficient is a single number that ranges between zero and one. A Gini Coefficient of '0' denotes a perfectly equal distribution while a coefficient of '1' denotes a perfectly unequal distribution (i.e. one individual holds all the income and the rest hold no income). Therefore the closer the Gini coefficient is to '1', the higher the inequality, while the closer it is to '0', the less the inequality.

3 CAHF 2015 Data Tables Zambia

4 GRZ, 2013/UN Habitat, 2012

5 National AIDS Council (NAC), 2010

6 Pam Golding, 2015

7 In 2012, the Bank of Zambia (BoZ) introduced a policy interest rate as a benchmark indicator against which retail financial institutions are expected to adjust their lending rates.

8 AfDB, 2015

9 MixMarket is an onlinesource of microfinance performance data and analysis

10 At 2014 market exhange rates

11 Using a 2013 population estimate of 15,021,002 in 2015 CAHF Data Tables. In Zambia a household is defined as a minimum of 5.2 people living together under one house (LCMS, 2010)

12 ZIPAR, 2015

13 Interview with Pam Golding, 2015

14 Peoples Process on Housing and Poverty in Zambia (PPHPZ) assisted-housing / UN Habitat (2012)

15 Pam Golding (2015)

16 Interview with NAPSA, September 2015

17 The M.M Integrated Steel Mills ZABS Certified Corrugated Galvanised Roofing Sheets cost ZMW15.0/m for a 32G (0.20MM), ZMW17.5/m for a 30G (0.25mm) and ZMW19.0/m for a 28G (0.27mm) sheet.

18 Post Newspaper advert of M.M Integrated Steel Mills, August 2015

19 UN Habitat, Zambia Urban Housing Sector Profile, 2012

20 Interview with Pam Golding, 2015

21 (an Australian joint venture company)

22 Interview with NAPSA, September 2015

23 SmartHomes is a subsidiary of an American real estate and development company focusing on affordable housing in Africa. It mainly operates outside of Lusaka, the capital of Zambia

24 Referencing the contract amount to another currency or commodity

25 Others include Habitat for Humanity, Shelter for All (Shefa), and Slum Dwellers International

26 Planning Standards and Guidelines, 1980

27 Interview with Pam Golding, 2015

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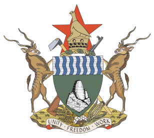
Zimbabwe



KEY FIGURES

Main Urban Centres	Harare (capital), Bulawayo
Exchange Rate: 1 US$***	1,00 US Dollar ($)
Inflation 2013 | 2014 (est.) | 2015 (prov.) | 2016 (prov.) *	1.6 | -0.1 | -2.8 | 1.5?!
Population^ | Population growth rate (2013)^	14 600 000 | 3.18?!
Urban population (% of total)^ | Urbanisation rate (% in 2013)^	32.50 | 2.66
GDP / capita (current US$)^ | GDP growth rate (annual %)^	475.26 | 4
GNI / capita, Atlas method (current US$) ^	860
Population below national poverty line*	72.3
Unemployment rate (%)*	11.3?!
Gini co-efficient (year of survey)^^	...
HDI (Global Ranking)" | HDI (Country Index Score)"	156 | 0.492
Lending Interest Rate^	15.00
Mortgage Interest Rate (%) | Mortgage Term (years)#	12.00 | 20
Credit % of GDP^	77.00
Average Mortgages % of GDP°	2.83% (2012)
Price To Rent Ratio City Centre** | Outside City Centre**	20.75 | 19.42
Gross Rental Yield City Centre** | Outside of City Centre**	4.82% | 5.15%
Outstanding home loan (% age 15+)##	1.53
What is the cost of standard 50kg bag of cement (in US$)? #	12.00
What is the price of the cheapest, newly built house by a formal developer or contractor (in US$)? #	18 000
What is the size of this house (in m²)? #	48
What is the average rental price for a formal unit (in US$/month)#	...
What is the minimum plot size for residential property (in m²)#	300
Ease of doing business rank !	171
Number of procedures to register property !	5
Time (days) to register property !	36
Cost (% of property value) to register property !	7.60

*** Conmill.com The Currency Converter
^ World Bank's World Development Indicators (2014)
~ World Bank PovcalNet: an online poverty analysis tool, various years
^^ The World Bank's PovCalnet
" UNDP's International Human Development Indicators (2014)
° Various: Badev et al. "Housing Finance Across Countries: New Data and Analysis" – Unpublished paper/Hofinet/World Bank
Global Financial Inclusion Database (FINDEX)
CAHF Annual Survey Data (September 2015)
! World Bank's Doing Business Survey Data (2015)
** Numbeo Online User-Contributed Database
?! Zimstat, June 2015

Overview

Zimbabwe's GDP dropped from 3.5 percent in 2014 to 1.5 percent in 2015[1]. Factors responsible for slow economic growth include; limited sources of capital, policy uncertainty, and high cost of doing business the high debt burden of about US$8.4 billion and arrears of about US$1.73 billion as well as the unsustainable current account deficit (projected at US$3.1 billion). It is financed mainly through private sector borrowing. This deficit averaged 22 percent of GDP for the period 2009-2015. This deficit is above the SADC macroeconomic convergence criteria thresholds of nine percent[2].

The prevailing double digit lending rates are preventing the recovery of the economy. According to the July Fiscal Policy Review, the construction industry is to grow by 3.9 percent in 2015. Zimbabwe is experiencing a structural regression, with the acceleration of de-industrialisation and informalisation of the economy. It is facing a number of difficult economic problems including infrastructure and regulatory deficiencies, policy uncertainty, a large external debt burden and insufficient formal employment. Year on year inflation has remained subdued and pushing down to deflation trends. Inflation for the first half of the year remained negative reaching -2.8 percent by end of June 2015[3]. The projections are that price declines are expected to prevail throughout the year, with average annual inflation for 2015 now projected at -2 percent[4]. This reflects in part the correction of domestic price structures which had trended past hyper-inflationary pricing practices, relatively high labour costs, utilities, cost of borrowed capital, as well as other costs of 'doing business'[5].

Zimbabwe has had limited access to concessional lines of credit required for infrastructural development and retooling the manufacturing sector. Most of the facilities availed carry a significant risk premium and have largely been short term in tenure.

Access to finance

Despite the challenges in the operating environment, the Zimbabwean financial sector remains well developed and quite stable. There are 19 operating banking institutions (comprising of a central bank, thirteen commercial banks, one merchant bank, three building societies and one savings bank), 16 asset management companies and 147 microfinance institutions[6]. Credit risk has remained a key component of the profile of banking institutions, with the ratio of NPLs to total loans ratio high at 14.52 percent as at end of June 2015. Zimbabwe scores 104th out of 189 countries on the 'ease of getting credit' indicator, according to the World Bank's 2015 Doing Business Report. The latest 2015 Doing Business Rankings show that Zimbabwe's competitiveness remains low at a rank of 171 out of 189, moving by only one point from 172 of 2014.

As at 30 June 2015, total credit provided by the financial sector amounted to US$4 billion translating into a loans to deposit ratio of 71.4 percent, an increase from US$3.8 billion as at 30 June 2014. According to RBZ statistics, of the credit provided, mortgages advanced by building societies were 11.92 percent in May 2015 and grew to 12.42 percent in June 2015 registering a 0.5 percent growth. Mortgage lending is largely undertaken by the Central African Building Society (CABS), CBZ Bank, FBC Bank and ZB Building Society. The mortgage lending rates range from 15 – 20 percent depending on the institution. Given that NPLs are a threat to the banking sector in Zimbabwe, to improve on the NPLs, the government established the Zimbabwe Asset Management Corporation (ZAMCO), and created a Credit Reference System. ZAMCO was created to militate against NPLs from dragging down the economy. As at 31 July 2015, ZAMCO has acquired and restructured US$157 million of the NPLs. This is expected to reduce the cost of funding, concomitantly translating into reduced lending rates[7]. The borrowing cost is a major factor of costs and competitiveness of the housing sector.

Despite registering growth of 18 percent in financial inclusion since 2011, Zimbabwe continues to experience a high level of financial exclusion as well as usage of informal financial products and services[8]. Many Zimbabweans aged 18 years and above are still financially excluded, or not using either formal or informal financial products. This 18 percent improvement in financial inclusion was driven mainly by mobile money and other electronic payment systems, such as card based payments[9]. The survey established that 45 percent of adult Zimbabweans use mobile money services and the majority reside in rural areas.

In efforts to promote financial inclusion, the Reserve Bank of Zimbabwe established an additional banking class (deposit taking microfinance institution) dedicated to support low income and micro, small and medium enterprises[10]. In this regard, the Reserve Bank has so far issued two deposit taking microfinance licences to African Century Limited which is finalising the infrastructural and operational requirements before commencement of business, and to Getbucks Financial Services (Pvt) Ltd. which has been operating as a credit only microfinance institution. Also, to incentivise provision of new additional mortgage financing, government waived stamp duty on cession of mortgage bonds with effect from January 2015. This was meant to enhance availability of resources towards financing the national housing programme. Improvement in financial inclusion results in increased housing development.

Despite the banking sector having deposits increased by 14.2 percent from US$4.9 billion in June 2014 to US$5.6 billion as at end June 2015, these deposits continue to be dominated by demand deposits, which account for 55.49 percent of total deposits[11]. On this note, lending has continued to be largely for the short-term requirements of working capital and consumer durables. The proportion of lending in 2015 to the construction sector continues to be low (2.59 percent). The depressed lending to capital intensive sectors such as construction, communication, mining and the manufacturing sector is reflective of the limited capacity of banking institutions to provide long-term funding due to the short term nature of deposits. This is so because financial institutions have limited access to offshore lines of credit and the reluctance by the public to commit funds for long periods.

Limited availability of affordable long-term finance impacts negatively on the ability of the mortgage lenders to provide affordable mortgages and as such lenders pass the high cost of borrowing to their customers. Mobile money is also spreading quickly, linked to the rapid spread of mobile phone penetration. Other efforts by the RBZ to streamline costs of doing business and stimulate economic activity through affordable credit facilities in the domestic banking system include a downward review of lending rates. For housing finance it has been pegged to be between 8 – 16 percent per annum, prime borrowers with low credit risk at 6 – 10 percent per annum, borrowers with moderate credit risk 10 – 12 percent per annum, borrowers with high credit risk 12 – 18 percent per annum, and on consumptive lending 10 – 18 percent per annum; these rates were to be effected in October 2015[12]. The default rate of 3 – 8 percent to be charged above the interest rate charged to the borrower. This is expected to increase access and affordability of housing finance in the country and hence boost affordable housing investment.

Despite the high cost of funds, financial institutions have developed innovations to reduce the cost of borrowing for low income clients. CABS offers a low priced mortgage product for borrowers in high density areas for which an interest rate of 12 percent is charged as opposed to 15 percent that applies to borrowers in low density areas. In an effort to enable low income earners to access housing finance, building societies collaborate with employers to provide loans at subsidised rates. CBZ has introduced a product called 'the Cash-Plus Housing Savings Product' targeted at the informal sector. It involves the potential borrower saving with the institution for 12 months after which the client then qualifies for a loan equivalent to his/her savings.

Affordability

Zimbabwe's fragile economy is headed for a contraction that could trigger an unprecedented humanitarian and economic crisis following a slowdown in recovery and deteriorating liquidity situation witnessed for the past three years[13]. The economic contraction results in increased job losses and further erode disposable incomes – rapid increase in poverty; this has affected affordability of housing finance as well as the housing itself.

The affordability of houses remains a typical question since the facilities meant for low income earners are still beyond their reach. In late 2012, Harare City Council signed an agreement with CABS to build 3 102 core houses for low income earners in Budiriro, Harare. Beneficiaries were to pay an initial deposit and CABS will provide mortgage finance which would be repaid over 15 years. Up to February 2015 only 500 houses were bought since completion of the 3 102 houses. Due to this low uptake by the prospective home seekers, the bank revised the mortgage terms; the upfront deposit of 10 percent is now required upon application, down from the initial 25 percent and extending the mortgage tenure to 20 years but this is still beyond the reach of many[14]. This is expected to boost uptake of the housing units.

In loan finance, there is a high default risk due to low economic performance marked by retrenchments; the rate of NPLs stood at 14.52 percent as at 30 June 2015. In most banks, low income earners (earning US$750 per month) qualify for mortgages that are between US$15 000 and US$20 000 depending on the institution. CABS defines low income as a monthly income of at least US$750 which is significantly above what most workers in industry and commerce, let alone in government service, take home[15]. The cheapest newly built house costs US$18 000 on average which makes it houses beyond the reach of many since for one to buy this has to get an income of US$750 and above. While it is laudable to prioritise first-time buyers for these houses, the reality is the economy is no longer creating new decent jobs, and even those that have been in formal employment for a decade or more can no longer afford these most basic houses.

The major affordability concerns include high interest rates, prevailing interest rates of up to 20 percent are considered not only prohibitive, but also punitive. In addition, because interest rates denote the cost of money, it means this factor is widely seen as the most important element in determining affordability of housing loans. Also a 25 percent deposit/own contribution, the own contribution requirement has been the main cause of slow uptake of mortgages because it is a cash flow item whose impact is immediate. One needs to be able to raise the cash deposit in an environment plagued by low levels of disposable income thus in Zimbabwe this makes housing unaffordable.

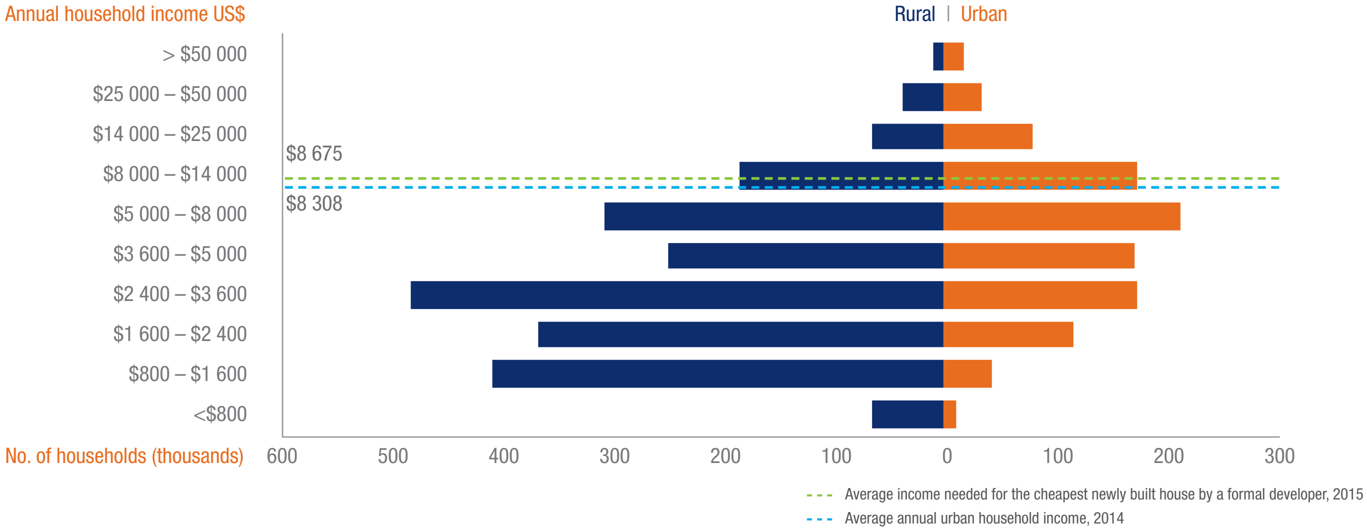
Housing supply

The major housing objective of Zimbabwe's national strategy, the Medium Term Plan (2011-2015), is to eliminate the housing backlog and halve the housing dependency ratio at the household level by 2015. In the same spirit, the government's economic blueprint – Zimbabwe Agenda for Sustainable Socio-Economic transformation (ZIMASSET) also stipulates the government's plans to construct 125 000 housing units by 2018[16]. This would be attained through the provision of housing stands, strengthening of public-private sector partnerships and re-capitalisation of the National Housing and National Guarantee Fund, among other measures. This is a daunting challenge considering that the current national housing waiting list is estimated to be 1.5 million.

Government plays a pivotal role in housing development through the direct provision of houses, legislation as well as land. Recently, the government signed a US$1.9 billion housing China-Africa Construction company expected to avail housing stock in phases[17]. Through legislation, the government's 2012 National Housing Policy seeks to address the challenge of the huge housing backlog through a partnering and facilitating approach to housing development and management so as to leverage community and private sector initiatives. In this regard, the policy strengthened the role of local authorities as well as encouraged the participation of civil society and the private sector in housing development.

Financial institutions are also promoting housing development projects. The financial institutions support housing development through offering mortgage loans or by construction of the housing stock as was done by CABS (in partnership with City of Harare) in Budiriro; a project which started in 2012. ZB Bank and FBC Bank, in addition to mortgage lending for buying and building houses, they had each contributed by servicing stands or building houses for sale. ZB Bank had serviced stands in Springvale which range from US$11 000 to US$26 000 (300 – 600 m^2), 10 garden flats in Hatfield which range from US$109 000 to US$130 000 and some in Beitbridge. CBZ developed the Nehosho housing project in Gweru which consist of 1 095 undeveloped low cost-residential stands with prices ranging from US$15 000 to US$23 000. A minimum of 25 percent

ZIMBABWE



deposit is required and monthly repayments on the mortgage range from US$200 up to US$300.

Fidelity Life Assurance is expected to complete the servicing of stands of its housing project in Southview, Harare before the end of 2015, buoyed by the US$12.7 million raised through mortgage bonds[18]. A total of 5 304 stands would be availed to the market, adding that 4 000 units had already been sold. Fidelity first embarked on housing development projects in 2011 and developed 317 stands in phase one of Manresa Fidelity Park in Arcturus. National Social Security Authority (NSSA) came on board to provide housing stock as efforts to implement Zim-Asset, currently it is working on 680 low cost housing stands in Masvingo. Plans are that after Masvingo it moves to Bulawayo to construct between 800 and 1 000 housing stands[19].

According to the Zimbabwe National Association of Housing Cooperatives (ZINAHCO), an apex body that represents housing co-operatives, since the year 2000 through its membership, it had serviced more than 20 000 stands and had built more than 10 000 houses[20]. This apex body occasionally receives financial support from developmental partners. The cooperatives acquire land from private owners, government or local authorities and then service it using subscriptions from members. Many housing cooperatives are being registered and delivering housing developments in line with the goals of Zim-Asset. The biggest threat from such institutions is the issue of bogus land allocation and distribution which lead to extortion and losses from seekers.

Bulawayo City Council in March 2015 commissioned a new suburb by unveiling 391 medium density residential housing stands in Emhlangeni[21]. The project – Emhlangeni Phase One is the third in a series of pre sale housing projects that the Bulawayo City Council is implementing. Emhlangeni contract was implemented at a cost of US$2.9 million and was started in September 2013.

Property markets

A strong property market usually denotes a growing economy and a weak one, the opposite. Zimbabwe's housing market, despite the need being high, due to the depressed demand, it is in doldrums[22]. The demand for residential property remains high, though activity has been hampered by low disposable incomes and the deterioration in liquidity conditions, particularly during the first half of 2015. The market is still active, albeit at subdued levels, particularly for medium density houses, flats and cluster units. Prices for units in this category up to a value of US$150 000 have witnessed an increase due to the high demand. More expensive homes are taking much longer to sell and have witnessed price stagnation.

In light of the prevailing economic situation, rentals have declined; rental per m^2 went down to an average of US$7.57 compared to US$8.28 in 2014 mainly as a result of lower rates on industrial space, decline in central business district office and non-rental reviews[23]. There has been a marked increase in the number of tenants moving out of residential properties as they could no longer sustain current rentals. The increasing number of tenants failing to pay rentals due to the worsening liquidity crunch and joblessness has pushed some in re-negotiating existing contracts for downward rental reviews.

Zimbabwe ranks 94th out of 189 countries according to the World Bank's 2015 Doing Business Report for the indicator 'ease of registering property'. The five procedures take 36 days and cost 7.6 percent of the property value.

Policy and regulation

Housing in Zimbabwe has a vivid institutional and regulatory framework that shapes the sector. The Acts that include Regional, Town and Country Planning Act [Chapter 29:12], Urban Councils Act [Chapter 29:15], Land Survey Act [Chapter 27:06], Deeds Registry Act [Chapter 20: 05], Consolidated Land Acquisition Act [Chapter 20:10] and Rural Land Occupiers Act of 2002 and instruments like National Housing Policy of 2012 and Model Building By-laws all have an impact in urban housing. The intention is to stimulate and regulate the housing delivery for example the Housing policy of 2012 addresses the need for more housing designs and development models, and an increased range of permissible building materials and construction models. With the introduction of the new constitution in 2013, this will involve a relook at legislation and by-laws that are no longer relevant.

The country requires long-term funding to address infrastructure bottlenecks needed for effective housing delivery including more capacity to avail loans for both land and housing development. The Deed Registries Act [Chapter 20: 05] targets the issue of loan security and provides for the registration of mortgage bonds, and notarial bonds. This provides security in the housing finance sector.

The RBZ's efforts to cut on the interest rates and promotion of financial inclusion are direct policy interventions to reduce the cost of capital and also the cost of doing business in Zimbabwe. This has a positive effect on housing finance by making the cost of borrowing lucrative for home builders.

Opportunities

Zimbabwe has several opportunities for investment in affordable housing. The housing backlog of 1.5 million people signifies a huge demand for housing thus presents a readily available market for affordable housing units. The country has abundant natural resources for affordable construction like wood. These resources present an opportunity in affordable housing construction as they cut the cost of building. Housing has been stipulated by government as a priority, this is an opportunity, given the urgency by the state to avail housing to the homeless populace.

Despite the liquidity challenges, the country has a stable macroeconomic environment. Zimbabwe continues to enjoy low inflation and has implemented prudent fiscal policy characterised by a cash budgeting system which is an opportunity[24]. However, the country faces challenges on the external account. It is hoped that the promising process of normalisation of relations with Multilateral Financial Institutions will pave the way for a solution to the debt and arrears challenge[25]. Such a development would lead to significant inflows which are required to address the current liquidity problems. It would also spur the performance of the economy, leading to increased household incomes.

The peaceful environment that is safe for investment presents an opportunity for investors to invest in affordable housing or construction industry at large. It is hoped that the establishment of a PPC cement production plant in northern Zimbabwe, and one in Masvingo, will support further growth in housing supply as the cement capacity of the country increases. Also, there are other plans to open a US$400 million cement plant in Zimbabwe which is going to positively contribute to the price of cement. The government's stance in various development policies articulates what is required in order to improve housing delivery; these now need to be implemented.

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

Overview

The Economic and Monetary Community of Central Africa (Communauté Économique et Monétaire de l'AfriqueCentrale, CEMAC) is made up of six former French colonies in Central Africa – Cameroon, Central African Republic, Chad, Congo Republic and Gabon; and Equatorial Guinea, a former Spanish colony. It was created in 1994 and became operational after the treaty's ratification in 1999 in N'Djamena, Chad. The main objectives of the treaty was to converge and monitor national economic policies, to coordinate sectoral policies and to progressively create a single market. This will help promote the entire process of sub-regional integration through the forming of a monetary union, with the Central African CFA franc as a common currency. Discussions regarding forming a monetary union and a single market are still ongoing, it is still unclear if and when the monetary union and single market will be formed. CEMAC has its headquarters in Bangui, the capital of the Central African Republic. There are ongoing plans since 2011 to unify the Douala and Libreville stock exchanges into a unified CEMAC Securities and Stock Exchange. This is proving difficult as although the CEMAC heads of states opted for a regional stock exchange in Libreville in Gabon, the realities of the market are more favourable to the stock exchange of Douala, which was created by the Cameroon government. According to experts, the narrowness of the market does not allow for the existence of two stock exchanges in the region.

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

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

The region has an estimated population of 45 million (as of end of 2014) spread over more than 3 million km^2. Half of the population live in Cameroon and 65 percent are below 25 years of age. The average population growth rate is 2.8 percent. It has a combined GDP of US$88.2 billion (as of 2012). The real GDP growth rate of 4.6 percent in 2014 was mainly driven by oil, timber and agriculture exports. Cameroon is the largest economy in the region, with half of the region's total financial assets and contributes up to 29 percent of the region's GDP. The mineral wealth includes deposits of gold, diamond, natural gas, oil, bauxite, aluminium, manganese and uranium. Other export products include natural rubber, tobacco, cocoa, coffee, sugar, Tobacco and Banana. Due to inadequate private investments, there has been little exploitation of petroleum and other mineral resources, with the exception of oil and timber. Crude petroleum is an important resource for these countries, apart from the Central African Republic: it accounts for 86 percent of the community's exports; Equatorial Guinea depends on it for 70 percent of its GDP; Congo, 61 percent; Gabon, 50 percent; Chad, 40 percent; and Cameroon, 10 percent. Timber is the community's second largest export product. The countries in the region are about 50 percent urbanised. Gabon has the highest level of urbanisation at 86 percent, with a third of the country's population living in the capital Libreville.

Access to finance

The formal financial system across CEMAC countries is not well developed. Most of the large banks are foreign-owned and are subsidiaries of foreign banks. There are also a few small to medium-sized banks from other African countries such as Nigeria, Togo and South Africa. Recently, banks from Cameroon have also moved into other countries in the region, including Gabon, Congo, Chad and Equatorial Guinea. The CEMAC banking system currently comprises of 48 active banks with Cameroon having the most banks in the region (14), followed by Gabon (10) and Chad (nine). Congo has six banks, Equatorial Guinea has five banks, and Central African Republic has four. The number of savings banks in the region remains low. On average, in the six countries, there are three bank branches per 100 000 adults. The mortgage finance market is still in its infancy, but with huge potential for growth. Very few banks in the CEMAC region provide medium-term and long-term credit. Some of the banks that grant this type of credit are the Gabonese Development Bank, the National Investment Company (in Gabon and Cameroon), Afrilands First Bank (Cameroon), and SOCOFIN in Congo Republic.

Mortgage finance is mostly granted by government agencies, and the people who benefit most are government employees. Only a very small percentage (5%) of private sector employees have access to mortgage finance from commercial banks. This percentage is now increasing with ongoing efforts by real estate companies in partnership with local commercial banks to extend end-user financing opportunities to the growing middle class. Those in the informal sector and a large percentage of the middle class and lower income groups get housing finance (directly and indirectly) from different forms of MFIs. The microfinance sector is developing in all countries in response to difficulties associated with accessing credit through traditional banking channels. There are now over 800 microfinance institutions in the region, with Cameroon having the most, followed by Chad, Congo, Central African Republic, Gabon and Equatorial Guinea respectively. Links with the traditional, formal banking sector are weak and the consolidation of micro lenders is not sufficient to allow for meaningful regulation and oversight, or the development of strong links with the banking sector. However, BEAC, through COBAC, has developed a strategy for controlling the informal financial sector.

COBAC, jointly with the Ministries of Finance of all six countries, now regulates the MFI sector in all six countries. There is an urgent need to develop mortgage finance products that address the needs of the growing middle class and lower income groups who have no access to formal housing finance. There are ongoing efforts by both government and private sector interests to provide and extend access to end-user financing to the rapidly expanding middle class in these countries. Access to credit has also been improved through amendments to the Organisation for the Harmonization of Business Law in Africa known through its French acronym OHADA Uniform Act on Secured Transactions that broadens the range of assets that can be used as collateral (including future assets), extend the security interest to the proceeds of the original asset, and introduce the possibility of out-of-court enforcement.

Affordability

In the formal sector, the state is the largest employer, offering an average monthly salary of about 150 000 CFA francs (US$300). Though rapidly growing, the formal private sector is still very small. Most people are involved in the informal sector with a high percentage of people living under the national poverty line. These people cannot afford to finance their homes through existing banking funding instruments. Construction costs in the urban and semi-urban areas are high and increasing. It costs about 9 million CFA francs (US$18 000) to build a standard three bedroom house in the main urban areas. This is mainly because of the high costs of inputs such as cement, sand, plates, iron, finishings and decorations. These costs may decrease as new property developers come into the market with a business model that favours large scale procurement of inputs and with the capacity to influence and better manage input costs. In Cameroon, the government has set up local production facilities for some of the inputs to help bring down the cost. It has also set up an agency to develop and promote the use of local materials for construction. These materials are exported to other CEMAC countries like Gabon, Congo Republic and Equatorial Guinea. In the rural areas, the construction costs are lower as most of the houses built are of a semi-standard and sub-standard, with local materials such as sun-dried bricks made from clay. Rental costs in the urban and semi-urban centres are also high. It costs on average about 150 000 CFA francs (US$300) a month to rent a three bedroom house in the main urban areas. In the smaller towns, it is generally about 40 percent cheaper. This is not the case in N'djamena and Libreville, however, which are the second and third most expensive cities in Africa for expatriates, as demand for accommodation far exceeds supply. It costs up to US$6 500 a month for a standard three bedroom apartment in these cities. The government and the private sector are currently exploring and putting in place mechanisms to increase the number of affordable housing units that enter these markets each year, either through ownership or rental, and also to ensure that middle class people and those in the lower income groups get access to affordable housing finance.

Housing supply

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

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

International oil and construction companies are driving the demand for high quality residential units in Malabo and Bata, Equatorial Guinea. There has been a great deal of volume of home building in Malabo II and reserved government residential areas in the east of the city. Mainly expatriates live in these new areas as they are expensive and not affordable to the average middle class person. The central Klemat area in N'djamena, which is near the presidential palace, is also an important residential district with new developments. Again, it is mostly for the expatriate community and not affordable to middle class people. In Gabon, Congo and Central African Republic, the new housing developments are driven by demand for high quality housing by expatriate communities. There are no large-scale development activities to provide housing for middle-income people in these countries, except for Cameroon. This situation will surely improve in the very near future with the recent interest and activity of developers in the region.

Property market and opportunities

With fairly strong and sustainable economic growth due to economic reforms and the strong demand for its natural resources from emerging economies such as China, India, Brazil, Russia, and developed economies like the USA and the EU, a growing middle class, increasingly urbanised populations, a huge housing backlog, and a large diaspora that is seeking to invest in real estate in these countries, huge opportunities exist for residential high end and middle/low income housing in all areas of the value chain – real estate development, construction, finance and real estate management services. There are also huge opportunities for retail, commercial and industrial real estate in the urban and semi-urban areas. The prospects for the property market are very good. For the potential to be realised, governments in the various countries and other stakeholders must continuously find ways to increase supply and make them affordable to the middle and lower income groups. This is already been done in Cameroon with existing partnerships between government and the private sector. Some global property development companies have started to take advantage of existing opportunities in the market, and through local subsidiaries and partnerships, are putting in place new housing development units for middle to high income end-users. An example is Options for Homes GTA Canada, which through its local subsidiary (Options for Homes Cameroon) is building housing units in Cameroon with the objective of building 10 000 units per year in the next five years.

Policy and regulation

Governments in the CEMAC countries have been slow in putting in place reforms that would address the constraints in this sector. The main constraints are in the areas of land ownership and property registration (getting land title certificates), access to serviced land, construction and development, and the availability of finance. According to the World Bank's 2015 Doing Business Report, when compared to the 2014 report most of the countries in the region have made some progress on ease of doing business, issuing construction permits and access to credit. Getting credit and registering property is still an issue. These need urgent attention. Gabon made transferring property more costly by increasing the property registration tax rate while Chad reduced the property registration tax rate. Cameroon improved its credit information system by passing regulation that provides for the establishment and operation of a credit registry database. Cameroon also made dealing with construction permits more complex by introducing inspection and notification requirements. At the same time, government made it easier by decentralising the process of obtaining building permits and by introducing strict time limits for processing the application and issuing the certificate of conformity. Governments should continue to introduce reforms on land administration, construction, property registration and access to housing finance. The government of Cameroon has taken a step to provide sovereign guarantees to private developers. Because of the potential role that MFIs could play, reforms and policies should also focus on tapping into that potential.

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The East African Community

Overview

The Treaty for the establishment of the East Africa Community (EAC) came into force on 7th July 2000. The EAC is a regional inter-governmental organisation comprising five partner states; (i) the Republic of Burundi, (ii) the Republic of Kenya, (iii) the Republic of Rwanda, (iv) the United Republic of Tanzania, and (v) the Republic of Uganda. The main objective of the EAC is to develop policies and programmes aimed at widening and deepening co-operation among the partner states.

Regional integration in the EAC, started with the signing of the Protocol for the establishment of a Customs Union, in 2005. The Customs Union has liberalized trade among partner states, by eliminating some of the non-tariff barriers and harmonized trade formalities and customs procedures. Other notable achievements of the Customs Union include; (i) increase in cross border trade – trade between the five partner states increased from US$1.81 billion in 2004 to US$5 billion by the end of 2013[1]; and (ii) average revenue growth[2] of 30 percent per annum since 2005 contrary to earlier concerns that the Customs Union would lead to loss in revenue.

In 2010, the five partner states signed a Common Market Protocol (CMP). The CMP espouses for acceleration of regional socio-economic growth, through the free movement of goods, persons and labour, the rights of establishment and residence, and the free movement of services and capital. Key achievements in implementing the CMP include; (i) operationalization of border posts on a 24 hour basis, (ii) harmonization of immigration procedures, and (iii) waiving of the work permit fees for EAC citizens[3].

In 2013, the Protocol for the establishment of the East African Community Monetary Union was signed. The Protocol sets a framework for adoption of a single regional currency and the establishment of an independent East African Central Bank, which will be responsible for price stability, financial stability and economic growth and development within the region.

To complement the region's integration efforts, and address the problem of overlapping memberships in trade groupings, the EAC, COMESA and SADC formed the Tripartite Free Trade Area (FTA), in 2015. The rationale of the Tripartite FTA is to foster closer cooperation among the three Regional Economic Communities (RECs), with the ultimate goal of creating a single market, encompassing 26 countries with combined GDP, estimated at US$624 billion, and a GDP per capita US$1 184. Presently, the EAC Regional Bloc is ranked the best REC in Africa[4].

The EAC is now common market of 143.5 million people (2014), with a combined nominal GDP of US$146 billion[5], slightly over a quarter the size of Nigeria's economy, the largest on the continent. Kenya's economy[6] is the largest in the EAC Region, and contributes 42 percent to the regional GDP. Tanzania and Uganda follow with 33 percent and 17 percent, respectively. Rwanda and Burundi account for the balance.

Economic growth within the five partner states has generally been consistent and strong, driven by (i) the diversified services sectors, which have over the past decade or so, replaced the agriculture sectors as the largest contributor to total GDP, and (ii) the industrial sector. In Burundi for example, the share of agriculture in the economy receded from 48.4 percent in 2006, to 36.4 percent in 2015. Industrial output expanded its share of the economy from 10 percent to about 15 percent, while services increased from 41 percent to 49 percent. The structures of the economies of the other partner states, with the exception of Kenya[7], have followed similar trends.

Between 2006 and 2015, all the partner states registered an average real GDP growth rate of more than four percent. With the exception of Burundi[8], economic growth in all partner states is projected at above five percent in 2016. The Region's sound economic growth and the improving business environment have been instrumental in the growth of Foreign Direct Investment (FDI). Overall FDI inflows[9] into the region grew from US$2.57 billion in 2011 to US$3.85 billion in 2012. The increase in FDI was mainly attributed to recent natural resource discoveries, including gas reserves in Tanzania and the oil fields in Uganda.

Average GDP per capita has increased from US$249.8 in 2002, to US$792.1[10] in 2014. However, the distribution of the wealth has not been equitable. In that period, the number of east Africans living below the poverty line increased from 44 million to 53 million, even though all partner states, with the exception of Burundi and Kenya, reduced the share of their population who lived below the respective national poverty line[11].

Tanzania is the most urbanized country in the EAC. In 2014, 31 percent of Tanzanians lived in urban areas compared to 19 percent in 1990. Rwanda urbanized the fastest[12] between 1990 and 2014, when the share of its population living in urban areas increased from five percent to 28 percent. Kenya's urbanisation rate increased from 18 percent to 25 percent and Uganda's from 11 percent to 16 percent during the same period. Burundi has the region's lowest rate of urbanisation, at six percent in 1990 and 12 percent in 2014.

Access to finance

In all the five partner states, the levels of financial inclusion are improving, however, the financial markets still lack depth and breadth. Statistics from the latest FinScope Studies (2013) show that in Uganda, Rwanda and Tanzania, less than a third of the population have access to the formal financial system, while between 15 and 25 percent of the population has no access to financial services at all. In 2010, less than a third of the population in the above three partner states had access to the formal financial system, while almost 65 percent of the population had no access to financial services at all. In Burundi, the level of financial inclusion is still low, but improving – 25.9 percent of the adult population had a savings account with a formal financial institution in 2014, compared to 23.8 percent in 2013 and 19 percent in 2011. Kenya ranks ahead of other partner states in ease of access to financial services, with about 40 percent of the population having access to the formal financial system.

However, poor access to financial information and low levels of analytical capacity weaken commercial banks' incentives to lend. In Burundi for example, only 10 percent of population is well informed about the various services available on the financial market. Further, interest spreads and banking industry margins are high. In East

Africa, bank lending spreads, are about six to eight percent higher than in South Africa, while banks' return to assets is nearly three times as high[13]. There is a high preference for liquidity in banks in all the partner states, as evidenced by the low ratio of net loans to assets (on average between 40 and 60 percent).

Nonetheless, in the last decade, commercial bank credit to the private sector, in all the partner states has grown by more 10 percent. The annual growth in credit to the private sector between 2002 and 2014 averaged 28 percent in Uganda, 32 percent in Tanzania, and 15 percent in Kenya. In Rwanda and Burundi credit to the private sector has grown at an annual average of 20 percent since 2005.

Mortgages (building, construction and real estate loans) comprise the largest share of commercial total lending (between 15 and 35 percent) to the private sector, in all partner states. The growth of the mortgage industry in all the partner states has been modest, largely because of a lack of enough long-term funds within the domestic banking system. However, there is a growing demand for mortgage lending to middle and high income groups, requiring loans of maturities of up to 20 years. In Uganda, for instance, more than a half of the liabilities in the banking sector (68 percent) are short term and do not exceed 30 days in maturity, while liabilities with the longest maturity (greater than 12 months) only account for 16 percent[14].

Presently, the ratio of the mortgage debt to GDP in the partner states ranges between 0.3 and 2 percent, compared to less than one percent, a decade ago. Kenya has the most advanced and dynamic mortgage industry, with 37 financial institutions; a mortgage portfolio of US$1.5 billion, and 19 879 mortgage loans. Tanzania has the second most dynamic industry, with 19 financial institutions, a mortgage portfolio of US$98 million, and 2 784 mortgage loans. In Uganda, five banks dominate in mortgage finance. The mortgage portfolio is estimated at US$1.9 billion, with about 6 000 mortgage loans. In Rwanda, eight financial institutions offer mortgage finance. The mortgage portfolio is estimated at US$68 million, and there are between 1 000 and 1 500 mortgage loans. In Burundi, three banks offer housing/real estate loans. The mortgage portfolio is estimated at US$52 million. There are about 1 600 mortgage loans.

Affordability

In all the partner states, the cost of houses on the market, range between US$40 000 and US$200 000. These houses are indeed expensive, and can only be afforded by less than 10 percent of the population[15] in the region. In Rwanda, for example, only five percent of the population own houses in this price range. The high cost of construction (about 50 percent of the cost of the house) and the high cost of setting up the requisite support infrastructure[16] (between 15 and 25 percent of the cost of the house) are the reasons why current house prices are not affordable to the majority of the population. With the cost of houses remaining high, more East Africans are being priced out of the real-estate market and are instead looking to rent. In Uganda for example, 57 percent of the population in urban areas rent, while in Kenya more than 75 percent of the buildings under construction in urban areas are high-rise flats for rent[17].

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

The deposit requirements of up to 30 percent make mortgage finance inaccessible to the majority of people without formal employment. In addition, collateral requirements by lending institutions, including commercial banks, are a major challenge to many potential borrowers. The interest rates on mortgages are also high, in range of 15 to 24 percent. In Kenya, the government is negotiating with local banks to reduce the interest lenders charge on mortgages to single digits, as part of efforts to try to make purchasing a home affordable.

Housing supply

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

Several factors account for this pressing housing challenge: high urban growth rates (average for the region is 22 percent), as a result of both rural-urban migration and natural population growth (slightly over 3 percent per annum in each partner state) low incomes making it difficult, if not impossible, for the vast majority to afford the housing finance products typically on offer and weak housing markets that lack the capacity and capital to: (a) expand the supply of affordable housing; and (b) provide appropriate housing finance products.

Over 90 percent of existing housing is built incrementally by individual households, using own savings. Nonetheless, in the last decade, the region started attracting modestly sized private real estate developers, to complement the government owned National Housing and Construction Companies, whose rate of delivery of housing has been very low. In Kenya, for example, the National Housing Corporation has developed 46 000 units in its entire 46-year lifetime[18]. In Uganda, the National Housing and Construction Company Limited has constructed less than 20 000 units in its 48 years of existence. Modestly sized private real estate developers include Nationwide Properties (a construction arm of Mukwano Group of Companies in Uganda) and Ultimate Developers Limited; however, because of the high debt exposure and the generally low demand for properties, they deliver fewer units than planned, annually[19].

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

Property markets

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

In the last five years (2010 to 2014), the high demand for quality infrastructure – well designed properties with great finishing and in safe and secure locations, by the emerging middle class, led to a double-digit increase in the price of houses. In that period, there was a marked preference for apartments (of one to three bedrooms), compared to bungalows and maisonettes, because they are generally more affordable. A three bedroom apartment costs between US$ 70 000 and US$ 100 000, while a bungalow costs above US$ 150 000.

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

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

Towards the end of 2014, to date, the demand for residential properties has been low. Exchange rate volatility and inflationary pressure have led to tightening of monetary policy and therefore a shift towards a high interest rates regime. The high interest rates have contributed to a significant reduction in the demand for residential houses, since they are purchased through mortgages.

Policy and regulation

All partner states, with the exception of Burundi[20], have comprehensive policy and regulatory frameworks governing the housing industry and housing finance sector. The policies and the frameworks are all pro-poor, and they delineate several measures on how to address housing challenges in the partner states, including expanding the range of securities for accessing mortgages to include insurance policies, pension and provident funds and employer guarantees and also the development of housing finance products that cater to the needs of all income groups.

A major challenge however, has been inadequate implementation of the policies, and the low budget allocation to the Ministries of Housing, Lands and Urban Development. In Kenya, the Ministry Lands, Housing and Urban Development; receives only three percent of the national budget, similar to Rwanda, where the Rwanda Housing Authority receives only two percent of the national budget. In Uganda, the Ministry of Lands, Housing and Urban Development receives only 0.2 percent of the national budget[21], similar to Tanzania, where the Ministry of Lands and Human Settlements receives only 0.3 percent of the national budget. In Burundi, the Directorate of Land Management and Urban Planning receives less than one percent of the national budget.

Opportunities

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

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

The region's insurance sector is a major source of long-term funds that should be adequately tapped into to develop the housing finance sector. However, the sector is still underdeveloped, with a penetration (ratio of premiums underwritten to the GDP), estimated at less than four percent of GDP[22]. South Africa, in comparison, has a penetration rate of 14.2 percent, which is among the highest in the world[23]. The top five insurance companies in South Africa account for 74 percent of market for long-term insurance (life insurance)[24], which they comfortably invest in long-term assets.

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1 Society for International Development; 2013:State of East Africa
2 This is mainly attributed to improved efficiency in revenue administration at border posts of partner states, including implementation of electronic cargo tracking systems to curb theft and diversion of goods destined for markets.
3 This is true for Kenya and Rwanda
4 According to the Africa Development Bank
5 World Bank Country Data (2014)
6 In October 2014, Kenya joined the league of middle income countries, becoming Africa's 9th largest economy, up from 12th, surpassing Ghana, Tunisia and Ethiopia. The other partner states are still categorised as low income countries.
7 In 2012, the service sector accounted for 47 percent of Kenya's economy, marginally lower than it was in 2005. Agriculture's share of the economy expanded from 24 to 26 percent between 2005 and 2012, while that of industry shrank from 17 percent to 15.4 percent during the same period
8 Burundi is expected to grow at 4.8 percent in 2015
9 World Investment Report (WIR) 2013
10 http://data.worldbank.org/indicator/NY.GDP.PCAP.CD
11 Society for International Development (2012): State of East Africa; Deepening Integration and Intensifying Challenges
12 See United Nations (2014): World Urbanisation Prospects (http://esa.un.org/unpd/wup/Highlights/WUP2014-Highlights.pdf)
13 IMF (2012): Assessing Bank Competition within the East African Community
14 Genesis (2009a)
15 http://www.dawnpropertyconsult.co.zw/insight-east-africas-real-estate-sector
16 Developers invest in infrastructure to make housing estates more attractive to end buyers
17 http://asokoinsight.com/news/nairobi-residents-spend-40-per-cent-income-rent-kenya/
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19 Annually, each developer had planned to develop between 3 000 and 5 000 units, during the last five years, however, because of the high debt exposure and the generally low demand for properties, particularly in 2012 and 2013, the units delivered annually, per developer, slumped to between 500 and 1,000
20 Burundi is in the process of developing a National Urban Planning and Housing Policy
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North Africa Regional Profile

Overview

North Africa has undergone a monumental transformation in the past few years, since the revolution of the Arab Spring that was set off by Tunisia's ousting of Ben Ali in January 2011. The five countries that border the Mediterranean: Morocco, Algeria, Tunisia, Libya, and Egypt, are home to around 170 million people (16 percent of Africa's population) with the region a prosperous one, responsible for producing one-third of Africa's total GDP (around US$709 billion in 2013).

The economic outlook for North Africa in 2015 is more favourable than in 2013/2014, as the region grew at three percent a year. The region recorded GDP growth estimated at 1.7 percent in 2014, illustrating a slight improvement in its economic performance (1.6 percent in 2013), compared to 3.9 percent for the entire continent. The regional GDP growth is projected at 4.5 percent and 4.4 percent in 2015 and 2016 respectively, on par with growth projections for the entire continent (4.5 percent in 2015). Tunisia's revolution, which led to uprisings and revolutions in both Egypt and Libya, as well as protests in Morocco and Algeria, has changed the trajectory of the region.

Two major factors affected the overall macroeconomic outlook of the region. On one hand, the continuous political transition process in Egypt, Tunisia and the international economic situation, marked by the drastic decline of oil prices since June 2014, affected the economic performance of oil exporting countries (Algeria and Libya); oil importers such as Egypt, Morocco and Tunisia have drawn more advantages in terms of their public finance, their trade balance and their competitiveness. To maintain competitiveness, central banks in Algeria, Egypt, Morocco, and Tunisia allowed their currencies to depreciate by four – eight percent against the U.S. dollar in the first three months of 2015. In trade-weighted terms, their exchange rates depreciated modestly.

Access to finance

In most North African countries, there is a long history of heavy state involvement in the financial sector. This tradition, combined with excess liquidity provided by oil wealth, macroeconomic instability and challenging bureaucracies, has hindered the development of financial systems in the region. However, the past decade has prompted all countries to explore agendas for opening up of the banking sector to more private sector and foreign participation, which is creating new opportunities, albeit at different rates of progress. In 2013 and 2014, Tunisia continued to prepare, with the support of the IMF, a series of financial sector reforms focused on improving the soundness of the banking sector through the restructuring of three publically-owned banks. Across the region, monetary policy is focused on containing inflation (projected at 6.6 percent in 2015 and 6.4 percent in 2016), while supporting export diversification strategies (Morocco and Algeria) for more inclusive growth and more job opportunities in the region.

According to the Global Competitiveness report (GCR 2014/2015), Morocco is ranked the highest among North African countries in terms of competitiveness at 72/144, followed by Algeria with a rank of 79/144, Tunisia 87/144, Egypt 119/144, and lastly, Libya 126/144 is ranked as the least competitive country in North Africa.

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

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

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

Affordability

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

As a result to these problems, the governments in North Africa are trying to intervene to make housing habitable, affordable and accessible to low income especially in Morocco, Algeria and Egypt. In Morocco; the government has decided to stand as guarantor which enables low income borrowers to borrow from banks. On the other hand, Algeria and Egypt are using other solutions such as building social housing units at low prices with payment facilities. In Algeria, The government is committed to building 1.6 million social housing units between 2015 and 2019.
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Housing price pressures are exacerbated by urbanisation from arid interior regions to littoral cities, as well as the young population demographic of North Africa, which is pushing up demand for urban housing. Low affordability is having direct social consequences, including overcrowding, with the number of occupants per household as high as 5.5 in Algeria, as well as impacting the age for marriage as many young people will wait until they can purchase their first home, before they marry.

Housing supply

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

Several countries have demonstrated a noteworthy improvement in affordable housing and slum upgrading over the last two decades. Furthermore, many African governments are gradually adopting and implementing policies and strategies aimed at making housing habitable, affordable and accessible which offers some promise for expanding access to low and middle income households. While overall housing supply may appear sufficient in most countries, housing prices on the private market are quite high and there are a large number of vacant, high-end units, small rental sectors and difficulty to access housing for lower-income households.

According to Econmonitor report, it shows that there is a positive outlook for houses prices in Algeria Libya, Tunisia and Egypt. Furthermore, it shows that most of North African countries suffer from undersupply in residential real estate like Algeria, Libya and Egypt, and only Tinisia is in balance between supply and demand.

Housing supply from the Net-Oil Importing Countries of North Africa (Morocco, Tunisia and Egypt) has pushed toward supporting a formal real estate sector and facilitating private sector investment in the property market. Yet, affordable housing where profit margins are small and risks are high requires substantial government incentives, which have not been adequate in Tunisia, resulting in only the state-owned developer, SNIT, participating in the low income target market. In contrast, Morocco has been successful in offering attractive tax rebates and land at subsidised rates to create a thriving private sector, and the government has committed to 900 000 additional units worth US$30 000 before 2020. Estimates of the affordable housing shortage in Algeria range from 1.2 million to two million dwellings based on an occupancy rate of five people per unit. They are also addressing this supply shortage with large-scale housing construction, with 1.6 million units planned over the next five year term, from 2015 – 2019.

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

Property markets

A lack of private land supply is the main constraint In North Africa. Land is a bottleneck in the supply chain and the main cause of high real estate prices in North Africa. Privately held land in Algeria, Libya and to a certain degree, Egypt, is a rare commodity relative to demand, which tends to magnify the pressure on prices and encourage speculation. Rigid land development regulations and complex registration procedures for titles have led to a scarcity of legally developable land and have contributed to the region's affordable housing shortfall. Most countries in North Africa ranked poorly in terms of property registration in the World Bank's 2015 Doing Business Report, with Morocco (115th), Algeria (157th) and Libya (189th) performing worst.

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

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

Policy and regulation

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

The housing sector in North Africa still tends to be over-regulated with the public sector playing a primary role. Home-ownership is prioritised over rental or alternative tenure options, which has resulted in small rental markets. However, there is growing interest in lease-to-own programmes, such as those being used and expanded in Algeria, to avoid the difficulties in accessing mortgage finance.

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

Opportunities

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

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

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

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Southern African Development Community (SADC)

Overview

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

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

With a population of nearly 294 million in 2014, almost 70 percent of SADC residents live in poverty. 39 percent of the population in the region is urbanised. According to the IMF, GDP is expected to grow to 3.8 in 2015 from 3.4 percent in 2014. GDP per capita is expected to increase to 1.7 percent in 2015. South Africa dominates the region economically, accounting for 41 percent of SADC's total trade and 55.5 percent of SADC's GDP in 2013, followed by Angola at 13.6 percent. For the SADC region in general, the services sector makes up more than half of the GDP, and is the main driver of regional growth, followed by industry at 31 percent and agriculture at 13 percent. These vary per country.

The Global Competiveness Report 2014/15 indicates that the top three factors affecting competiveness in the region include access to finance, corruption and inadequate supply of infrastructure. These are however being addressed through the RISDP. According to SAIIA, 2015 trade between SADC and the rest of the world increased. 46.2 percent of exports out of SADC originate in South Africa. One major impediment to increased trade and economic growth in the region remains the high cost of transport due to inadequate physical infrastructure and delays at/or behind the-border barriers (SAIIA, 2015).

As part of an effort towards greater regional financial integration, increased trade and competitiveness, SADC members have been exploring the possibility of a single currency for the region by 2018.

According to PWC, 2014, to further support infrastructure development in Sub-Saharan Africa, the African Development Bank and EU launched the Infrastructure Investment Programme for South Africa (IIPSA) in 2014. The intention of this ZAR1.5 billion fund is to provide alternative and innovative financing to organisations that are undertaking infrastructure development projects in South Africa or projects that cross two or more borders of SADC member countries.

Access to finance

While there are intentions for regional financial integration, the 15 member states function as independent economies with their own, independent financial systems. As the largest economy in Africa, South Africa dominates, with 55.5 percent of the region's GDP. A number of South African lenders have extended to other countries in the region. Standard Bank is licensed to operate in all of the SADC countries. FNB is licensed in Botswana, Lesotho, Namibia, Swaziland, Tanzania, Zambia and Mozambique. Absa and its shareholder Barclay's Bank operates in Zambia, Tanzania and other countries. In 2011, there were 161 separate banking institutions operating in the region, with 234 subsidiaries, thus in total there were 234 bank licenses issued in SADC. Fifteen out of 161 banks have subsidiaries operating in more than one jurisdiction while only eight banks have a presence in more than five SADC countries. Select Africa, a regional housing micro lender, has its head office in South Africa but practices in Malawi, Mauritius, Uganda, Kenya, Lesotho, and Swaziland, and is building up operations in Tanzania and Mozambique.

According to FinScope (2015), 66 percent of adults in the region are financially included amounting to about 83.5 million people. Mauritius has the highest percentage of financially included adults at 90 percent, followed by South Africa at 86 percent and the lowest is Mozambique with 40 percent. While only 36 percent is banked, this is a significant increase from 24 percent in 2011, indicating progress in financial inclusion in the region. Still, exclusion rates are high at 34 percent (41.9 million people), hampering access to credit from formal institutions. Twelve percent of adults rely on informal mechanisms and 18 percent use formal non-bank products/services. According to FinScope (2015) only 27 percent of adults have insurance. Of the 83.4 million adults who are financially included in the region, about 53 percent say they have access to and use credit products. The number of those who use credit for housing is not clear – certainly, mortgage exposure in the region (outside of South Africa and Namibia) is very low. The mortgage percent to GDP ratio ranges from 0.14 percent in Mozambique to 6.59 percent in Botswana and 22.54 percent in South Africa.

Findex 2014, explores use of loans for housing (whether they are secured or unsecured was not specified in the questionnaire). The percent of adults over the age of 15 that had an outstanding home loan in the SADC region ranged from 1.53 percent in Zimbabwe to 9.63 percent in Botswana and 15.22 in Mauritius. This number may be low for various reasons – it may reflect that households finance their housing not with credit but rather with their savings, or that households who use credit use personal and unsecured loans where the housing purpose is unspecified. Further analysis in this regard is clearly needed.

The SADC Banking Association, which was established in 1998, aims to coordinate banking related activities throughout the region to ensure acceleration of development. The advanced financial system in South Africa has been identified as playing a pivotal role in strengthening the region's financial system. Due to South Africa's role in the region, the country has been given the responsibility to manage the SADC sub-committees that deal with regional integration of the financial sector. Furthermore, the SADC Protocol on Finance and Investment (FIP) remains the key instrument to facilitate regional integration and aims at making the SADC region an attractive destination for FDI and regional investment. In this regard the harmonisation of tax policies, macroeconomic convergence in the region, liberalisation of capital and current accounts as well as harmonisation of the Central Bank's policies amongst other issues.

The credit information infrastructure in the region is developing. A study undertaken in 2011 found that nine SADC member states had either a private or public credit register that reports both positive and negative credit data on firms and individuals. South Africa's and Zambia's regulatory framework is the most developed, while Angola and Mauritius have fairly well structured regulatory standards under the central bank in those countries. Madagascar, the Seychelles and the DRC have neither private nor public registries in place – although the DRC does have a manual public register that works inefficiently. Namibia and Swaziland both have private sector credit bureaus in operation and both have draft bills in place to license and regulate these entities. In February 2015, the Governor of the Bank of Namibia launched the Namibia Data Sharing Alliance, to promote responsible financing. Both Malawi and Tanzania are in the process of establishing regulated credit sectors and have passed a Credit Reference Bureau Act. Lesotho and Mozambique are also working towards this goal, investigating ways to set up regulatory frameworks.

In addition, Southern African Microfinance Project (SAMP) was set up to address limited access to financial services through the development of microfinance. This is done through policy and regulatory environment intervention. It also aims to understand investor requirements so that there is support at a local level to attract international microfinance.

Affordability

While GDP per capita in the region has been growing, levels of inequality remain high. South Africa, Angola and Namibia are among the most unequal economies in the world. Seychelles, Lesotho, Botswana and Zambia are not far behind. Many people within the region live in inadequate housing. According to UN-Habitat State of the Cities report 2012/13, in 2009, over sixty percent of the urban population in most countries in SADC lived in slums, with the exception of Zimbabwe, South Africa and Namibia.

Levels of housing affordability across the region, and even in South Africa (where about 80 percent of the population cannot afford the cheapest, newly built house by a private developer), are quite low. The 40 percent drop in oil prices since June 2014, and the 30 percent drop in metals, has put increasing pressure on affordability in 2015. At the same time, Finmark Trust (2014) has shown that remittances are one of the key products used by the poor to support dependents, and cross border transfers from South Africa to other SADC countries have been identified as some of the most expensive channels globally. To address this, FinMark Trust has been working with regulators and the private sector in Lesotho to reduce the costs of cross-border remittances – bringing the charge down to ZAR 9.00 (less than US$1.00) per transaction, between Lesotho and South Africa.

The prices of the cheapest newly built houses by a private developer in the SADC region range from about US$12 718 in Swaziland to US$31 000 in Mauritius, US$65 000 in Zambia, and US$200 000 in Angola. Angola and Seychelles were among the most expensive new, formal housing markets found this year. At current lending rates, only 2.2 percent of the Angolan urban population could afford to buy the US$200 000 house; average income in Angola's urban areas is only nine percent of what is needed to afford that house.

Generally, formal housing supply is targeted at the upper income and expat populations seeking housing, with very little being built for the working poor. On average, a 50 kg bag of cement costs US$6.41 for the SADC region, ranging from US$6 in Mozambique to US$23.40 in DRC and US$11 in Malawi.

Housing supply

Housing backlogs in countries within the SADC region range from an estimated 2.1 million in South Africa; two million in Madagascar, Mozambique and Angola respectively; to 100 000 units in Namibia. Zambia estimates that it will have a backlog of 3 million units by 2030, if no interventions are undertaken. The Permanent Secretary for the Eastern Province suggested that an annual delivery rate of 120 000 units was needed in order to address the situation. While there are many government-led housing initiatives in the SADC region, housing supply is largely insufficient.

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

South Africa has the most comprehensive subsidised housing programme in the region. The national housing subsidy is targeted at about 50 percent of the population in terms of household income. Recently, however, numerous politicians have highlighted that the programme is not sustainable in the long term. In recent years, the cost of the subsidised house, which is given away for free to qualifying beneficiaries who earn less than ZAR3 500 (about US$267) a month and have dependents, is estimated to be between ZAR150 000 – ZAR200 000 (US$11 459 – US$15 279). If this house were constructed just for the 2.3 million households estimated to comprise the national housing backlog, this would require a total state investment of above ZAR315 – ZAR420 billion (US$24 billion – US$32 billion). Even in a country as rich as South Africa, and even if spread over a longer period of time, this is not a sustainable proposition, and it creates all sorts of unintended distortions in the property market that undermine the capacity even of lower-middle income earners to meet their own housing needs. Lower-middle and middle income earners in the region need to be able to engage in the housing market in an affordable way, purchasing a stand or an entry level, basic unit.

In Angola, government led housing delivery has inadvertently targeted the higher end of the market even with subsidized mortgages. Kilamba, one of the largest housing developments on the continent, is a mixed-use development covering 5 000 hectares housing over 70 000 people in about 20 000 units. Kilamba had very slow take up rates due to entry level houses being too expensive and the difficulty in accessing finance. The supply of this mass housing project was financed by the Chinese in exchange for oil from Angola.

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

A number of South African firms are also exploring opportunities north of their borders, some in the SADC region. Basil Read, the developer for South Africa's Cosmo City (a mixed income, mixed use settlement with approximately 12 300 units north of Johannesburg), has an international development arm, and Old Mutual's Housing Impact Fund has also been exploring opportunities. Furthermore, JSE-listed residential property developer, Calgro M3, has been awarded a tender and committed ZAR812 million (US$60.8 million) to supply 1 000 low cost houses in Namibia.

In 2014, the IFC, World Bank and the National Housing Finance Corporation of South Africa announced investments of more than US$63 million in International Housing Solutions IHS Fund II, which will support the development of affordable housing in South Africa and Sub-Saharan Africa (especially Southern Africa). IHS Fund II expects to secure more than US$300 million in funding commitments to invest in multi-unit and stand-alone housing developments in South Africa and Ghana, and possibly other target markets under the right conditions. Markets under consideration include Zambia, Botswana, Namibia and Mauritius. Under IHS's first fund, the SA Workforce Housing Fund enabled the development of more than 28 000 units with a combined total value of more than US$8.6 billion.

Policy and regulation

A key issue of focus for SADC Member States in the past few years has been the Finance and Investment Protocol, which was entered into by the SADC Member States to give legal and practical effect to their commitments under the SADC Treaty. It was signed in August 2006, and has two overarching objectives. First, it seeks to improve the investment climate in each Member State; thereby catalysing foreign and intra-regional investment flows. Secondly, it seeks to enhance cooperation, coordination and harmonisation in domestic financial sectors in the region.

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

Housing policy across the region is at various stages of implementation. South Africa has a highly developed policy, as its promotion of a subsidised housing delivery programme is a cornerstone of the ruling party's development strategy. South African Human Settlements Minister Lindiwe Sisulu has pledged to facilitate the delivery of 1.5 million housing units within the five years of her term of office, to 2019. This target includes both fully subsidised housing and "affordable market" housing, in which a subsidy is combined with loan finance for lower-middle income workers. It also includes a focus on informal settlement upgrading and rental and social housing. In terms of the Medium Term Strategic Framework, the human settlements department is committed to revising the finance framework for housing in South Africa. Policy recommendations to this effect have not yet been released for comment, however.

In other countries, policy developments are also underway. In Namibia for example, the government aims to eradicate poverty through increased investment in the housing and eliminate all informal dwellings in line with Vision 2030. In Zambia, a draft housing policy is being considered by the national government – however, this has been the situation for some time. Housing features strongly in Mozambique's five year strategy (2010 – 2014), and is also a key area of focus in Tanzania, especially given the World Bank initiative with the Bank of Tanzania to promote housing finance markets in the country. Malawi originally drafted a National Housing Policy in 2007, which is still under review. The policy advocates for broad access to housing for all, decentralisation, improving urban land markets, upgrading informal settlements and improving the quality of rural settlements. Resolution with respect to this policy is expected soon. UN Habitat has also recently published overviews of housing in Zambia and Zimbabwe. The policy flux in many countries undermines investment especially by international or regional housing developers and financiers who are seeking new markets. National governments would do well to promote a clearer housing approach in their countries to facilitate the attention of this potential capacity.

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

Property market and opportunities

In the World Bank's 2015 Doing Business Report only six out of the 15 countries improved their position in the Doing Business ranking, namely Lesotho, Malawi, Mozambique, Namibia, Swaziland and Tanzania. With regard to registering property, only the DRC has decreased the number of procedures in 2015. Five of the countries in the SADC region have decreased the time in days to register property and four countries show a decrease in the cost to register property. According to the Global Competiveness report, Mauritius is ranked as the most competitive country in the SADC region, followed by South Africa, Botswana and Namibia.

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

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

In general, member states have been undergoing policy reforms and the refinement of investment processes, which have improved their respective business environments such as establishing investment promotion agencies, improving investor protection and increasing the transparency of investment codes and policies. South Africa, Angola and Mozambique are major recipients of Foreign direct investment (FDI) in the SADC region. Mauritius and Seychelles are dominated by real estate investment as opposed to oil and gas, which dominates the Angolan economy. While primary trade connections are dominated by the United States, China, the European Union and India, India shows the largest amount of FDI from a developing country perspective. SAIIA, 2015 shows that the real estate sector attracts the third highest FDI inflow into the SADC region at US$18 027.5 million in 2014, preceded by coal, oil and gas and metals.

Increased cross border investment and attention is being paid to the SADC region makes it an attractive investment destination. This is coupled with advanced infrastructure development in most countries. The US$3.5 million cross border investment by the DBSA (SADC's Project Preparation and Development Facility Fund manager) toward a Regional Interconnector Transmission Line Project which runs through Mozambique, Zimbabwe and South Africa demonstrates increased investment into the region. This also demonstrates regional interconnectivity.

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The West African Economic and Monetary Union WAEMU (UEMOA)

Overview

The West African Economic and Monetary Union (Union Economique et Monétaire Ouest Africaine, UEMOA) is a regional organisation of eight West African countries (Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo). They share the same money, West African francs (CFA Francs), monetary policies, and French as an official language. The objective of the union is to promote regional economic integration and create a common market. Benin, Cote d'Ivoire, Guinea-Bissau, Senegal and Togo are on the coast of West Africa whereas Burkina Faso, Mali and Niger are landlocked countries. The climate ranges from warm and humid on the southern coast to dry and hot in the semi-arid countries. The economy is predominantly agricultural. Cocoa, coffee, timber, cotton, onions, sesame seeds, Arabic gum and cashew nuts are among the cash crops produced and exported by the union. Cote d'Ivoire, which represents the largest economy of the union, has some manufacturing activities. Other economic activities include fishery, livestock, mining, oil and gas.

Prior to 2010, on average, the population of the coastal countries mostly live in the urban areas, compared to the landlocked countries where the population is primarily rural but today the rate of urbanisation of each country of the union is accelerating. The average urban population of the union has practically doubled, from 19.8 percent of the total population in 1975 to 34.3 percent in 2013. In some of the urban centres particularly in Abidjan the annual urbanisation rate is 4.6 percent. The fastest growing urban areas include Abidjan, Dakar, Lome, Cotonou, Bamako, Niamey, Bissau and Ouagadougou.

Real GDP growth rose from 5.9 percent in 2013 to 6.5 percent in 2014 as a result of good agricultural harvest, execution of some regional and national socio economic infrastructures and improvement in political stability of some of the members' countries. A peaceful election in Cote d'Ivoire in 2015 is a good sign for the economic growth of the union however there is concern for political stability of the landlocked countries among which are Burkina Faso that witnessed a Coup d'Etat in 2014 and another Coup d'Etat this year. The insecurity in the northern part of Mali and north east of Niger is also of great concern. The union has minimized the average annual inflation rate to -0.2 percent in 2014 from 1.5 percent in 2013.

Access to finance

The formal financial system is developing and the banking system is concentrated in three to five commercial banks in the majority of the countries. Although financing entrepreneurial activities and housing remain challenging, many programmes promote the banking system in the union. Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO) is a unique central bank for the eight countries and governs the financial institutions across the union. The BCEAO headquarters are in Dakar, Senegal, and each country has a national agency. In the last decade, most countries in the region witnessed an increase in the number of commercial banks and microfinance institutions operating.

The housing finance market in UEMOA countries is under-developed. Few long-term mortgage vehicles exist and in most cases belong to government. Only a few of the member countries have mortgage banks, among which are Banque de l'habitat du Bénin, created in 2003 with operations starting in 2004; Banque de l'Habitat du Burkina Faso, created and with operations starting in 2005; Banque de l'Habitat de Côte d'Ivoire, created in 1994; Banque de l'Habitat du Mali created in 1996; Banque de l'Habitat du Niger created in 2010 and not yet operating; and Banque de l'Habitat du Senegal (BHS) created and operating since 1979. BHS is the most active of the mortgage banks of the union and represent 50 percent of the demand for mortgage authorised in 2014 and 30 percent of the disbursed loan (CFA60.4 billion) (US$ 101.82 million). The average interest rate in the union is 7.44 percent and Senegal has the lowest rate (6.81 percent).

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

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

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

Affordability

In spite of the economic growth of the union, affordability is still a challenge and depends on each country's economic environment. In most cases the majority of the population who lives with less than US$2 a day has little or no capacity to finance their homes. To address these affordability realities, some initiatives are being implemented, among which is the creation of the regional mortgage funds CRRH and other plans to secure funds at competitive prices in the financial markets. The creation of CRRH has facilitated access to financing for its members thus ameliorate banking conditions for mortgage loans.

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

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

Housing supply

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

The housing supply is insufficient to meet the demand in all of the UEMOA countries. The population growth rates of the eight countries are among the highest in the world and the rate of urbanisation is growing in all of the members of the union. To face this challenge, some of the presidents have established ambitious housing programmes as part of their presidential campaigns. Alhassan Ouattara of Cote d'Ivoire has a programme of 50 000 houses for five years at a rate of 10 000 houses a year; Issoufou Mahamadou of Niger has promised more than 40 000 houses all over Niger. Cote d'Ivoire started implementing its programme in January 2012 by laying the foundation of 2 000 social houses in Youpogon and Riveria, among the most popular streets in the capital. Out of the 50 000 units of affordable homes promised by President Alhassan Ouattara of Cote d'Ivoire only a few have been supplied by the end of 2014. To accelerate the process and meet the deadline of 2015, the government is mobilising all stakeholders; the same is true for President Issoufou Mohamadou of Niger.

Also, as a result of the union's economic growth, and the support of CRRH, most commercial banks of the union and private developers have different housing schemes. The impact cannot be measured as there has been little or no delivery up till December 2014.

The governments of the union are focusing their efforts in improving the business environment and sourcing foreign investment to develop urban infrastructure and housing. To this end the UEMOA is initiating a series of investment forums to source diversified investors. It is expected that the result of the efforts and the success of CRRH will favour the emergence of mortgage activities and boost housing supply across the union.

Property market and opportunities

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

The economic boom is positively affecting the UEMOA countries and the GDP growth rate is improving. Each member state has housing on the priority list of its agenda and the government is promoting public private partnerships for housing development and fiscal incentives for businesses. The union is witnessing the arrival of some African giants of the sector among which are Dangote group to produce cement in Niger and some other countries in the union; the Adoha group, a Moroccan group in housing development is now present in Cote d'Ivoire. The return on investment is very high given the prices of rents in the residential quarters of some of the cities especially in the capital.

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

Policy and regulation

There have been reforms in land administration, but the registration of properties to obtain full ownership rights – Titre Foncier – remains a challenge in all UEMOA countries. The CRRH-UEMOA has proposed to undertake a regional study of the different regulations concerning full ownership rights in all its member countries with a view of proposing a unique document recognised and accepted by all the member states. There is no information regarding the study up till September 2015.

The World Bank's 2015 Doing Business Report indicates that some difficulties persist. The difficulties encountered will hopefully be addressed by Sheida, the land and registration reform system adopted by the union in 2006 to simplify the process of obtaining full ownership title.

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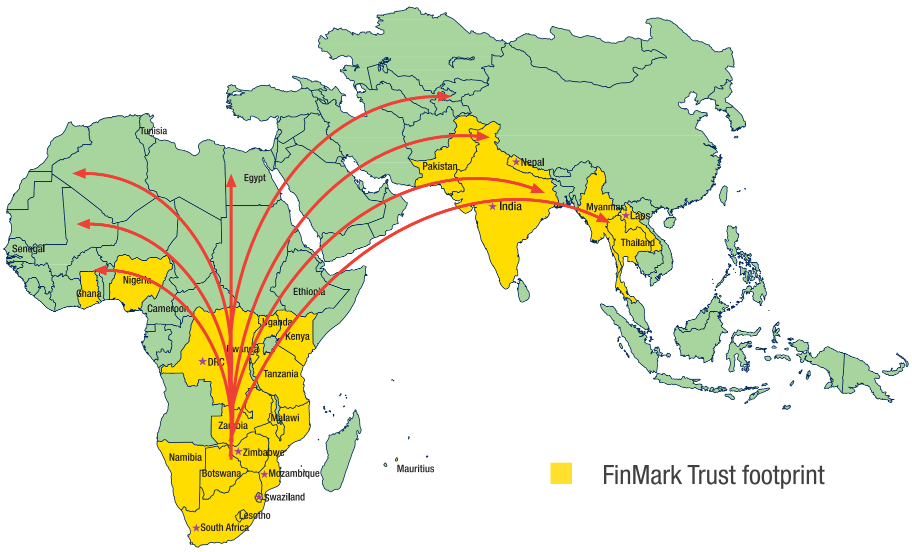

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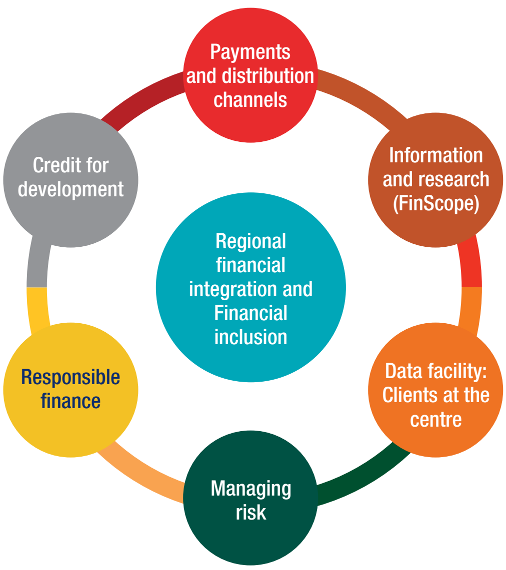

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how can we help you?

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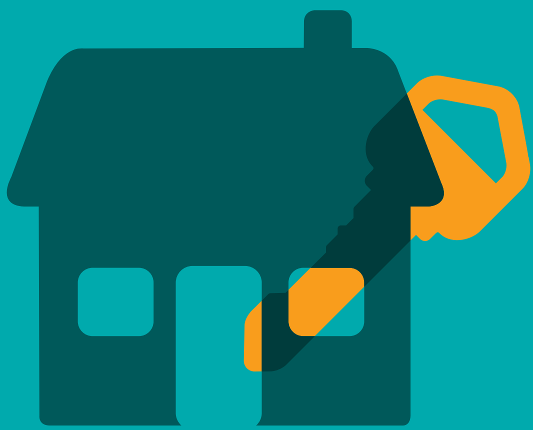


Home-ownership can be a reality with benefits such as:

- **100% bonds** available to qualifying customers, no deposit required.
- Quick application and access to **additional funds** through a Re-advance or Further Bond.
- Opportunity to buy a house within **network of developments**.
- Affordable life cover with **no medical checks**.
- Access to affordable Home Owners Cover (HOC) which **insures** the immovable asset.
- **Free** comprehensive home-ownership programme.
- **Preferential interest rate** when opting for salary deduction.

For more information, visit www.fnbpropertyleader.co.za. Ts & Cs apply.

FNB
First National Bank

Financing Affordable Housing in 44 African countries for over 30 years

US$50 million

Shelter Afrique funds raised from African capital markets and International markets into affordable housing

US$60 million

The cumulative value of loan approvals

We offer a full suite of housing finance solutions including construction loans, equity investment, joint venture trade and equipment finance, and lines of credit. In the next 5 years we will invest over US$1bn of financing for housing projects across Africa and welcome requests for financing and partnerships from financial institutions, developers, housing agencies, mortgage providers and housing cooperatives.

Contact:

www.shelterafrique.org

info@shelterafrique.org

+254 204978000

SHELTER AFRIQUE

Financing Affordable Housing for Africa

Barclays Africa remains committed to affordable housing

Barclays Africa supports private sector involvement in addressing the housing challenge across the continent, acting as a partner in the affordable housing market by providing relevant and appropriate financial solutions to our investors, developers and the communities we serve.

Barclays Africa is involved in various projects providing much needed affordable housing. In partnership with the South African Department of Human Settlements and local authorities, these projects will deliver over 35 000 homes including over 2 000 rental units. Key development projects in South Africa include:

- Olievenhoutbosch in Gauteng, 5 400 homes
- Mogale City in Gauteng, 9 600 homes
- Klarinet in Mpumalanga, 12 000 homes, named the winner of the Govan Mbeki Awards 2013 – Best National Priority Project

Klaus-Dieter Kaempfer, Head of Commercial Property Finance at Barclays Africa, says the demand for affordable accommodation in South Africa and across the continent remains strong. Some of the factors driving demand include rapid urbanisation coupled with the current shortage of affordable housing and limited infrastructure.

"At Barclays Africa we remain committed to playing our part in ensuring that people have access to decent affordable housing, which we believe is essential to the success of a nation and its economy. The key attributes we focus on during project delivery include community involvement, accelerated delivery of a high standard end product and improved quality of service," says Klaus-Dieter Kaempfer.

Klarinet, winner of the Govan Mbeki Awards 2013 – Best National Priority Project

BARCLAYS

Barclays Africa Group Limited Reg No 1986/003934/06

RURAL HOUSING LOAN FUND (RHLF)

The muscle behind incremental housing finance

WHAT IS RHLF?

Rural Housing Loan Fund (RHLF) is a South African government-owned entity, established in 1996 by the national government. RHLF was established to empower people in rural areas to maximise their housing choices and improve their living conditions through access to housing credit and government-housing subsidy funds.

OUR MANDATE

The mandate of RHLF is to facilitate access to incremental housing finance for low-income earners, in order to enable them to improve their housing conditions in rural areas and small towns of South Africa. RHLF operates as a wholesale-finance institution and achieves its mandate through retail-financial intermediaries, who access funds from RHLF and lend them to individual borrowers.

ACCEPTED USAGE OF OUR FUNDS

RHLF loans can be used for the following mandated purposes:

- Building a house, in most cases after adding a loan to an individual's own savings;
- Improving the quality of a home;
- Extend their existing homes;
- Connecting to services, such as electricity and water;
- Improving sanitation conditions;
- Purchasing residential land for building a home; and
- Fencing of homes.

HOW WE DELIVER ON OUR MANDATE

We work with microfinance institutions that are registered with the National Credit Regulator and are willing and able to grant incremental housing loans to the general public in our target market. We also work with community-based organisations that operate along with stokvel or cooperative principles by granting funds to enable them to lend to their members only. Using both types of intermediaries, we are able to deliver incremental housing loans in all provinces of South Africa.

OUR ACHIEVEMENT

RHLF has built a long track record of delivering incremental housing loans to low-income earners. For the year under review, ended 31 March 2015:

- Just over 455 319 cumulative loans have been disbursed nationally for incremental housing since our inception in 1996;
- 40 185 incremental housing finance loans were granted to our end users through our intermediaries; and
- We have disbursed more than R1.3 billion since inception to deliver on our mandate.

RHLF
RURAL HOUSING LOAN FUND

If you want to become a RHLF approved partner, contact us:
Postal Address:
Rural Housing Loan Fund
PO Box 645
Bruma
2026
Tel: 011 621 2500
Fax: 011 621 2520
Email: mmothobi@rhlf.co.za
Website: www.rhlf.co.za

THE BANKING ASSOCIATION SOUTH AFRICA

The Banking Association South Africa
collaborating with Government to create
an environment for sustainable Human Settlements

The Banking Association South Africa
3rd Floor Building D Sunnyside Office Park
32 Princess of Wales Terrace Parktown 2193
Tel: 011 645 6700 Fax: 011 645 6800
www.banking.org.za

Centre for Affordable Housing Finance in Africa

CAHF is an NGO based in Johannesburg, South Africa. Our main work is to understand housing finance markets well, and to use this to make housing finance markets work for the poor, enabling access to affordable housing across the continent.

We commission research, track and analyse data, invest in innovation, and advocate for change among both the public, private and DFI sectors.

We believe that housing finance is a critical component of the financial inclusion story, central to poverty alleviation, and fundamental to the growth agenda.

For more information and to join us in pursuing this agenda, please visit our website: **www.housingfinanceafrica.org,** like our Facebook page and follow us on Twitter@keciarust

Why do we do what we do?

Data and market information is critical market infrastructure: if we invest in this, others can invest in housing.

Investment in housing is undermined by poorly functioning value chains, both horizontal and vertical. We need to understand these better, and then target blockages along the value chain, to facilitate investment.

Market segmentation enables a more nuanced approach and changes the affordability challenge. If we identify and clarify these segments, we can facilitate investment.

Housing finance markets are multisectoral, and work when a diversity of roleplayers across the public and the private sectors work together, each trusting the other to do their job. In the early stages, collaboration needs to be choreographed. Established track records are important. We must build a sense of a 'sector' to encourage individual market participation.

citymark MARKET INTELLIGENCE

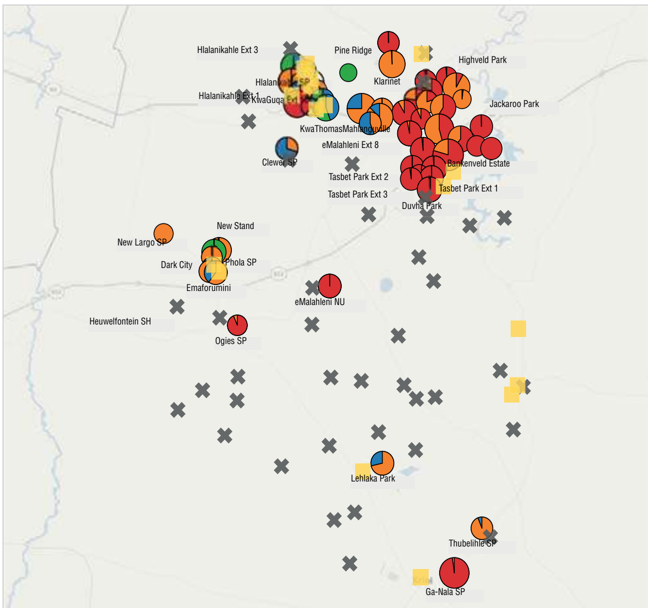
Citymark is a tool designed to stimulate investment in the affordable property market. Merging deeds registry and census data on a cutting edge business intelligence platform, Citymark allows investors, lenders, developers and public sector officials explore new ways of understanding affordable housing markets at the local level across major municipalities in South Africa.

Citymark has developed four tools to better understand local housing markets:

- **Housing Performance Index** – measuring and comparing a basket of local, key market indicators to the city, allows the growth of housing markets to be measured relative to local conditions over time, across all cities;
- **Affordability and the housing gap** – newly released census data at the local level makes it possible to consider housing affordability relative to local income, to quantify local housing gaps, and get a better sense of real affordability; and,
- **Equity Leverage** – measuring and unlocking the levels of equity in affordable housing markets can help close the affordability gap, which in upper income markets is the most common way households move up the housing continuum.
- **Rental Index** – interest is growing in rental housing options as a means of meeting housing backlogs efficiently and affordably. The rental index seeks out areas primed for rental development, helping direct investors, developers target their search for potential sites more efficiently.

For more information, contact Adelaide Steedley on adelaide@housingfinanceafrica.org or visit www.housingfinanceafrica.org/citymark

Distribution of Properties and Values by Suburb
Emalahleni, 2013
Formal residential properties, informal settlements and mines, by suburb



Source: South African deeds registry via Lightstone (Pty), Ltd; Housing Development Agency informal settlements and mines.

Number of Residential properties: 0; 5 000; 10 000; 15 000
Type: Informal Settlement; Mines
Settlements and Mines: Informal Settlement; Mines
Affordability: Under R250K; Between R250K - R500k; Between R500K - R1.2m; Over R1.2m

Citymark is a programme of the Centre for Affordable Housing Finance in Africa

With thanks to our sponsors

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AFFORDABLE HOUSING HUB .com

IFC International Finance Corporation World Bank Group

FNB First National Bank

TUHF

HFGA HOME FINANCE GUARANTORS AFRICA REINSURANCE

RHLF RURAL HOUSING LOAN FUND

HF GROUP Dreams Made Possible

Standard Bank

CHARTWELL

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FINMARK TRUST Making financial markets work for the poor